

REPORT

SECRETARIAT OF THE BUSINESS

DEVELOPMENT AND INVESTMENTS

COUNCIL UNDER THE GOVERNMENT

OF THE KYRGYZ REPUBLIC

2020 ANNUAL REPORT

The Secretariat of the Business Development and Investments Council under the Government of the Kyrgyz Republic is financed by the EBRD shareholders fund

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Introduction

The Report presents activities and achievements of the Secretariat (hereinafter – Secretariat of IC) of the Business Development and Investments Council under the Government of the Kyrgyz Republic (hereinafter – IC) in 2019. The IC was established in 2007 and during that period has shown its effectiveness in building a public-private dialogue (hereinafter - the PPD) in Kyrgyzstan as a leading platform coordinating efforts of the Government, business community, international partners and other stakeholders to improve an investment climate and business environment in the country. The IC is headed by the Prime-Minister, the members of the IC are the heads of state bodies and business associations. The main goal of the Secretariat is to provide organizational, analytical and other support to the IC to present policy, legal, and institutional reforms to government intended to enhance the functioning of markets, reduce transaction costs and risks associated with starting, operating and closing a business.

In 2019, the Secretariat of IC achieved all main results and outputs stipulated by the terms of reference, including the holding of 4 high-level meetings of the IC, chaired by the Prime Minister. 12 different issues raised by members of the IC were presented by the Secretariat at meetings of the Council including adoption/amendment of relevant laws and regulations. To implement the recommendations of the Council, 6 regulatory acts were adopted in 2019.

By the decree of the President of Kyrgyzstan, 2019 was declared the year of regional development and digitalization. Therefore a special attention in the work of the Secretariat was given to the regional agenda and provision of public services for entrepreneurs in electronic format. During the year, 4 meetings of regional

investment councils were held. On February 26, 2019, the Secretariat organized a Digital Transformation Forum for the business community.

In order to enhance the sustainability of the IC activities the Secretariat experts in 2019 strengthened monitoring of the implementation of earlier decisions of the Council in the form of normative acts in order to determine how successfully they are being implemented in practice. So at the IC meetings in 2019 the questions to what extent the changes in the legislation adopted within the Council affected the real activities of entrepreneurs were raised three times.

Special attention was given for strengthening interaction of the Secretariat with the main partner (client) from the government represented by the Prime Office. The head and experts of the Secretariat held regular meetings with the leadership and employees of the Department for economic and investments development of the Prime minister Office and the Prime-Minister's Advisor on Economics.

Also, at the request of the Prime-minister Office, in 2019 the Secretariat has strengthened the work on informing entrepreneurs about the reforms carried out in the country in the field of business regulation.

In 2019, 4 new business associations joined the IC, so the number of IC members from business community increased to 70.

Experts of the Secretariat continued participation at different working groups on improvement of investment climate and business environment, including the work to improve the World Bank's Doing Business rating, creation a Business-ombudsman institute, Interdepartmental Commission for the Development of the Tourism Industry and others.

Secretariat experts also participated in the preparation of the high-level donor conference in November 2019 in the part regarding the improvement of the investment climate.

In addition to providing dialogue between the Government and business during 2019 the Secretariat also implemented a number of activities aimed at raising the capacity of business community, delivering consultative and analytical support to members of IC, coordination with other PPD platforms under the President and Parliament Speaker and others.

Mandate

The Business Development and Investments Council is established under the Prime Minister of the Kyrgyz Republic by the Government Decree as a consultative-deliberative body responsible for developing and preparing recommendations and suggestions to the Government of the Kyrgyz Republic and other state agencies.

The working languages of the Investment Council are Russian and Kyrgyz. Simultaneous translation into English is provided.

