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BUSINESS ENVIRONMENT IMPROVEMENT PROJECT

QUARTERLY REPORT #1

OCTOBER 2010 – DECEMBER 2010

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The Business Environment Improvement Project (BEI) is pleased to submit its first 5th-year quarterly report to USAID detailing progress and achievements for the period October 2010 – December 2010.

Due to the late (November 4, 2010) release of the World Bank Doing Business 2011 Report, the Project Result #1 analysis is presented again from BEI's Year 4 Annual Report, in updated form, preceding BEI's Year 5 first quarter report.

PROJECT RESULT #1 UPDATE: WORLD BANK DOING BUSINESS INDICATORS

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

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

The table below compares published Doing Business 2011 Report indicators over time, tracking change versus baseline (revised WBDB 2011 Report data for 2006), and percent variance to date versus baseline. Positive percent variance represents an improvement in the specific indicator. In the case of Tajikistan's "Protecting Investors" measurement, change against baseline increases from a value of zero (0) on the 10-point scale, and a percentage increase is provided against that scale of 80% and 30% for indicator values of 8 and 3, respectively.

Modifications for the Doing Business 2011 Report

In addition to changes in indicator measurement results, the World Bank in their Doing Business 2011 Report has made a series of significant modifications to the survey itself. These include methodological changes and revisions of 2007 Report (2006 data) information used as a baseline by USAID/BEI for performance measurement purposes. These revisions take in account reviews by the World Bank of previous years' data, and efforts to harmonize previous results with methodological updates for comparison purposes across years. BEI notes important baseline changes in order to make its own reports more comparable from one Doing Business Report year to the next.

The Doing Business 2011 Report makes the following significant revisions to 2006 year baseline data measurements:

Kazakhstan

- Increases the time required for Dealing with Construction Permits from 231 days to 259 days, and cost (GNIPC) from 2,350.7% to 230%,
- Reduces the steps for Registering Property from 8 to 7, and
- Increases the Legal Rights Index of the Getting Credit indicator from 4 to 5,

Kyrgyz Republic

- Increase the number of process steps required for Dealing with Construction Permits from 22 to 23, time required from 332 days to 338 days, and reduce the cost (GNIPC) from 816.5% to 786.3%,

Republic of Tajikistan

- Increase the time required for Starting a Business from 67 to 80 days,

- Increase the number of process steps required for Dealing with Construction Permits from 32 to 33, time required from 221 to 234, and cost (GNIPC) from 2,425.2% to 2,820.8%, and
- Decrease the time required for Closing a Business from 3 years to 1.7 years, and increase the recovery rate (cents per dollar) from 23.6 to 36.

In addition, the Doing Business 2011 Report discontinued ranking for the Employing Workers indicator and its sub-measurements, pending methodology revisions. BEI presents percent change for the Employing Workers indicator for the period 2006 (baseline) to 2009, using available data. The 2011 Report includes the new *Getting Electricity* indicator for 176 countries, but does not incorporate it into country rankings nor are other indicators (such as Dealing with Construction Permits) modified from inclusion of the new measurements. As such, ratings for *Getting Electricity* are excluded from BEI reporting consideration.

Indicator	Kazakhstan					Kyrgyz Republic					Tajikistan					Notes
	2006	2008	2009	2010	Change	2006	2008	2009	2010	Change	2006	2008	2009	2010	Change	
PRI. DOING BUSINESS PROCESSES																
Starting a Business																
Procedures (Number)	8	8	7	6	25.00%	9	4	3	2	77.78%	14	13	12	8	42.86%	For World Bank "Doing Business" Indicators, an average net improvement of 25% is targeted for the life of the project for at least 5 of 9 indicators per country addressed by BEI as reflected by activities in the annual work plan. BEI will track these data as reported by the World Bank annually, but not set forward-looking annual targets for individual processes.
Time (days)	21	21	20	19	9.52%	21	15	11	10	52.38%	80	49	25	27	66.25%	
Cost (% GNI)	7	5.2	4.8	1.0	85.71%	10.7	7.4	5.2	3.7	65.42%	75.1	27.6	24.3	36.9	50.87%	
Min Capital (% GNI)	23.1	15.9	13.4	0.0	100.00%	0.5	0.4	0	0	100.00%	378.6	216.8	9.9	8.5	97.75%	
Total Indicator Change (average %)					55.06%					73.89%					64.43%	
Dealing with Construction Permits																
Procedures (Number)	38	38	37	34	10.53%	23	14	13	13	43.48%	32	32	31	30	6.25%	Final comparison data is from the "Doing Business 2011 Report", excepting the Employing Workers indicator, for which final data is from the 2010 Report.
Time (days)	259	259	239	219	15.44%	338	165	143	143	57.69%	234	334	229	228	2.56%	
Cost (% GNI)	230	142.9	123.7	119.8	47.91%	786.3	449.5	184	153.9	80.43%	2820.8	1,615.1	1,165.2	996.1	64.69%	
Total Indicator Change (average %)					24.63%					60.53%					24.50%	
Employing Workers																
Difficulty of Hiring Index	0	0	0	N/R	0.00%	33	33	33	N/R	0.00%	33	33	33	N/R	0.00%	Highlighted indicator data represents areas of BEI's activity during each year of work; however change percentage is calculated over the life of the BEI project. Highlighted change percentages indicate the best "5 of 9" indicator results for areas that received BEI Project
Rigidity of Hours Index	40	20	20	N/R	50.00%	40	20	20	N/R	50.00%	80	73	73	N/R	8.75%	
Difficulty of Redundancy Index	20	30	30	N/R	-50.00%	40	30	0	N/R	100.00%	40	40	40	N/R	0.00%	
Rigidity of Employment Index	20	17	17	N/R	15.00%	38	28	18	N/R	52.63%	51	49	49	N/R	3.92%	
Redundancy costs (weeks of salary)	9	9	9	N/R	0.00%	17	17	17	N/R	0.00%	22	30	30	N/R	-36.36%	
Total Indicator Change (average %)					3.00%					40.53%					-4.74%	
Registering Property																
Procedures (Number)	7	4	4	4	42.86%	7	7	4	4	42.86%	6	6	6	6	0.00%	Highlighted indicator data represents areas of BEI's activity during each year of work; however change percentage is calculated over the life of the BEI project. Highlighted change percentages indicate the best "5 of 9" indicator results for areas that received BEI Project
Time (days)	52	40	40	40	23.08%	8	8	5	5	37.50%	37	37	37	37	0.00%	
Cost (% value)	1.2	0.1	0.1	0.1	91.67%	1.9	3.9	2.8	2.3	-21.05%	1.9	1.8	4.6	5.5	-189.47%	
Total Indicator Change (average %)					52.53%					19.77%					-63.16%	
Getting Credit																
Legal Rights Index	4	4	4	4	0.00%	7	7	10	10	30.00%	3	3	3	3	0.00%	Highlighted indicator data represents areas of BEI's activity during each year of work; however change percentage is calculated over the life of the BEI project. Highlighted change percentages indicate the best "5 of 9" indicator results for areas that received BEI Project
Credit Information Index	4	5	5	5	10.00%	2	3	3	3	10.00%	0	0	0	0	0.00%	

Public Registry Coverage (% adults)	0	0	0	0	0.00%	0	0	0	0	0.00%	0	0	0	0	0.00%	assistance. Baseline data are from the Doing Business 2007 report (2006 data), as revised in 2010, for World Bank Indicators, and 2005 for BEEPS.	
Private Registry Coverage (% adults)	5.5	25.6	29.5	29.9	24.4%	0.4	3.7	5.9	11.9	11.5%	0	0	0	0	0.00%		
Total Indicator Change (average %)					8.60%					12.88%					0.00%		
Protecting Investors																	
Disclosure Index	7	7	7	8	10.00%	8	8	8	8	0.00%	0	4	6	8	80.00%		
Director Liability Index	1	1	1	1	0.00%	1	7	7	7	60.00%	0	1	3	3	30.00%		
Shareholder Suits Index	9	9	9	9	0.00%	9	8	8	8	-10.00%	5	5	5	6	10.00%		
Investor Protection Index	5.7	5.7	5.7	6	5.26%	6	7.7	7.7	7.7	28.33%	1.7	3.3	4.7	5.7	235.29%		
Total Indicator Change (average %)					3.82%					19.58%					88.82%		
Paying Taxes																	
Payments (Number)	9	9	9	8	11.11%	75	75	75	48	36.00%	54	54	54	54	0.00%		
Time (Hours)	271	271	271	271	0.00%	202	202	202	202	0.00%	224	224	224	224	0.00%		
Total Tax Rate (% profit)	44.4	41.7	35.9	29.6	33.33%	67.2	61.4	59.4	57.2	14.88%	82.1	85.5	85.9	86	-4.75%		
Total Indicator Change (average %)					14.81%					16.96%					-1.58%		
Enforcing Contracts																	
Procedures (Number)	38	38	38	38	0.00%	39	39	39	39	0.00%	34	34	34	34	0.00%		
Time (days)	390	390	390	390	0.00%	260	260	260	260	0.00%	430	430	430	430	0.00%		
Cost (% debt)	22	22	22	22	0.00%	29	29	29	29	0.00%	25.5	25.5	25.5	25.5	0.00%		
Total Indicator Change (average %)					0.00%					0.00%					0.00%		
Closing a Business																	
Time (years)	1.5	1.5	1.5	1.5	0.00%	4	4	4	4	0.00%	1.7	1.7	1.7	1.7	0.00%		
Cost (% of estate)	15	15	15	15	0.00%	15	15	15	15	0.00%	9	9	9	9	0.00%		
Recovery Rate (cents on the dollar)	39.3	40.6	40.6	43.3	10.18%	14.7	14.2	14.2	15.3	4.08%	36	37.5	37.5	37.4	3.89%		
Total Indicator Change (average %)					3.39%					1.36%					1.30%		
Total Change WBDB (average %, of nine indicators)					18.43%						27.28%						12.17%
Percent improvement in 5 of 9 indicators (average %, best 5 worked during years 1-4)					31.13%						42.86%						35.81%
Note: PRI data is taken directly from the World Bank Doing Business reports. Baseline data is from the 2007 report (2006 data) as revised in 2010.																	

Inspections (BEEPS)														Incl. fire, SES, police, environment, tax, customs and labor inspections. No exact data were available for the number of labor inspections per year; data est. taken from 2005 BEEPS graphs.		
Inspections (Number)	11.65	NR	NR		NR	13.93	NR	NR		NR	11.64	NR	NR			NR
Time (hours)	16.92	NR	NR		NR	58.47	NR	NR		NR	17.08	NR	NR			NR
Bribes (% frequent)	23	NR	NR		NR	52.8	NR	NR		NR	21.3	NR	NR			NR
NR = Not Reported. According to the EBRD, data for 2007 has reportedly been collected, but has not yet been published.																