Development of economic policy aimed at improving the country's investment climate through a broad consultation process

Work plan of the Investment Council

The work of the Secretariat in 2020 was based on the work plan of the IC for 2020, adopted at the meeting of the Council on February 13, 2020 and based on proposals received from Council's members, government agencies and business associations. There were conducted additional broad consultations with the Advisor to the Prime-Minister of the KR, Head of the department of economy and investments of the Office of Prime-Minister of the KR, Director to the Investment Promotion and Protection Agency of the KR, Head of the department on entrepreneurs regulation of the Ministry of the Economy of the KR, department of economic analysis of the Administration of the President of the KR and EBRD Operation Leader

The work plan includes both measures aimed at further improving an investment climate, as well as activities to implement specific projects. In general, the Council's work plan for 2020 included 18 proposals from 12 business associations, ministries and international donor partners.

The Plan is flexible, and may be amended at any time by an initiative of any member of the Council.

Work plan for 2020

On September 19-21, 2019 the Secretariat of the IC organized the Round table on strengthening public-private dialogue to develop the work plan for 2020. The round table was organized under support of the USAID project "Competitive enterprise" and IFC projects "Kyrgyz Republic: investment and growth in tourism" and "Diary project". Main participants of the Round table were representatives from the: a) Government authorities: President office, Government office, Ministry

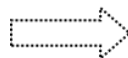
of Economy of the KR, Investment Promotion and Protection Agency, Guarantee Fund, State Custom Service, and representatives from regions: Naryn, Jalal-Abad, Issyk-Kul, Batken, Osh, and Talas; b) Business associations; c) International development agencies and organizations, and d) Parliament of the KR. In general, the Council's work plan for 2020 will include 18 proposals from 18 business associations, ministries and international donor partners in the areas of improvement of customs and tax administration, strengthening insurance market, simplification of the access to energy for entrepreneurs, digital transformation, tourism development and others. The 2020 work plan includes proposals of the new members of the IC from business-associations, such as Association of restaurants and hotels, Association of agroprocessing companies, Association of beekeepers, and Association of stoneworkers. The 2020 Work plan will be approved at the meeting of the Council that will be conducted on January 2020.

Meetings of the Investment Council

During the reporting period three meetings of the IC were held in the Government House and one meeting fully devoted to the jewelry sector was conducted at the jewelry factory “Altyn”. All four meetings were chaired by the Prime-Minister of the Kyrgyz Republic.

Meetings of the Investment Council:

- January 29, 2019
- June 11, 2019
- July 26, 2019
- October 8, 2019



Main issues:

- Access to the market of EAEU
- Simplification of the VAT refund to exporters
- Development of construction industry
- Development of jewelry sector
- Mining sector issues
- Simplification of the reports to the National statistic committee
- On measures to increase the transit passengers

The following issues were considered at the IC meetings:

Sustainability of achieved results

In order to determine how normative acts and other results obtained within the framework of the IC are implemented in practice, the Secretariat conducts regular surveys of business associations. Based on the results, the Secretariat makes appropriate changes to the agendas and work plan of the Council.

Interaction with the Parliament of the Kyrgyz Republic

The Secretariat of the Investment Council in 2019 continued active interaction with the Parliament and performed the following duties to strengthen the public private dialogue with involvement of the Parliament of the Kyrgyz Republic.

Three members of the Parliament (hereinafter – MPs) are members of the Investment Council and were invited and participated at the meetings of Investment Council. MPs participated at three meetings of the Council. MP Dastan Bekeshev initiated the issue on increasing the number of transit passengers through the Kyrgyz Republic. The experts of the Secretariat provided to the MP analytical support to develop the issue and had a several meetings with MP on its discussion. The issues were considered at Council’s meeting on October 8, 2019.

On February 21, 2019 the Secretariat of IC jointly with UNIDO conducted the Round Table “Industry development strategy 2023” with participation of MP Baipakpaev. During the Round Table the Strategy and the Action Plan were presented to the representatives of business community.

On April 15, 2019, Secretariat of IC jointly with DFID project on support of the Parliament conducted a round table on discussion of the draft Law of the Kyrgyz Republic “On Tourism”. The moderator of the event was A.Seitbekov, expert of the Secretariat of Investment Council. Members of the round table were MPs G.Asylbaeva and A.Nurbaev, representatives of government bodies and business associations.