Year 4 Doing Business Activity Kazakhstan

During Project Year 4 BEI continued efforts with ministerial working group on improving the Doing Business indicators for: Starting a Business, Dealing with Construction Permits, Registering Property, Protecting Investors, Getting Credit, and Closing a Business, as well as the umbrella expert group under Vice-Prime Minister Orynbaev directing the overall WBDB-related reform effort. Direct technical assistance was provided by BEI to the Ministry of Justice, Ministry of Economic Development and Trade (MEDT), Construction Agency, Agency for Financial Control and Ministry of Finance. These efforts were bolstered by the first year of increased engagement in Kazakhstan from the World Bank Doing Business Reform Team, which developed its own reform memo with the Government, increased monitoring of reform efforts and positioned the Bank to take the lead on bankruptcy procedure improvements.

The World Bank's Doing Business 2011 Report, published on November 4, 2010, recognized Kazakhstan as the best-performing reformer of the 2009-2010 reporting year with a total ranking improvement of 15 places, from 74th to 59th. Additional details on improvements to indicators noted by the Report are below.

Following are short summaries of BEI-facilitated reforms in Kazakhstan during the 2009-2010 project year related to WBDB indicators. Due to the survey nature of the WBDB indicators, not all changes may be fully reflected in the Doing Business report even if they took place prior to the WB data-collection cut-off date of June 1. Though the WBDB records changes this year in multiple indicators, a portion of the relevant legal changes were enacted and implemented during the previous, 2008-2009 BEI project year, and are not reproduced here.

Starting a Business 2009-2010

Law #239-IV of January 20, 2010, "Amendments and additions to some legislative acts of the RK regarding simplification of state registration for legal entities, branches and representative offices", and Laws #257-IV and #258-IV of March 19, 2010, "On state statistics" and "On modification and additions in some acts of Republic Kazakhstan concerning state statistics and taxation" are designed to affect the measured Starting a Business (SaB) process in the following manner:

- 1) Reduce initial charter capital requirements for new businesses from 141,300 KZT (100 "Minimum Calculation Indexes" or about \$961) to 100 tenge (about \$0.68)
- 2) Eliminate **SaB procedure #2** (*Open bank account and deposit initial capital; pay registration fee into the account of the Ministry of Justice*)
- 3) Reduce time required for **SaB procedure #3** from 14 to 12 days (*State registration of legal entity, statistical, and tax registration with the local department of Ministry of Justice*)
- 4) Eliminate **SaB procedure #5** (*Notarize certificate of state registration and other post-registration documents*)

These changes are designed to eliminate 2 procedures, 4 days and 8,500 KZT in costs (about \$58), from the registration process based on World Bank evaluations in the Doing Business 2010 Report, reducing time from 20 to 16 days and cost from about \$294 to \$236. The changes also remove about \$960 in charter capital costs, based on the 2010 Report model company.

The Doing Business 2011 Report favorably evaluated improvements to SaB in Kazakhstan, recognizing the reduction in charter-capital requirements to effectively zero (to \$0.70, point #1, above) and elimination of foundation document notary requirements (point #4, above). However, the Report did

not yet recognize streamlined Ministry of Justice registration procedures, including elimination of bank account requirements (point #2) and improved processing times (point #3). Improvements to SaB reflect a reduction in procedures from 7 to 6, time from 20 days to 19 days, cost from 4.8% (about \$323) to 1.0% (\$67) of GNIPC, and the elimination of the 13.4% GNIPC (about \$903) charter capital requirement, based on the Doing Business model company and revised Gross National Income Per Capita estimates of \$6,740. These improvements provide an SaB indicator ranking improvement of 38 places, from 85th to 47th worldwide.

Dealing with Construction Permits 2009-2010

Government Decree #1467 of September 29, 2009, “On amendments and additions to Government Decree #425 of May 6, 2008, ‘On Some measures for improving issuing construction permits for building’”, Government Decree #1468 of September 29, 2009, “Some issues of implementation of The Law RK ‘On construction’”, and Government Decree #1656 signed October 23, 2009 “On adoption of rules for typing of buildings and constructions as technically complicated sites and on amendments to Government Decree of the Republic of Kazakhstan #918 of August 19, 2002” are designed to affect the measured “Dealing with Construction Permits” (DwCP) process in the following manner:

- 1) Reduce the time required for **DwCP Procedure #1** from 20 to 10 days (*Request and obtain land allocation permit from Akim of Almaty City*)
- 2) Merge **DwCP Procedure #2, Procedure #3, Procedure #4** and **Procedure #7**, reducing total time from 17 to 8 days (*Request and obtain technical conditions from the water and sewage authority, Request and obtain technical conditions from the telephone authority, Request and obtain technical conditions from the electricity authority and Request and obtain architectural planning Assignment (APZ)*)
- 3) Eliminate **DwCP Procedure #5** (*Notarize documents*)
- 4) Reduce time required for **DwCP Procedure #14** from 30 to 15 days (*Request and obtain expert examination of project documentation*)
- 5) Reduce time required for **DwCP Procedure #16** from 14 to 7 days (*Request and obtain Rendering Building and Assembly Jobs Permit from the State Architectural Supervision Authorities*)
- 6) Eliminate **DwCP Procedure #31** (*Request acceptance of the building from Working Commission*)
- 7) Eliminate **DwCP Procedure #32** (*Receive inspection by the Working Commission*)
- 8) Eliminate **DwCP Procedure #33** (*Obtain Act from Working Commission*)
- 9) Eliminate **DwCP Procedure #36** (*Obtain Akimat approval of State Acceptance Commission decision*)

These changes eliminate 8 procedures, 84 days, and 29,663 KZT (about \$201) from the permitting process based on World Bank evaluations, reducing time from 211 to 127 days, and cost from 1.006 million to .976 million KZT (about \$6,643). Following discussions with and additional research work by World Bank Representative Igor Artemiev, these changes are expected to be considered in the DB 2011 Report, along with uncounted construction reforms from 2009.

The Doing Business 2011 Report included some, but not all changes adopted during BEI Year 4, including the reduction in processing time for Almaty City land permits (point #1, above), merging of steps for obtaining technical condition documents (point #2), reduction in time required for expert review of project documents (point #4), and elimination of Akimat approval of the State Acceptance Commission’s decision (point #9). The reduction in time to obtain a rendering building and assembly jobs permit was reduced by 3 days, a partial realization of point #5. The Report, however, did not yet recognize the streamlined process for Working Commissions (points #6-8). The Report also added

two procedures relating to the Registering Property indicator, for obtaining a land registration document for the model property procedure (step #32 Obtain a technical passport (30 days, 800 KZT) and #33 Receive inspection for the technical passport (1 day, 48 428 KZT)), which significantly impaired improvement to Kazakhstan's DwCP ranking. Improvements to DwCP reflect a reduction in procedures from 37 to 34, time from 239 days to 219 days (according to revised data), and cost from 123.7% to 119.8% of GNIPC, a savings of \$262 based on the Doing Business model process. These improvements provide a DwCP indicator ranking improvement of 9 places, from 156th to 147th worldwide.

Registering Property 2009-2010

Government Decree #393 of May 7, 2010 "*On additions and changes into some decisions of the Government of Republic Kazakhstan*" is designed to affect the measured "Registering Property" (RP) process in the following manner:

- 1) Reduce time required for **RP procedure #5** from 17 to 5 days (*Registration of the title at the Registration Service Committee*)

This change will eliminate 12 days time from the process from the registration process based on World Bank evaluations, reducing days required from 40 to 28.

The Doing Business 2011 Report did not yet recognize this improvement, however the World Bank reassessed data on the Registering Property indicator and retroactively reduced the number of steps required by one. Kazakhstan improved its ranking by one place, from 29th (revised) to 28th based on changes in rankings for other countries.

Protecting Investors 2009-2010

The Doing Business 2011 Report recognizes an improvement adopted during the 2008-2009 BEI Project year, requiring disclosure of related-party transactions in periodic filings. This change improves the measure "*Whether disclosure of the transaction in published periodic filings (annual reports) is required?*" from 0 to 1, and the "*Strength of investor protection index*" from 5.7 to 6. Kazakhstan improved its ranking by 13 places, from 57th to 44th worldwide.

Year 4 Doing Business Activity Kyrgyz Republic

Following results of the WB Doing Business 2010 Report, BEI and the expert group on DB reforms assisted the Bakiev government to develop its implementation plan for Phase 3 WBDB reforms, the Government's *Action Plan on Doing Business* approved in Resolution #101 of February 12, 2010, which continued work on all 10 indicators. Implementation of the Action Plan was suspended following the collapse of the Bakiev government and in light of the immediate stabilization needs of the Interim GoKR, before adoption of planned legislative and regulatory improvement packages.

In January 2010, the Doing Business Reform Team in Washington responded positively, in part, to an official KR Government request for assistance supporting indicator reform efforts in 2010-2011, and BEI assisted the Ministry of Economic Regulation (MER) and the Investment Council under the KR President in negotiations and consultations with WB experts on adjustments data not included in the 2009-2010 report and methodology, for all indicators.

Despite the KR's political and stability crisis and lagging impact from reforms adopted during BEI Year 3, and with continued reconciliation discussions between the GoKR, BEI and the World Bank, the Kyrgyz

Republic improved overall and in key areas of BEI focus. Changes recognized by Doing Business 2011 notably include areas below, and costs for procedures are further reduced by an increase of about \$129 in estimated Gross National Income Per-Capita (GNIPC) over the previous year.

Starting a Business 2009-2010

The Doing Business 2011 Report recognizes the removal of the step *Notarize company foundation agreement*, and overall savings of 1 day and 1.5% of GNIPC (or a \$6.34 difference). The Kyrgyz Republic, however, had no change in rank (14th worldwide) over the previous report.

Dealing with Construction Permits 2009-2010

The Doing Business 2011 Report recognizes no new changes during the past year to DwCP in KR, however baseline changes for 2006 data and other revisions increase the number of procedures by 1, time required by 6 days, and reduce cost by 11.3% of GNIPC (to 153.9%, but actual dollar increase of \$114.81). Despite these predominantly negative reassessments, the Kyrgyz Republic improved in rank from 46th to 43rd worldwide, thanks to declines in other countries.