On December 27, 2019 a working meeting to discuss amendments to the Law of the Kyrgyz Republic regarding audit of the activities of enterprises by the

Accounting Chamber of the Kyrgyz Republic, regardless of ownership was organized by the Secretariat of the Investment Council jointly with the Secretariat of Business-Council under the Speaker of Parliament.

Parliament coordinator of the Secretariat regularly participated in meetings of the Business Council under the Speaker of the Parliament with an observer status. The Secretariat has discussed and agreed on mutual cooperation and avoidance of duplication with Business Council under the Speaker. On November 6, 2019 Secretariat of IC had a meeting with newly appointed Head of the Secretariat of Business-Council under the Speaker of KR to discuss further coordination and cooperation on promotion of the issues for improvement of business environment.

The Business Council under the Speaker of the Parliament has been working for 3 years and has shown its sustainability. It provides the dialogue between the Parliament and business community and supported by the DFID. Therefore, at the end of 2019, the secretariat sent a letter to the EBRD with a request to reduce the position of the parliamentary coordinator in the Secretariat

Interaction at the regional level

During the reporting period, the Regional Coordinator of the Secretariat of Investment Council together with the regional representatives (the Secretaries) of the Regional Investment Councils (RIC) and with the Office of the Plenipotentiary Representatives of the Government in the areas conducted 4 RIC Council meetings in 4 oblasts of oblasts of the Kyrgyz Republic in order to discuss the problems of doing business in the regions (More detailed information about regional investment council in Annex 1)

In order to determine the future vector of the development of the PPD in the regions, the Regional coordinator prepared an analysis of the activities of regional investment councils. The analysis recommends to focus on specific issues of each region rather than more broad national problems to define the specialization of the regions and organize PPD meetings focused on the development of the related projects and fields. The methodology of defining the field of project or economy based on comparative advantages – the business ecosystems of the regions has been developed. The selection criteria have been identified, such as: availability of the resources which is necessary for the production and export of selected

products, the low cost of the production, experience skills and qualifications of the local population.

Together with UNDP project, regional PPD expert organized the visit of the representatives of the Regional Investment Councils in Bishkek in order to increase their capacity for organization of effective PPD. There was the discussion regarding to the achievements and disadvantages of the Regional Investment Councils to find the future direction of joint activity to develop the PPD in the regions. Participants of the meeting agreed to think about strengthening an agenda of the meetings by focusing on specific reforms or specialization of the region's economy based on comparative advantages through the developing business-ecosystems in the regions.

The Secretary of the IC is a the member of the Committee on Development of Industry and Entrepreneurship of the Kyrgyz Republic under the National Council for Sustainable Development of the Kyrgyz Republic. The Secretariat assisted to the Administration of the President of the Kyrgyz Republic in organizing meetings with the regional business associations in August-September 2019.

Analytical support to a process of public-private dialogue

In 2019 the ICS implemented different kinds of analytical work including organization of practical scientific conferences, analytical publications, participation in different working groups, preparation of analytical materials for business-association and government agencies and others. Based on the results of meetings with the Prime-minister office experts of the Secretariat provided analytical support for implementation of the Government's program and action plans on improving the business environment. The Secretariat experts also conducted several analytical works including:

- 1) The analytical study “Kyrgyzstan. A decade of economic lag that is needed for a breakthrough ” which describes the development trends of the country's economy over the years of independence, the main problems and solutions. Analysis of existing documents, statistical materials, research in the field of economics. Preparation of recommendations on necessary measures to achieve accelerated economic development of the country.