Registering Property

The Doing Business 2011 Report recognizes only one change during the past year to Registering Property: a decrease in cost of 0.5% of the model property value, to below OECD average. This decrease in cost is due to the increase in GNIPC (property value of 50 times income per capita). The Kyrgyz Republic improved its ranking by 2 places, from 19th to 17th worldwide.

Getting Credit

The Doing Business 2011 Report recognizes an increase in private credit bureau coverage from 5.9% to 11.9%, but no other improvements. The Kyrgyz Republic decreased in rank by 1 place, from 14th to 15th worldwide.

Year 4 Doing Business Activity Tajikistan

Collaboration with the Government of Tajikistan on needed changes under the “200 Days of Reforms” campaign continued in fall of 2009 and 2010, though not all Government bodies responded as quickly as the President desired. The RT campaign was aimed at improving the business and investment climate, international rating of Tajikistan in the World Bank Doing Business global survey, and in focusing attention on macro-economic sustainability via monetary, credit, taxation, and budgetary policy reform, sectoral economic development (including of the SME sector), and improved conditions for foreign and domestic investment. The end goal for all reform efforts was to support the labor market and attract as many new jobs as possible to it.

On May 29, 2010, the Government adopted a new “Plan of further measures of the Government of the Republic of Tajikistan on improving investment climate and indicators of the Republic of Tajikistan in international ratings”, designed to focus government attention more strongly on results for the reform campaign. The Plan contained actions for work on improve the World Bank Doing Business indicators of “Starting a Business”, “Dealing with Construction Permits”, “Getting Credit”, “Paying Taxes” and “Trading across Borders”. BEI focused the indicators of “Starting a Business”, “Dealing with

Construction Permits”, “Getting Credit”, “Paying Taxes”, “Closing a Business”, and “Protecting Investors”.

During the year several World Bank Doing Business Reform Team missions visited RT to observe ongoing reforms and assess results for the Doing Business 2011 report. These occurred during February, May, June and July, 2010, and generated additional media and community attention for reform efforts as well as continued high-level contact between the DB Team and the Government of RT that will aid future WB reform work in the country. The DB Team has verified implementation in practice of 2009 reforms not counted during the 2010 Report.

The World Bank’s Doing Business 2011 Report, published on November 4, 2010, recognized the Republic of Tajikistan as the 6th best-performing reformer of the 2009-2010 reporting year with a total ranking improvement of 15 places, from 151st to 136th. Additional details on improvements to indicators noted by the Report are below.

Following are short summaries of BEI-facilitated reforms in the Republic of Tajikistan during the 2009-2010 project year related to WBDB indicators. Due to the survey nature of the WBDB indicators, not all changes may be fully reflected in the Doing Business report even if they took place prior to the WB data-collection cut-off date of June 1. Though the WBDB records changes this year in multiple indicators, a portion of the relevant legal changes were enacted and implemented during the previous, 2009-2010 BEI project year, and are not reproduced here.

Starting a Business 2009-2010

The streamlined business registration process launched on July 2009 with the *Law On State Registration of Legal Entities and Individual Entrepreneurs* required additional measures during the past year in order to improve the registration system and harmonize all relevant NLAs with new Law. With BEI’s assistance, 14 of 28 needed legal and normative acts were approved by the Government in amended form and the remainder is under review and approval by 2011. Despite delays in Government adoption of the harmonization amendments, the World Bank records significant improvements to Starting a Business based on 2009 changes now reflected in the Doing Business 2011 Report.

These improvements have resulted in a decrease in the number of procedures from 12 to 8, time from 38 days (revised data) to 27 days, and decrease in the minimum charter capital requirement from 9.9% to 8.5% of GNIPC. The cost for Starting a Business, however, increased from 24.3% to 36.9% of GNIPC, or by about \$113. The Republic of Tajikistan improved its ranking by 15 places, from 151st to 136th worldwide.

Dealing with Construction Permits 2009-2010

Government Regulation #531 of October 1, 2009 *On the connection rules to engineering networks and use of public services*, Law #589 of January 12, 2010 *On Amendments to the Law of RT ‘On Ecological Expertise’*, Law #590 of January 12, 2010 *On Amendments to the Administrative Code of RT*, and Government Regulation #105 of February 27, 2010, *On amendments to Government regulations: ‘On preparation, registration, transfer, replacement and about cancellation of the certificate of the land usage rights and certificate of the land share’, ‘On preparation, registration and transfer of the sanitary and epidemiologic conclusion’, and ‘On the State fire inspection in RT’* are designed to influence the Doing Business “Dealing with Construction Permits” (DwCP) process as follows:

- 1) Eliminate **DwCP step #2** (*Request and obtain fire safety clearance from state anti-fire agency under Ministry of Domestic Affairs*)
- 2) Eliminate **DwCP step #3** (*Request and obtain environmental approval*)

- 3) Eliminate **DwCP step #4** (*Request and obtain Sanitary Hygienic Service approval from state Sanitary Hygienic Service under Ministry of Health*)
- 4) Merge **DwCP step #5** (*Request and obtain clearance from State Electric Agency (Barki Tojik) and DwCP step #6* (*Request and obtain project clearance from the Water and Sewage Agency of Dushanbe*) using streamlined processes into a single request and receipt. Expected title of new step is “*Request and obtain technical conditions and architectural and planning tasks*”, and reduce time and cost required for new step from 20 to 15 days and from 2,270 to 500 TJS
- 5) Eliminate **DwCP step #7** (*Request and obtain project clearance from Ministry of Transport and Communications*)
- 6) Eliminate **DwCP step #8** (*Request and obtain project clearance from State Auto inspection (GAI)*)
- 7) Reduce time and cost required for **DwCP step #9** from 45 to 20 days and from 22,474 to 8,495 TJS (*Request and obtain approval of project design drawings by the State Department Expertise of Construction Projects*)
- 8) Reduce time and cost required for **DwCP step #10** from 10 to 5 days and from 229 to 0 TJS (*Request and obtain final project clearance from the Construction and Architecture Department*)
- 9) Eliminate **DwCP step #11** (*Receive a periodic inspection from Sanitary Hygienic Service (SES)*)
- 10) Eliminate **DwCP step #12** (*Receive periodic inspection from Fire Safety Agency*)
- 11) Eliminate **DwCP step #14** (*Receive electricity inspection*)
- 12) Reduce time required for **DwCP step #15** from 13 to 5 days (*connect to electricity*)
- 13) Eliminate **DwCP step #17** (*Receive inspection from water services*)
- 14) Reduce time required for **DwCP step #18** from 29 to 5 days (*Connect to water*)
- 15) Eliminate **DwCP step #19** (*Receive a periodic inspection from the Ministry of Environmental Protection*)
- 16) Eliminate **DwCP step #22** (*Receive a periodic inspection from the Prosecutor’s Office*)
- 17) Eliminate **DwCP step #23** (*Receive a periodic inspection from the Labor Authority*)
- 18) Eliminate **DwCP step #24** (*Receive a periodic inspection from the Tax Authority*)
- 19) Eliminate **DwCP step #25** (*Receive a periodic inspection from the Ministry of Transportation and Communications / GAI*)
- 20) Reduce time for **DwCP step #26** from 15 to 10 days (*Request and receive a decision by Review Commission*)
- 21) Eliminate **DwCP step #27** (*Request State Acceptance Commission decision*)
- 22) Eliminate **DwCP step #28** (*Receive inspection by the State Acceptance Commission*)
- 23) Reduce time required for **DwCP step #29** from 43 to 30 days (*Obtain decision of the State Acceptance Commission/ final decision of the Mayor*)
- 24) Eliminate **DwCP step #30** (*Request telephone services (Voluntary)*)
- 25) Eliminate **DwCP step #31** (*Receive inspection from the Department of Project Adjustment and Technical Inspection of Dushanbe Telephone Service (station) of the open joint stock company Tajiktelecom and connect to telephone line (Voluntary)*)

In summary these changes are intended to reduce the number of procedures from 32 to 14, time from 250 to 194 days, and cost from 25,780 to 10,822 TJS, saving about \$3,430, as measured by the World Bank.

The Doing Business 2011 Report included some, but not all changes adopted during BEI Year 4, including the elimination of step #7 (*Request and obtain project clearance from Ministry of Transport and Communications*, point #5 above), step #24 (*Receive a periodic inspection from the Tax Authority*, point #18 above) and step #30 (*Request telephone services (Voluntary)*, point #24 above), and the reduction in time from point #23 of 13 days (*Obtain decision of the State Acceptance Commission/ final decision of the Mayor*).

The 2011 Report also partially recognizes the decrease in time from point #7 above (13 of the 25 days reduction to *Request and obtain approval of project design drawings by the State Department Expertise of Construction Projects*), but does not recognize the cost reduction associated with that change. Though the Report does not recognize the elimination of step #31 (point #25 above), it does record a 5-day decrease in the time required for *Receive inspection from the Department of Project Adjustment and Technical Inspection of Dushanbe Telephone Service (station) of the open joint stock company Tajiktelecom and connect to telephone line (Voluntary)*.

These improvements, plus the elimination of a periodic State Architecture inspection from previous reforms, are partially offset by the addition of two new procedures, steps #9 and #30 in the 2011 Report, and revisions to previous data that increase the time and cost for the indicator. The Republic of Tajikistan's DwCP ranking did not change from 178th worldwide, despite reflecting a net reduction in procedures from 32 to 30, time from 250 to 228 days, and cost from 1162.5% (revised) to 996.1% of GNIPC, which is however a net increase in costs of \$44.43 based on the Doing Business model process.

Getting Credit 2009-2010

Government Regulation # 62 of February 12, 2010, amending the Regulation "On Licensing of Separate Types of Activities" is designed to influence the Doing Business "Getting Credit" (GC) process as follows:

- 1) Enable creation of private credit bureaus, increasing private credit bureau coverage from zero.

The WBDB 2010 report did not assess changes during BEI's 3rd Project Year, citing a need for the establishment of a functioning credit bureau as enabled by the Law *On Credit Histories* of March 2009. With the adoption of Resolution #62, the final legal piece needed for licensing of a functional private credit bureau is complete, and on April 19, 2010, the First Credit Bureau opened its doors. Due however to the late operation of the new credit bureau, the Doing Business 2011 Report did not yet recognize its functioning. Now that a credit information bureau is operational, BEI-facilitated changes are expected to improve the Credit Information Index from 0 to 6 in time for the Doing Business 2012 Report.