<http://center.kg/article/256>

<https://kloop.kg/blog/2019/04/26/issledovanie-kyrgyzstan-desyatiletiya-ekonomicheskogo-otstavaniya-chno-nuzhno-dlya-proryva/>

- 2) This analytical study "The China-Kyrgyzstan-Uzbekistan railway. A rational approach and getting rid of illusions is the key to the success of the project." examines the economic feasibility of building the China-Kyrgyzstan-Uzbekistan railway. Key issues addressed by the study include the payback of the project, possible sources of financing, risks and the impact of the project on the socio-economic development of Kyrgyzstan

<https://www.akchabar.kg/kg/news/Zheleznay-doroga-Kitay-Kyrgyzstan-Uzbekistan/>

<http://center.kg/article/269>

- 3) In order to determine the future vector of the development of the PPD in the regions, the Regional coordinator prepared an analysis of the activities of regional investment councils. As a result of this analysis Business-associations recommended to focus on specific issues of each region. To define the specialization of the regions and organize PPD meetings focused on the development of the related projects and fields. Also, it has been prepared the presentation of the new approach in organizing PPD in the regions based on developing “business eco-systems”.

Other activities of the Investment Council’s Secretariat

1) Open Government Partnership (OGP):

The IC is a member of the OGP National Forum. The Secretariat experts participated in the preparation of the National Action Plan and monitor commitments regarding the business. The meeting of the working group on implementation of the OGP National Action Plan commitment #6 was conducted at the Ministry of Justice of the KR. As a result of the meeting the ToR for development of electronic portal was discussed and approved. As a follow up the tender to define ICT company will be issued.

The secretariat of the IC in cooperation with OGP has conducted forum «OGP for improvement of the business environment and investment climate» on April 26, 2019. The main objective of the Forum was to discuss the OGP National action

plan's existing commitments on improvement of the business environment and additional proposals to be included into the OGP National action plan. As a result of the forum, there was final resolution with recommendations of business community and state organizations developed and approved. The resolution was signed and distributed among participants and key stakeholders.

In the framework of the OGP activities, the Secretariat has developed special methodology on evaluation of state measures and proposals of the business community on improvement of business regulatory environment. The measures and proposals are evaluated and prioritized according to OGP principles. As a follow-up the OGP assessment methodology will be used for evaluation of decisions and recommendations of business forums and conferences.

2) *Forum on Digital Transformation*

Secretariat of IC conducted Forum on digital transformation on February 26, 2019. The main goal of the Forum is to consider the tasks on the implementation of the Digital Transformation Concept "Digital Kyrgyzstan 2019-2023", a roadmap for the implementation of the Concept and to submit to the Government authorities the proposals of business associations on participation in the digital transformation process.

This forum instructed the State Committee for Information Technologies and Communications of the Kyrgyz Republic and relevant state bodies to consider 26 proposals of business associations such as creating a single electronic digital signature, automating the banking system, optimizing business processes of public services, spreading the Internet in the regions, developing mobile payment systems, the use of "on-line" cash registers.

Further, the government bodies carried out close work on these issues with such business associations as the Chamber of Commerce and Industry of the Kyrgyz Republic, the Association of Customs Brokers, the "Kyrgyz Et" Association, and the Association of Telecommunications Operators.

3) *International rankings on investment climate*

The Secretariat continued to monitor the main international ratings for assessing the investment climate in Kyrgyzstan, including the Global Competitiveness Index, Doing Business Index, Economic Freedom Index, The Global Enabling Trade

Index and others. This helps to identify priority areas for the work of the IC and analyze the sustainability of the results.

The Secretariat Expert of the Secretariat participates in the working group on Improvement of Doing business ranking of the Kyrgyz Republic (Government Resolution form April 5, 2018, № 122-p). The draft of the Action for 2019 to improve positions of the Kyrgyz Republic in the Doing Business ranking was developed and submitted to the Government Office of the Kyrgyz Republic. The working group also constantly monitors the activities of state bodies to improve the rating, including the implementation of previously developed work plans.