Protecting Investors 2009-2010

The Law #585 dated January 12, 2010, On Amendments and changes to the Law 'On Joint Stock Companies' is designed to influence the Doing Business "Protecting Investors" (PI) rank as follows:

- 1) Increase the **PI rating: "Immediate disclosure to the public and/or shareholders"** from 0 to 2
- 2) Increase the **PI rating: "Disclosures in published periodic filings"** from 0 to 1

- 3) Increase the **PI rating**: “Shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit” from 0 to 2
- 4) Increase the **PI rating**: “Shareholder plaintiff's ability to hold the approving body (the CEO or board of directors) liable for damage to the company” from 0 to 1

The Doing Business 2011 Report recognizes these changes as improving RT’s measurement for the Extent of Disclosure Index from 6 to 8, the Ease of Shareholder Suits Index from 5 to 6, and Strength of Investor Protection Index from 4.7 to 5.7, but does not recognize yet the increase to the Extent of Director Liability Index expected now for the 2012 Report. The Republic of Tajikistan improved its ranking significantly by 49 places, from 108th to 59th worldwide.

Closing a Business

BEI, in collaboration with the State Committee for Investment and State Property Management, provided the WBDB team with data from a number of completed bankruptcy cases and implementation of the Law “On Insolvency (Bankruptcy)” adopted in 2009. The WBDB team did not consider previous BEI assisted reforms in Closing a Business sufficient as no bankruptcy practice existed in RT. These data justified corrections of Closing a Business historical data in Tajikistan for the DB 2011 Report, which reflects a revision in the recovery rate from 25.4 to 37.4 cents on the dollar and time from 3 to 1.7 years. However as these are historical corrections for accuracy rather than legal and process improvements, the Republic of Tajikistan declined in rank worldwide from 61st to 64th.

KAZAKHSTAN

GENERAL

On December 7, 2010, the Kazakh Government approved a package of 17 documents forming the legal framework for a Common Economic Space (CES) between Kazakhstan, Russia and Belarus. These agreements coordinate economic policy and the free movement of capital, services and labor as well as on natural monopolies. Major topics include: customs cooperation, tax tariffs, disputes and legal proceedings, license suspension and termination procedure, income legalization and other issues related to border crossing and interactions with fiscal and customs authorities. These agreements and their implementing technical regulations will affect permit procedures (licensing, certification, mutual recognition and etc.), and the trade and SME development environment. Effects from implementation may be mixed, as the CES simplifies commodities transmission through the border but will require additional harmonization work and affect the business environment with uncertainties.

Work Plan Tasks October – December 2010 Quarter			Work Plan Tasks Oct. 2010 – Sept. 2011 Contract Year		
Total Planned	Completed	In Progress	Total Planned	Completed	In Progress
19	14	5	19	14	5
Percent Completed		Variance	Percent Completed		Variance
73.6%		26.4%	73.6%		26.4%

TECHNICAL

- During October the MEDT requested USAID/BEI provide a comparison of administrative barriers in the Common Economic Space members (Belarus, Kazakhstan and Russia), in advance of adoption of CES documents for a common legal environment, in December. This comparison identified improvements for Kazakhstan through simplification of the permitting and licensing, construction,

fire prevention and sanitary standards, following the Belarusian model, and through introduction of the tax risk-assessment system for legal entities, following the Russian model. This analysis was provided as part of contingency assistance planned under the Program for Economic Development work plan for calendar year 2010.

- During December, at the request of USAID and DAMU, BEI revised and updated an SME survey originally developed by BEI and its partner, the Fund for Information Support for Society Development (FIPRO) in Oskemen, between 2005 and 2007. This survey focuses on business development in Kazakhstan and is designed for use in creating a local business environment Index of Entrepreneurship Support covering issues of starting, operating and closing a business, relations between business and local authorities, administrative burdens and etc. for a region or city. KZ Country Director Sergey Pizikov (who was one of authors along with people from PA) revised and updated this methodology. The updated version revision reflects methodology changes capturing recent legal amendments for state inspections, licensing and permitting, and risk management systems. The updated survey and methodology was submitted in December to USAID for provision to DAMU. This activity was provided as part of contingency assistance planned under the Program for Economic Development work plan for calendar year 2010.
- At the request of Vice-Prime Minister Orynbaev and in cooperation with the Forum of Entrepreneurs of Kazakhstan, BEI provided the Prime Minister's Office during October 2010 with input into "revolutionary new ideas for reform" as will be considered by the Government for their reform planning through 2013. BEI's key recommendations for further business environment improvement include:
 - implementation of risk management principles into Government entrepreneurship regulation of licensing, permitting, certification and accreditation of businesses;
 - elimination of duplicate approvals, permissions and certification controls on businesses; and
 - revision of the human resource and incentives systems of state inspectorates to shift work focus from acquisition of fines to quality of public safety.

These recommendations were also presented in December to the Nur-Otan Party, at their request, for inclusion with their ideas to Government. BEI's recommendations received a very positive reception from VPM Orynbaev, however the Government has not yet provided additional feedback on the development of its planning. BEI expects this to be a renewed priority for 2011 following completion of the Asian Games, in February. This activity was provided as part of contingency assistance planned under the Program for Economic Development work plan for calendar year 2010.

DOING BUSINESS

- On November 9, 2010 the Government of Kazakhstan and the World Bank conducted a joint conference to announce the World Bank "Doing Business 2011" ratings. At the conference the BEI Country Director Sergey Pizikov outlined BEI's work within the experts groups for improving the indicator ratings of: registering property, Starting a Business, Dealing with Construction Permits, and Protecting Investors, all of which saw significant improvements recognized in the Report.

National Activities

- On November 20, 2010, at the request of the Government and the Ministry of Economic Development and Trade (MEDT), BEI presented its recommendations for further improving the Starting a Business and Registering Property WBDB indicators during 2011. The Government included BEI recommendations in the draft Government SME Development Program Through 2014,

and implementation will begin once the Program is approved, by April 2011. These recommendations include for Starting a Business:

- focusing on introduction of electronic registration for legal entities,
- elimination of notary requirements and introducing an alternative electronic digital signature and bar-code for documents, and
- creation of a common legal entity database among state authorities (Tax Committee, Ministry of Justice, Statistics Agency and notary chambers).

Recommendations for improving the Registering Property indicator include:

- development of electronic, integrated cadastre for real estate;
- creation of electronic transaction databases; and
- to enable obtaining information statement with a bar-code on-line through electronic digital signatures.

Full implementation of BEI's recommendations in Starting a Business could reduce procedures for business registration from 6 to 3, time required from 19 to 5 days, and cost from about \$67 to \$24. BEI recommendations regarding Registering Property could similarly improve the Registering Property process from 4 procedures to 2, from 48 days to 6, and from about \$192 to \$96. – **KZ 01**

- During the November 2010 World Bank Doing Business mission in Kazakhstan, BEI assisted Senior Private Sector Development Specialist Mr. Thomas Moullier to prepare for his meetings with the Government. BEI briefed him on Kazakhstan reforms to the construction permits system differences between enacted measures and recorded changes in DB, discussed future reform work directions in Kazakhstan, and facilitated discussions with the Construction Agency, State Architectural Supervision Authority of Astana, and the State Architectural and Planning Authority of Astana. These meetings greatly aided resolution of differences between the World Bank and BEI's GoKZ partners, and in setting reform directions for 2011 related to the DwCP indicator. – **KZ 02**
- In December 2010 the Majilis Parliament adopted and sent to the Senate the draft law "Concerning Introduction of Fiduciary Liability of JSC Directors", developed in cooperation between BEI, the Financial Supervision Agency, Government, World Bank, and Association of Financiers. During the past period BEI and partners facilitated discussions and provided a series of additional presentations for Parliament and the Majilis Committee for Budget and Finance to address issues the Majilis had regarding the draft law. This draft law:
 - reduces the threshold level for large-scale transactions from 25% of a company's assets to 10%, as well as change the approvals and notifications for large-scale transactions that requires review by special meetings of shareholders;
 - requires external audit for large-scale transactions, required prior to approving the transaction;
 - provides clear definition of the company director's responsibilities;
 - stipulates director responsibilities for transactions between related parties and for repayment of income received from those transactions;
 - allows shareholders to file a claim against related parties and require compensation of losses and repayment of income once a JSC has been proven to receive losses and reduced profits as the result of such transactions, when a particular transaction could have been made at better terms; and
 - allows courts to declare a transaction between related party invalid if they have been proven to have caused damage to a company, and could be made at better terms without the interest involved.

The above draft law and the draft law “On Making Changes and Amendments to the Certain Regulations on Mortgage Lending and Protecting Rights of Financial Services Consumers and Investors”, under review by Parliament since April 2010, could improve Kazakhstan’s position in the Protecting Investors indicator by up to 20 places, from 44 to 24, for the Doing Business 2012 Report. Both draft laws are expected to be adopted by Parliament and signed in early 2011, delaying completion of work plan activities KZ 06.1.1 and 06.1.2. – **KZ 06**

Sub-National Activities

- During November, 2010, BEI provided to the Committee for Registration Service and Legal Assistance under the Ministry of Justice its recommendations from the monitoring report on business and property registration improvements in Public Service Centers (PSCs) of Almaty, Astana, Oral, and Oskemen. As BEI reported previously, report findings advocate for improved quality of PSC employees and trainings. For implementation, BEI and the Committee developed services quality assessment indicators and questionnaires, and following appointment in November of new leadership in the Committee, it has requested BEI assist in developing a course of study for PSC employees. BEI is now preparing with the Moj a draft scope of work contracting creation the courses, which will be completed in January, 2011. According to the agreed action plan with the Moj, following phases include recruitment of development contractor (February), creation of course with regular progress reports (February-March), presentation of course to Moj (March-April), and pilot with final updates in June and July 2011. – **KZ 01**
- On November 11, 2010, BEI and the Ministry of Justice conducted a joint seminar in Oral city for representatives from regional PSCs, PSC branch offices, and oblast and city administrations including the statistics, tax, law, and land departments and committees of the Atyrauskaya, West Kazakhstan and Aktubinskaya regions. Deputy Chairman of the Registration Service Committee under the Ministry of Justice Mr. M.E. Seksembayev presented work by the Ministry of Justice to improve performance of the PSCs and BEI Advisor Ms. Krupochkina presented legislation details applicable to the WB Doing Business indicators, and implementation monitoring findings. PSC administrators were recommended to improve customer information regarding PSC operations and procedures, improve the quality of their PSC operations, and improve PSC management by emphasizing quality of services in akimat oversight. – **KZ 01**
- An additional round table was conducted in Almaty on November 19, 2010, by BEI and the Ministry of Justice regarding improvements to registration of legal entities and registration of property rights, attended by representatives of NGOs, the business community, government authorities, and the top managers of 8 PSCs in Almaty city. Discussion included implementation of legislative changes within Almaty and the results of the Doing Business 2011 Report for “Starting a Business” and “Registering Property”. Resulting recommendations include for PSCs to provide timely updates to the information on legislative changes, enhance interactions with business community and media, improve placement of information and provide training seminars for PSC employees. – **KZ 01**
- On December 6, 2010, BEI presented to the Construction Agency its draft review and monitoring report on implementation of construction legislative changes in all 14 regions of Kazakhstan, with feedback from the business community. Key recommendations include changing territorial rules for construction and eliminating oblast procedures that are not part of the national legislation. Based on the final report the Construction Agency will issue recommendations for changes and amendments to national construction legislation, and during January and February 2011 BEI and the Construction Agency will present the monitoring results and its recommendations for representatives of regional authorities. – **KZ 02**

NON-DOING BUSINESS

National Activities

- On September 30, 2010, the Government adopted in Decree #997 the draft Law “Concerning Government Control and Supervision in the Republic of Kazakhstan” and forwarded it for Parliament review. This law incorporates key BEI recommendations regarding:
 - procedures to organize and implement inspections,
 - introduction of improved risk-assessment systems for all government agencies,
 - inspections department reporting and use of checklists,
 - mandatory registration of all inspections with the Prosecutor’s offices, and
 - mandatory notification of an SME regarding their inspection schedule.

These improvements resolve issues revealed in monitoring implementation of the 2010 inspections reforms. BEI expects Parliament to adopt the Law in January 2011. – **KZ 03**

- During the past period BEI prepared and submitted to the MEDT a short review of Denmark’s best-practice example system for inspections appeal boards. The Danish model includes a mediation system and ombudsman assigned by Parliament, acting through appeal commissions. This model and other appeal boards systems in line with European and US best-practice were preliminarily discussed with MEDT, and in November 2010 Director of the Entrepreneurship Development Department Baurzhan Bekeshev requested an analysis of worldwide best-practice in appeal procedures. BEI expects to complete compilation and analysis of inspections appeals instruments and provide a review to MEDT by March 2011. – **KZ 03**
- During October 2010 BEI completed implementation monitoring of business liquidation amnesty for companies in-process for over five years, via amendments to Article 45 of the Tax Code. Implementation was delayed initially until spring 2010 to clarify the list of affected companies, however by October 65,199 inactive businesses were removed from registration, freeing their owners and capital for new investment and from unnecessary administrative risk. – **KZ 04**
- During October the Government approved draft amendments to the Law “On Registration and Re-registration of Legal Entities”, including BEI recommendations for improving the process for voluntary liquidation. These recommendations include measures to reduce of the list of documents required for liquidation by:
 - eliminating the intermediate company balance sheet,
 - eliminating tax statements on having no tax debts for branches and representation offices, and
 - merging of the statements on owing no taxes or customs debts.

Full implementation of BEI’s recommendations to voluntary liquidation could reduce procedures from 15 to 12, time required from 509 to 306 days, and cost from about \$25,450 to \$15,300. The Majilis Parliament is now considering these draft amendments and BEI expects their adoption in early 2011. – **KZ 04**

- The Government also approved in October 2010 the amendments to the Law “On Licensing and Permits”, which will eliminate over 300 unnecessary permits and licenses and simplify permitting procedures by removing notarization requirements and imposing time-limits on Government approval bodies. BEI continues to support the Parliamentary working group finalizing BEI and Expert Group recommendations on reducing the types of permits and licenses, and expects the draft law to be adopted in early 2011, delaying completion of work plan activity KZ 05.1.1. – **KZ 05**

- At the request of MEDT and the Economic Research Institute, for their seminar on November 22, 2010, BEI Advisor Igor Gutan presented “International practice in introducing and applying Regulatory Impact Assessment (RIA) methodology and key recommendations from the OECD” to 100 participating Government managers and representatives from political parties, public and international organizations, scientific entities, media and leading experts and scientists of Kazakhstan. This presentation support the MEDT decision to establish a department responsible for implementing RIA, and the Nur-Otan Party requested an additional explanation of RIA and discussion on its implementation at all levels in Kazakhstan, which was provided on December 7, 2010. BEI is now consolidating recommendations from both events for submission to the President’s Office in early 2011, which include:
 - Requiring use of RIA for all drafting normative legislative acts prior to approval by the GoK,
 - Creation of separate state structure on quality assurance and RIA supervision,
 - Instruction of state bodies and persons performing and evaluating RIA to enable high-quality, expert estimations with reliably-acquired data, and
 - development and introduction of a strategy to improve and handle data gathering, storing and related methodologies. – **KZ 07**
- The draft Law “On improving entrepreneurship regulation transparency by restricting rule-making by state bodies under the subordination of Government (ministries, committees and agencies)”, developed with BEI assistance, is still under consideration by Parliament. This draft law makes changes to 9 codes and 129 laws to improve implementation of the Law on Entrepreneurship, including BEI recommendations to:
 - limit extraneous inspections by prosecutor’s authorities,
 - mandate notification of prosecutor’s offices of off-scheduled and counter inspections, and
 - limit ministry and department powers for adopting NLAs regulating entrepreneurship without Parliamentary approval.

BEI now expects this draft Law to be adopted during early 2011, delaying implementation of BEI work plan activities KZ 07.2.1. – **KZ 07**

Sub-National Activities

- During October and November 2010 the BEI Project, Forum of Entrepreneurs and the MEDT monitored implementation of SME inspections reforms in Almaty, Aktau, Astana, Oral, Oskemen and Shymkent cities. BEI is reviewing survey results from the 220 respondents for development of a final report with recommendations, to be submitted to the MEDT and business community in March 2011. – **KZ 03**
- MEDT, the Institute of Economic Research and Forum of Entrepreneurs of Kazakhstan organized a round table on the “Optimization of the Permits System at the Local Level” in Almaty, during November. At their request, BEI presented recommendations to 40 participating government officials and business association representatives regarding permitting and licensing system reforms, and on licensing legislation standards. Recommendations included reducing processing time limits for issuing permits and licenses, improved regulations for state services quality, elimination of excessive document requirements, and use of streamlined processes for issuing permits by local authorities. Further work on optimization of local licensing and permitting procedure has been delayed pending adoption by Parliament of the national Law on Licensing. – **KZ 05**

UPCOMING EVENTS

A Round Table with the Ministry of Justice on PSC activities and implementation of legislation changes affecting Starting a Business and Registering Property is planned for January – February 2011 in Astana

A series of regional seminars on construction issues is planned in Pavlodar and Karaganda cities during January – February 2011

A round table with MEDT for the business community on “Presentation of Report on Monitoring Results of the Risk Management System-based Inspections” is planned in March 2011, in Astana

A series of regional round-tables are planned during February to explain new provisions of the Law “On Joint-Stock Companies” in the cities of Almaty, Oskemen and Shymkent

KYRGYZ REPUBLIC

GENERAL

The election of October 10, 2010, pursuant to the new KR Constitution, elected five political parties to representation in Parliament. The new KR Parliament consists of Ata-Jurt with 8.47% or 28 representatives, SDPK – 7.83% or 26 representatives, Ar-Namys – 7.57% or 25 representatives, Respublica – 6.93% or 23 representatives, and Ata-Meken 5.46% or 18 representatives.

This Parliament is expected under the Constitution to appoint a speaker and form a coalition government, which it failed to do on December 3rd, before succeeding in its second attempt on December 17th in a coalition of Respublica, SDPK and Ata Jurt parties. The new Speaker is Mr. A. Keldibekov of Ata-Jurt party, Vice-Prime Minister O. Babanov and Prime Minister Mr. A. Atambaev, with whom BEI has had a successful relationship during his earlier, 2007, appointment as PM under the Bakiev administration. The new, Parliament-approved Government met for the first time on December 20 to assume authority from the Technical Government, and consists of 18 ministries and 2 committees.

On December 21, 2010, PM Atambaev met with the World Bank regarding KR’s economic situation and coordination for a Donor Conference planned in early 2011. Tentative agenda items for this conference include:

- 1) Progress in Implementing Initiatives Announced by Donors’ at First Donor’s Conference (of June 18, 2010, in Bishkek, led by the Interim Government);
- 2) Progress in Implementing Steps by Kyrgyz Republic Outlined at First Donors’ Conference; and
- 3) Assistance to the Kyrgyz Republic by Donor Community during 2011.

The WB confirmed its commitment to assisting the Kyrgyz economy and taking an active role in organizing and holding the upcoming donor conference. BEI expects to be involved in assisting the GoKR to prepare for this conference as details of its plan become available.

On December 23, in Decree #144, Prime Minister Atambayev re-established BEI Country Manager Nursulu Ahmetova’s status as Advisor to the Prime Minister. This is the fourth consecutive year Mrs. Ahmetova has held this unpaid, volunteer position, since her appointment by the same Prime Minister Atambayev (under President Bakiev) in 2007, reflecting the special access and consideration accorded to BEI’s advice to the Government.

Work Plan Tasks April 2010 – June 2010 Quarter			Work Plan Tasks Oct. 2009 – March 2010 Contract Year		
Total Planned	Completed	In Progress	Total Planned	Completed	In Progress
0	0	13	0	0	13
Percent completed n/a%		Variance 0%	Percent completed n/a%		Variance 0%

TECHNICAL

DOING BUSINESS

National Activities

- At the request of the Technical Government, BEI is preparing recommendations updating the July 2010 Government Action Plan of emergency measures. This update will expand the Plan to cover comprehensive reforms for improving the business environment and to provide recommendations and implementation guidance for reforms at local level, as coordinated with the Kyrgyzstan Local Development Project. The Plan will be expanded to include steps to improve the KR position in international rankings such as the World Bank Doing Business, Index of Economic Freedom, Global Competitiveness Index and Corruption Perceptions Index for 2010-2011, and along these lines BEI provided the Government with details on KR reforms relating to “Doing Business” indicators following November release of the World Bank’s Doing Business Report 2011. The updated Action Plan will be submitted to the Government by February 2011. – **KR01**
- Within the context of ongoing reform of Social Fund administration BEI was included, at the request of the State Financial Supervision Agency (FSA), on two new working groups created in December on Government Income and Public Administration Reform, and is assisting these groups with recommendations as part of their work on the FSA’s draft Concept of the KR Pension Savings System. BEI has developed comments for the working groups on the following three draft NLA’s:
 - draft "Compulsory pension insurance of individuals working on the basis of a patent";
 - draft Presidential decree "On mandatory pension insurance of individuals in non-state pension funds, self-employed on the basis of a patent", and explanatory reference to the draft decree; and
 - draft Presidential decree "On introduction of the amendments and additions to the KR Law ‘On Private Pension Funds in the Kyrgyz Republic’", with explanatory reference and comparative table notes.

BEI’s work with these NLAs and working groups addresses economic and governance stability questions relating to Government proposals, and BEI recommendations specifically cover issues of:

- creation of guarantee mechanisms for payment of pension contributions by entrepreneurs operating under tax-patents, and
- assistance to the Methodological Council on Fiscal Policy of the Ministry of Economic Regulation regarding reducing the size of social security payments, simplifying social tax reporting and transferring of social insurance rate administration functions from the Social Fund to the State Tax Service.

BEI’s full, draft recommendations will be submitted to the Government in January, 2011. – **KR01**

- On March 1, 2010 the Methodological Council for Fiscal Policy Coordination under KR Ministry of Economic Regulation (MER) added BEI to its members, and to its public-private Working Group on Tax Code Improvement. With assistance from BEI and the IFC BEE project, and input from the private sector, the working group developed draft recommended amendments and additions to KR Tax Code, including
 - expanding the categories of businesses that are assessed under the simplified tax regimen,
 - further simplification of business registration, accounting and reporting procedures for SMEs,
 - enhanced social protections for sole proprietorships (via introduction and development of voluntary insurance from non-governmental sources), and
 - improved tax administration.

The working group expects to submit its recommendations, including a “Comparative Chart on Compliance of the Law on Inspections and Tax Code”, prepared by BEI in November 2010, for consideration by the Methodological Council, in February 2011. – **KR02**

- BEI’s private-sector partner, Ms. Kim of the Chamber of Tax Consultants, was selected to chair the public-private Supervisory Council of the State Tax Services (STS) on November 19, 2010, established according to Presidential Decree #212 of September 29, 2010. BEI provided technical assistance to the STS to develop during December a Regulation on Ethics and a Regulation on the Supervisory Council, which BEI expects will be approved by the Government by February 2011. – **KR02**
- State Tax Services Order #267 of December 8, 2010, formed a working group with BEI participation to pilot the project to improve tax administration of businesses operating at Bishkek markets. The working group is expected by January 1, 2011, to research issues regarding the placement and installation of local market tax payment terminals, and provide its analysis and recommendations. – **KR02**
- The Construction Permitting Working Group (MER Order #156 of August 4, 2010) developed, with BEI assistance, drafts for a “Concept for Further Improvement of Construction Permit System”, Government Resolution on “Procedure for Issuance of Permits for Construction and Other Modifications of Real Estate Items”, Government Resolution on “Procedure for Allocation of Land Plots for Private Ownership or Fixed-term Temporary Use”, a “Compliance Assessment Procedure for Constructed Items in the Kyrgyz Republic” and 2 draft laws relating to construction permitting. These drafts and related NLAs were posted during October 2010 on the website of the Ministry for Economic Regulation and are undergoing discussion in roundtables with private sector representatives, the Bishkek Mayor’s Office and the State Agency for Architecture and Construction. Draft recommendations include:
 - Amendments to the “Code on Administrative Liability of the KR and Procedure for Documenting Technical Requirements and Connecting of Facilities to Technical Networks” to streamline utility connections; and
 - Improved procedures for allocation of land plots for construction, and harmonization with construction permitting.

BEI expects these draft laws and NLAs to be submitted to the Government in January 2011. – **KR03**

- During December BEI facilitated, with the Head of the new Government’s Apparatus, Mr. Nurhanbek Momunaliyev, resumption of the Interagency Commission for Streamlining of Normative Legal Framework Regulating Entrepreneurial Activities, for which a series of NLAs were prepared for re-approval. Adoption of these six draft laws and nine Government resolutions implementing the Interagency Commission’s recommendations were suspended following the April revolution, and the must be re-adopted by the Commission:

- Draft Law on Changes to Airspace Code of the KR,
- Draft Law on Changes to the Law of the KR on Seeds,
- Draft Law on Changes and Additions to Certain Government Decisions,
- Draft Government Resolution on “Draft Law of the KR on Changes and Additions to the Law of the KR on Uniformity of Measurement Units”,
- Draft Government Resolution on “Draft Law of the KR on Changes and Additions to the Law of the KR on Medical Substances”,
- Draft Government Resolution on “Draft Law of the KR on Changes and Additions to Government Resolution #639 of September 8, 2006, ‘On Enactment of Regulation on Procedure for Carrying out Labor Activities by Foreigners and Persons without Citizenship in the Kyrgyz Republic and Regulation on Carrying out Activities to Employ Citizens of the Kyrgyz Republic Abroad””,
- Draft Law of the KR on “Changes and Additions to the Law of the KR on Health Protection of Kyrgyz Citizens”,
- Draft Law of the KR on “Changes and Additions to the Law of the KR on Real Estate Services”,
- Draft Government Resolution on “Draft Law of the KR on Changes and Additions to the Law of the KR on Limitation of Monopolistic Activities, Development and Protection of Competition”.
- Explanatory Memo for the “Draft Government Resolution on Changes to the Law of the KR on Automobile Roads”.
- Draft Government Resolution on “Draft Law of the KR on Changes to the Code on Administrative Liability”.
- Draft Government Resolution on “Draft Law of the KR on Additions to the Law on Collateral”.
- Draft Government Resolution on “Draft Laws of the KR on ‘Changes and Additions to the Law of the KR on Road Traffic in the Kyrgyz Republic’ and ‘Law on Collateral””.
- Draft Government Resolution on “Draft Law of the KR on Changes and Additions to the Law of the KR on Private Detective and Security Activities in the Kyrgyz Republic”.
- Draft Law of the Kyrgyz Republic on “Changes to the Law of the KR on Advertising”.

These NLAs are expected to be approved again by the Commission when it meets in February 2011. With the resumption of the Commission, BEI’s outstanding work projects, drafting revisions to the Law on Licenses and Permits and developing the new RIA methodology approved by Government Resolution #603 of December 20, 2007, are expected to provide drafts for Commission review by February 2011. – **KR04**

- With support of BEI the MER developed a draft Decree on Eliminating the Excessive Inspections of Businesses and Government Resolution “On Annulment of and Amending Normative Legal Acts that Regulate Procedure for Carrying Out Inspections of Businesses”, which are now under consideration by the Government for adoption expected in January 2010. These NLAs replace Decree #237 of May 14, 2009, “On Implementing Unified Procedure for Carrying out Inspections of Businesses”, which was annulled by Presidential Edict #252 of October 21, 2010. The new NLAs are designed to define mechanisms for inspections procedures, within implementation of the Presidential Decree. – **KR05**
- On October 27, 2010, with BEI assistance the MER and Council on Development and Investments under the Government hosted a 3-hour round table in Bishkek, at the MER KR Office regarding

Issues of the Existing Inspections System and New Risk Analysis-Based Approach to Inspections of Businesses for Government and business community representatives. BEI presented the issues of the existing inspections system following the functional analysis of state controlling bodies completed in December 2010. – **KR05**

- During December 2010 BEI together with the IFC completed assessments of the work performance of state controlling bodies and prepared a *Review of the State Controlling Bodies System in the Kyrgyz Republic*. This review report will be presented to the KR Government on January 6, 2011, to serve as a basis for further reforming the KR inspections system. – **KR05**
- On October 21, 2010, the first meeting of the Interagency Commission on Streamlining the Controlling and Supervision Area and Improving the Procedure for Carrying out Inspections of Businesses (Government Order #24-P of August 11, 2010) was held with the MER. During this initial meeting BEI presented assessments of the work performance of the state controlling bodies to the commission members, based on the review report developed by BEI and the IFC. – **KR05**
- During Number 2010 BEI developed and submitted to the MER a draft Resolution “On Procedure for Carrying out State Metrology Supervision by the State Inspection for Metrology Supervision under the Ministry of Economic Regulation of the Kyrgyz Republic”, which proposes changes that will improve the procedures for methodological oversight. BEI expects MER to approve and submit this draft resolution to the Government by March 2011. – **KR05**

Sub-National Activities

- The Bishkek City Legislature sent back for further improvement two draft resolutions regulating land allocation during construction processes, based on BEI recommendations to the Mayor’s Office and Legislature for conceptual changes addressing the abuse in the procedures on land allocations and leasing. These draft resolutions are:
 - “On Changes and Additions to Bishkek City Legislature’s Resolution #189 of July 9, 2003, ‘On Procedure for Allocation of Land Plots for Fixed-term (temporary) Use on Lease Terms in Bishkek’”;
 - “On Changes and Additions to Regulation #339 of July 9, 2007, ‘On Procedure for Allocation of Land Plots for Private Housing Purposes’”.

An additional resolution, “On Changes and Additions to Bishkek City Legislature’s Resolution #125 of December 2, 2009, ‘On Promulgation of Moratorium on Granting Land Plot Lease Rights for Various Purposes’” #202, restricting restructure of property objects, was adopted by the Legislature following incorporation of BEI’s comments. BEI is assisting the MER in construction permitting reforms that will aid in revision of draft NLAs #189 and #339, and expects these resolutions to return in improved forms for Legislature consideration in February 2011. – **KR03**

NON-DOING BUSINESS

- On November 11, 2010, Nursulu Ahmetova, BEI Country Director, participated in the second session since April of the Business Development and Investments Council (BDIC) under KR Government. The BDIC discussed and recommended Government to draft laws regulating the mining sector taking into account the opinion of businesses, and prepared draft regulations on establishment of an Investment and Trade Promotion Agency, a Commission for Civil Control of Government Agencies on Protecting Property Rights and other bodies. The EBRD Investment Council Project acts as the BDIC’s Secretariat.

National Activities

- The BEI Project remained closely engaged in supporting business environment, economic and governance stabilization planning and efforts during the past period. Requests for ad-hoc assistance

and input from the Technical Government were provided verbally by Government officials, and coordinated closely with USAID/KR. BEI supported the Technical Government in this manner by:

- Preparing a Situational Analysis with recommendations on three economic development scenarios covering the next 6 months, global economic projections and possible risks to KR;
- Developing a draft structure for the Office of Government and work program for use by Parliament in forming the new Government;
- Commenting on the Draft Government Action Plan for 2011;
- Contributing to development of the *Economic and Social Development Priorities for 2011-2013* paper following Government Resolution #26-p of August 11, 2010.
- Advising the Technical Government Office on economic implications of a resolution to regulate the gas transmission system and on issues related to revitalizing the economy of the South;
- Advising the Center for Standardization and State Inspection on Metrological Oversight on economic questions;
- Assisting the Technical Government Office to monitor implementation of the Government Action Plan as it related to economics for the energy sector and to prepare interim reports on the energy sector economic situation, as coordinated with the USAID RESET Project; and,
- Contributing to economic and stability briefings for President Otumbaeva and Parliament leaders. – **KROI**
- BEI provided additional legal opinion assistance specific to requests by the Ministry of Economic Regulation to facilitate its economic and stability planning for the Transition Government. This advice included on:
 - Draft normative-legal acts for streamlining public services and forming a unified roster of such services (includes a draft Law, Presidential Decree, Resolutions and other documents);
 - Draft “KR Strategy on Transportation Development for 2011-2015”;
 - New versions of the laws “On Natural and Permitted Monopolies” and “On Competition”, and on various issues of antimonopoly regulation in the form of price intervention for domestic companies that are natural sugar monopolies and the impact of price regulation on the sugar beet producers;
 - Draft Regulation “On the Manner of Tracing Ethanol Produced in KR”;
 - Draft “Concept for Development of National Quality Framework by 2015”;
 - Trends in the growth of fuel prices;
 - Issues of state regulation (licensing and excise taxing) of tobacco;
 - Issues of state regulation of pharmaceutical operations;
 - Draft laws “On Craftsmen” and “On State Support of Arts and Crafts in the Kyrgyz Republic”;
 - Activities of the working group for development of legislation pertaining to ownership rights in KR, including on proposals for legislative harmonization in this area;
 - Comments for:
 - I. KR Government Resolution as of October 1, 2010, #227 “On Establishing Seasonal Export Duty Rates for Commodities Shipped from Territory of the Kyrgyz Republic” (as coordinated closely with the RTLC Project);

2. KR Government Draft Resolution “Rules on Analysis and Assessment of Competitive Environment on Commodity Markets”; and
 3. Draft Interim Government Decree “On Introducing Amendments to KR Law ‘On Gambling in the Kyrgyz Republic’”.
- Questions regarding the growth of social obligations of the state and populism in public economic policy, and on risks and inflation management during economic stabilization. – **KROI**

UPCOMING EVENTS

BEI plans to organize, between January and March 2011, a series of public press events for a media advocacy campaign covering reforms made in the business environment and investment climate in the Kyrgyz Republic in light of the KR WB Doing Business country ranking

The KR Donors conference has been preliminarily planned for February 2011, for which BEI expects to assist in organization

BEI plans a round table on the effectiveness of the one-stop-shop implementation for business registration, in Bishkek during January 2011

Work Plan STATUS REPORT

	Responsibility	Resources			2010					2011				Status		
		RTA (IG)	STTA	Media	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun		Jul	Aug
REPUBLIC OF KAZAKHSTAN																
KZ 01: Improve Property Registration and Business Registration Systems																
1 Monitor implementation at the local level of amendments to NLAs for legal entity and property registration																
1 With MoJ and local Departments of Justice solicit feedback from regional round tables concerning implementation of legislation changes to legal entity and property registration processes	BEI, MoJ, PSP, Akimats				■	■	■									X
2 Based on round table results, develop and submit to MoJ recommendations for improved implementation of legal entity and property registration process changes	BEI, MoJ						■	■								
3 Develop and publish a brochure guide for the business community on legal entity and property registration rules	BEI, PSP	X							■	■						
2 Monitor PSC service quality for legal entities and property registration processes, and other areas as requested by Government																
1 Develop service quality indicators and plan for monitoring in at least 5 cities of legal entities registration and other service areas as requested by GoKZ	BEI, MoJ							■	■	■	■					
2 Monitor PSC service quality in at least 5 cities-Astana, Almaty, Oskemen, Uralsk, Shymkent	BEI, PSP, Akimats									■	■	■				
3 Develop monitoring report on PSC state services quality	BEI, MoJ, PSP, Akimats											■	■			
4 Present monitoring report to Government, local akimats and PSCs, media and private sector in Astana, Almaty, Uralsk, Oskemen, Shymkent	BEI, PSP	X												■		
3 Develop PSC training materials as requested by Government																
1 If requested by Government, to develop an E-study course for PSC staff on the most needed services, including at least registration of legal entities and property	BEI				■											D

2 In cooperation with the MoJ and Public Services Agency (PSA), implement the E-study course within PSCs of pilot cities	BEI, MoJ, PSA			
3 If requested by Government, to develop PSC trainings on services quality and implement with MoJ and PSA	BEI			
4 As needed, monitor E-study course and service quality trainings	BEI			
5 Develop monitoring report and revised training materials as needed, and present to MoJ and PSA	BEI			
KZ 02: Improve Procedures for National and Local Construction Permitting and Regulation				
1 Facilitate implementation of construction-related licensing system reforms				
1 Facilitate as needed Government review and approval of amendments to NLA on licensing	Gov		7	X
2 Inform the business community, media about changes to NLA on licensing	BEI, PSP	X	7	X
3 Monitor and present changes to WBDB DwCP process by WB in "Doing Business 2011" report to the GOK	BEI			X
4 Respond as needed to WB requests and questions to clarify issue for future DB process assessment	BEI			O
5 Based on feedback from seminars, prepare updated analysis of the construction permitting system in KZ regions	BEI		9	X
6 Present the analysis to the Construction Agency and private sector, including recommendations for improvements	BEI	X		O
7 Assist development of amended NLAs to improve the construction permitting system based on the regional analysis	BEI, Gov			
8 Facilitate as needed Government review and approval of amendments to NLA on construction permitting	Gov			
9 Inform WB and DB respondents about changes	BEI, Gov			
10 Develop new process map on construction permits based on amendments and changes to laws and regulations and disseminate	BEI	X		
2 Facilitate implementation at the local level of amendments and changes to the construction permitting system				
1 Present results of regional seminars to the various regional Construction Authorities	Gov, BEI			O
2 If requested, support local authorities to develop and adopt improvements to local construction permitting systems and implementation of national reforms	BEI			
3 Monitor implementation of amendments and changes to the construction permitting system				
1 Assist the Construction Agency to prepare monitoring report covering implementation in all 16 administrative regions of Kazakhstan	Gov, BEI		8	X
2 Present final monitoring results to regional akimats and Construction Authorities	Gov, BEI, PSP			O

<p>3 Assist the Construction Agency as needed to monitor implementation of new changes to the construction process for 5 cities (Almaty, UST, Shymkent, Uralsk and Pavlodar)</p>	BEI				
<p>4 Implement international construction codes to support the Customs Union</p> <p>1 Assist to the Construction Agency to analyze ICC codes, Euro Codes and construction technical regulations of the Russian Federation for further Implementation in Kazakhstan supporting the new Customs Union</p> <p>2 If requested, assist the Construction Agency to develop a new draft Construction Code</p>	Gov, BEI		9		○
<p>KZ 03: Streamline Inspections and Support Implementation of Risk-Management Systems</p>					
<p>1 Monitor implementation and strengthen private-sector knowledge of improvements following the Law on Private Entrepreneurship and other inspections regulations</p>					
<p>1 Support as needed adoption by Parliament of amendments to the Law on Private Entrepreneurship in its part that relates to inspections, in line with private-sector feedback</p>	BEI, MEDT	X			X
<p>2 Monitor implementation of new private business inspections amendments within at least one of either the Committee on State Sanitary and Epidemiological Surveillance, or the Committee on Fire Safety in West, South, East Kazakhstan, Almaty and Astana administrative regions</p>	BEI, MEDT	X			○
<p>3 Develop monitoring report on implementation of the Law on Private Entrepreneurship and present to Government, the MEBP, private sector, and media in West, East, South Kazakhstan, Astana and Almaty administrative regions</p>	BEI		X		
<p>2 Improve implementation of risk management systems in inspectorate bodies</p>					
<p>1 As needed, advise inspection authorities on revision of their risk management systems based on monitoring of their implementation</p>	BEI	X			○
<p>2 Assess with the MEDT tools for measuring performance within inspectorates and recommend steps to strengthen inspectorate performance accountability in line with international best practices</p>	BEI, MEDT	X			
<p>3 Streamline and improve the appeal and sanctions processes for business inspection</p>					
<p>1 With the MEDT review the appeal procedures for inspectors' decisions and recommend steps to streamline the appeal procedures in line international best practices</p>	BEI, MEDT	X			○
<p>2 Review the complaint mechanisms for the inspection authorities and recommend steps improve them in line with international best practices</p>	BEI, MEDT	X			
<p>3 Develop with the MEDT a plain-language guide to inspections appeals and complaints for businesses, and distribute to Government, PSPs and media</p>	BEI, MEDT	X			

4 Review the sanctions system applied by major inspectorates and develop and submit to MEDT recommendations for implementation of proportionate and gradual sanctions systems as needed	BEI, MEDT	X					
5 Identify overlapping authority among inspection agencies (focusing first in the area of food safety) and develop recommendations for eliminating overlaps	BEI, MEDT	X					
KZ 04: Improve Procedures for Voluntary Administrative Liquidation of Legal Entities							
1 Develop improvements to the legislation concerning the voluntary liquidation of legal entities							
1 Present and facilitate approval by the MoJ, MoF of recommendations for process improvements based on monitoring report	BEI		9				X
2 Draft amendments to NLA to streamline the process for voluntary liquidation of legal entities	BEI, PSP						O
3 Facilitate as needed approval of draft of NLA amendments by Government	BEI						
4 Facilitate as needed Parliament and Presidential adoption of legislative changes	BEI, PSP						
5 Publicize liquidation process reforms to support adoption	BEI, PSP	X					
2 Monitor implementation of changes to the process of voluntary liquidation of a legal entities							
1 Monitor implementation of changes to the process of voluntary liquidation of a legal entities in Atyrau, Aktau, Oskemen, Uralsk and Shymkent	BEI, PSP						
2 Develop monitoring report with process and implementation recommendations and submit to MoJ, MoF	BEI, PSP						
3 Publicize and information about liquidation process reforms and implementation monitoring results through media and events (including round tables in Atyrau, Aktau, Oskemen, Uralsk and Shymkent)	BEI, PSP	X					
KZ 05: Improve Licensing and Permitting Systems							
1 Develop refined Law on Licenses and Permits, and new Concept of Regulation (licensing, permissions, and etc.)							
1 Facilitate as needed Government, Parliament, and Presidential approval for the final draft Law on Licenses and Permits (or new Concept of Regulation)	BEI	X					D
2 Monitor implementation of the new Law on Licenses and Permits in Atyrau, Aktau, Oskemen, Uralsk and Shymkent and develop report for presentation to MEDT	BEI, PSP						D
3 Publicize information about changes to the Law and regulations through media and public events (round tables in Atyrau, Aktau, Oskemen, Uralsk and Shymkent)	BEI, PSP, MEDT	X					D
2 Organize and facilitate oblast-level permissive system guillotine review							
1 Facilitate as needed development of permissive document inventories for at least Atyrau and Mangystau oblast-level administrative regions	BEI, MEDT,						X

2 Support creation of oblast-level expert groups for permissive system review, based on the national EG, and assist development of oblast EG work schedules as needed	Gov BEI, Gov			X
3 With national EG, monitor the review, development of revised NLAs and implementation process of the oblast EGs, and facilitate as needed	BEI, Gov, EG			X
4 With EG and WG on permissive system reform, draft template amendments limiting oblast-level permissive powers to defined areas, in preparation for government finalization following the oblast-level document review	BEI, EG, WG, Gov			X
3 Develop service standards for issuance of licenses and permits by regional and local authorities				
1 In cooperation with the MEDT, develop standards for issuing licenses and permits by regional and local public authority staff	BEI, MEDT, Akimats			X
2 Facilitate as needed the review of draft standards by the national EG on permissive system review	BEI, EG			O
3 Monitor the adoption and implementation of standards by the competent authorities and develop report for presentation to MEDT	BEI, Akimats			
4 Advise GoKZ on E-licensing systems implementation				
1 If requested, identify and present to GoKZ and MEDT international best-practices in the area of e-licensing	BEI			
2 If requested, prepare recommendations for the design and implementation of e-licensing systems in Kazakhstan	BEI, MEDT			
KZ 06: Enhance Investor Protections				
1 Analyze the Law "On Joint Stock Companies" and relevant legal acts with investor protection in mind and recommend amendments as needed				
1 Facilitate as needed Government, Parliament, and Presidential approval of draft amendments to the Law on JSCs and related legal acts	BEI, AFC, Gov	7		D
2 Support the Parliament profile committee on WB DB and Protecting Investors through presentations on the DB Rating and its importance for business environment improvement	BEI, AFC			D
3 Plan and conduct a media advocacy campaign to support adoption of amendments to the Law on Joint Stock Companies and relevant legal acts, and enhance public knowledge of reforms	BEI, PSP	X		X
4 Organize and conduct post-reform adoption information media campaign	BEI, PSP, AFC	X		O
5 Inform WB of changes and respond as needed to WB follow-up requests	BEI			
2 Monitor implementation of changes to the Law "On Joint Stock Companies"				
1 Validate improvements for WBDB indicator impact through respondent surveys,	BEI			

<p>and review for further implementation assistance</p> <p>2 Prepare recommendations based on the results of the surveys and present to AFS and expert group</p> <p>3 Jointly with AFC and MoF Accounting Auditing Committee, review the financial reporting of JSCs for related-party transactions, recommend improvements to related-party transaction reporting and public access to information of the depositary of financial reporting of the MoF</p> <p>4 Develop draft amended NLAs and the Law on JSC as feasible to incorporate recommendations, and facilitate adoption as needed, and support continued improvement efforts by the WBDB Reform Team</p>	BEI				
	BEI, AFC, MoF				
	BEI				

KZ 07: Improve Government Legal Drafting and Rule Making Regulating Entrepreneurship

<p>1 Monitor implementation of RIA methodology</p> <p>1 Organize and conduct a monitoring survey on RIA implementation in the regions (West, East, South Kazakhstan, Astana and Almaty) analyze data and present to MoJ and PSPs, and develop joint recommendations with the MoJ</p> <p>2 Present monitoring results and draft recommendations to the public and media</p> <p>3 Facilitate the education of private businesses on the application of RIA through round tables, seminars, information campaigns, and press conferences, as needed in Astana, Almaty, West, East and South Kazakhstan administrative regions</p>	BEI, PSP, MoJ					O
	BEI	X				
	BEI	X				
<p>2 Improve entrepreneurship regulation transparency by restricting independent rule-making by state bodies</p> <p>1 Facilitate as needed Government, Parliament, and Presidential approval of the draft Law restricting the rights of state bodies under the GoKZ to independently adopt NLA regulating entrepreneurship activity</p>	BEI, MEBCP	X		7		D

KYRGYZ REPUBLIC

KR 01 Provide Business Environment Support and Planning Assistance to the Government and Private Sector Counterparts

<p>1 Facilitate GoKR business environment reform prioritization</p> <p>2 With Business Associations define and articulate to Government the interests of the business community</p> <p>3 Respond to GoKR requests for business environment assistance in areas affecting economic and governance stability</p> <p>4 Assist Transition Government counterparts including the Ministry of Economic Regulations in economic policies and strategic planning</p> <p>5 Assist the Government with post-election economic policy and implementation</p> <p>6 Facilitate and monitor GoKR plan for renewal of systemic reforms to improve business environment based on key indicators in international surveys</p>						O
						O
						O
						O
						O
						O

KR 02 Facilitate Improvements to the Tax Code and Social Administration					
1 Facilitate improvements to the Tax Code and Social Administration					<input type="radio"/>
KR 03 Improve Procedures for Construction Permitting, Oversight, and Planning					
1 Aid in development of new NLAs governing the construction industry and facilitate private-sector skills and advocacy on construction-related issues					<input type="radio"/>
2 Assistance in improvement to and revision of the draft KG City Planning Code					<input type="radio"/>
KR 04 Improve Business Permitting and Oversight Systems					
1 Develop the Law on Licenses and Permits and assist the Interagency Commission in its work on optimizing the normative legal framework regulating entrepreneurship					<input type="radio"/>
2 Harmonize NLAs with the Law on Licenses and Permits					<input type="radio"/>
3 Improve procedures for development and adoption of optimized NLAs through RIA					<input type="radio"/>
KR 05 Implement Improved Procedures for Inspections of Businesses					
1 Improve legislation and NLAs regulating procedures for conducting inspections and determining sanctions					<input type="radio"/>

BEI 2009 – 2010 Work plan Table of Abbreviations

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

Common abbreviations are:

X – Completed activity (Status)	D – Delayed activity in need of rescheduling (Status)
O – Ongoing activity (Status)	P – Activity begun during Previous project year (Gantt)
N – Not-completed activity scheduled this period (Status)	# -- (number) estimated completion month (Gantt)
AFC – Association of Financial Consultants (KZ)	MIT – Ministry of Industry and Trade
AIC – Agency for Informatization and Connection (KZ)	MoJ – Ministry of Justice
AkA – Almaty akimat (KZ)	NASMB – National Association of Small and Medium Businesses (RT)
AoT – Association of Taxpayers (KZ)	NLA – normative legal act
BA – Business associations	NSC – National Statistical Committee (KR)
BIP - Best international practice	Parl – Parliament
C – Contracted expert consultant (local or international, individual or company)	PO – Prosecutor’s Office
CDS – Country Development Strategy (KR)	PM – Prime Minister
DB - Doing Business	Pres – President
DSSEO – Department of State Sanitary and Epidemiological Oversight (KR)	PSA – public service announcement
FEK – Forum of Entrepreneurs of Kazakhstan	PSC - public service center
GoK – Government of Kazakhstan	PSP - private sector partner
Gov – Government (Office of the Government)	RIA – Regulatory Impact Assessment
KR – Kyrgyz Republic	SACA – State Agency for Construction and Architecture (KR)
KZ – Kazakhstan	SCTC – State Committee on Taxes and Charges (KR)
LGRP – USAID Local Governance Reform Project/Urban	SOW – scope of work
LRP – USAID Land Reform Project/Chemomics	TC – Tax Committee
MEBP – Ministry of Economy and Budget Planning	TOT – training-of-trainers
MEDT – Ministry of Economic Development and Trade	WB - World Bank
	WG – working group

BEI PARTICIPANT TRAINING REPORT (October 2009 – December 2010)

Training Program Data					
Training Program Name:	Business Environment Improvement Project				
USAID Managing Activity (Funding Contract):	176-C-00-06-00007				
USAID Strategic Objective:	Strategic Objective 1.3, Improved Environment for the Growth of Small and Medium-sized Enterprises, and specifically Intermediate Result 1.3.3, Improved Implementation of Laws and Regulations				
Field of Study:	Business Legal and Regulatory Simplification/Reform				
Training Type:	Multiple				
Training Location:	Multiple				
Program Start Date:	10/01/2006				
Program End Date:	09/31/2011				
Program Status:	Ongoing				
Training Provider (Name, City, State, & Country):	Multiple				
Name of the Prime Contractor for the Activity.	Business Environment Improvement Project, implemented by the Pragma Corporation				
Street Address and country of the contractor.	17 Nauryzbai Batyr, Office 211, Almaty 050004, Kazakhstan				
TRAINING COMPONENTS: If the Training Program has multiple events, Please list all components:					
Component Name	Training Type	Training Provider (Name, City, State, & Country)	Start Date	End Date	Full-Time Equiv.
Regional Seminar on PSC activities support and legislation changes	Training Seminar	BEI, Uralsk, Kazakhstan	11/13/2010	11/13/2010	3.5 hours
Round Table on Legislation Changes for Registration of Legal Entities and Registering Property	Training Presentation	BEI, Almaty, Kazakhstan	11/19/2010	11/19/2010	3 hours
Round Table on RIA methodology and it's implementation	Training presentation	BEI, Astana, Kazakhstan	11/20/2010	11/20/2010	3 hours
Round table on the "Optimization of the Permits System at the Local Level"	Training presentation	BEI, Almaty, Kazakhstan	11/23/2010	11/23/2010	2 hours
Round Table on presentation and discussion of the further construction permitting reform avenues	Training Presentation	BEI, Bishkek, Kyrgyz Republic	11/26/2010	11/26/2010	3 hours

Round table "Problems of the existing system of inspections and a new approach to the inspections of the businesses based on the risk analysis"	Training Presentation	BEI, Bishkek, Kyrgyz Republic	10/27/2010	10/27/2010	3 hours
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FUNDING DATA: (Line-1: Amount Budgeted; Line-2: Amount Spent)											
USAID			Host Country Government			Provider			Private		
Instruction	Trainee	Travel	Instruction	Trainee	Travel	Instruction	Trainee	Travel	Instruction	Trainee	Travel
<i>(All trainings not listed below have no separate, budgeted cost elements, and were provided as part of other work.)</i>											
\$0			\$0			\$0			\$0		
\$0			\$0			\$0			\$0		
"PSC Activities Support and Legislation Changes"											
\$102											
\$102											
"Problems of the existing system of inspections and a new approach to the inspections of the businesses based on the risk analysis"											
\$214											
\$214											

For In-Country Programs Only	
# of Males Attended	# of Females Attended
142	132

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