4) Co-organization and participation in forums, conferences and round tables

- On 21 November, 2019 expert of the Secretariat made a presentation “Investment Council: activities and new challenges” at the Business-Forum “Strengthening of business-associations as a factor of creation of the qualitative development of the digital economy”. He informed the forum participants about the activities of the Investment Council and also shared his vision of new challenges to business and the need to increase the competitiveness of business in the Kyrgyz Republic.
- On December 13, 2019 T. Koichumanov, Head of the Secretariat of IC, moderated the Forum “GSP+: Partnership between Government Agencies, the Business Community and Civil Society Organizations - Problems and Prospects”. The Forum was organized by the European Union and the Coalition for Democracy and Civil Society. Since January 27, 2016, the Kyrgyz Republic has received the status of GSP + (Universal Preference Scheme) granted by the European Union. This is a system of preferential customs tariffs on goods exported by developing countries to developed ones. This status implies additional trade incentives for countries that already use the GSP+. The Forum was attended by deputies of the Parliament, representatives of the business community and the civil sector.
- On December 25, 2019 in order to raise awareness of the business community about the 2030 Agenda for Sustainable Development and the preparation of the draft National Voluntary Review 2020, a seminar was held in the conference hall of the Secretariat of the Investment Council, at which Deputy Minister of Economy of the Kyrgyz Republic, as coordinator of 5-working groups

made a presentation on the process of preparing the draft NDR on the implementation of the SDGs in the Kyrgyz Republic. After all the presentations, a discussion was organized on the implementation of the SDGs in the country, on raising awareness, as well as on the mechanisms for including the contribution of business to the content of the NVR project. The seminar was organized by Secretariat of IC jointly with the office of the Prime-Minister of the KR.

Interaction with international organization

Determination of members of the Investment Council from International Institutions

According to the Council's Provision, international donor organizations select Council members from international institutions at a donor council for every two or three meetings of the Council. Members of the Council from donor organizations are currently representatives of the Asian Development Bank and the Embassy of the Federal Republic of Germany in the Kyrgyz Republic. In order to raise awareness and more proactive involvement of international development partners into IC's activities Secretariat invites the representatives of donors' community to the regular meetings of the Investment Council with the role of observers. In 2019 the representatives of OSCE, USAID, DFID, UNIDO took part at the meetings of the Council in addition to the members of the Investment Council from international institutions. The Secretariat of the Council together with other projects on improving the investment climate and business environment continues the work of the Working Group on donor's coordinating group in order to improve an investment climate and the business environment. Four meetings of the group were held in 2019.

Cooperation with Asian Development Bank

The IC is actively collaborating with the Asian Development Bank on the implementation of the Program for the Promotion of Economic Diversification.

This program is aimed at supporting sustainable economic growth in the Kyrgyz Republic by creating increased competitiveness in trade and investment, supporting small and medium-sized businesses and providing jobs. The program consists of four main areas (I) Trade and investment competitiveness, (II) Development of small and medium-sized businesses, (III) Public-private partnership (IV), Development of skills related to industries. In particular in the sphere of the public-private partnerships. Consulting assistance was provided to official of the Ministry of Economy of the Kyrgyz Republic on the practical application of international experience in the sphere of PPPs and developed the draft normative legal acts.

In frame of the ADB's Almaty Bishkek Economic Corridor project, there was coordination and data collection activities provided. As a result of ADB project, there was Tourism Development Master Plan elaborated.

Cooperation with European Union funded project

Also for the European Union funded project, IC's experts have provided support to develop capacity of Business Intermediary Organizations dealing with empowering rural tourism development communities in Central Asian region.

Cooperation with IFC

For the project on Investment Growth in Tourism of the Kyrgyz Republic, implemented by the IFC, there was data collection and research on investment incentives provided, as well as tourism industry barriers analysis conducted.

Cooperation with UNIDO

The IC jointly with UNIDO presented the Draft of Industrial development strategy to the business community, ministries and Parliament representative.

Communication and publicity

Web-site and page in social media

The IC Website (www.investmentcouncil.kg) has been managed by the Secretariat since - its launch in February 2007 and was updated twice. The web-site was launched with financial support of OSCE and USAID. The website provides essential information about the Investment Council such as IC meetings (agenda, minutes of meeting, PPT presentations, technical notes etc.), press releases after every IC Meeting, IC & Secretariat's activities such as important meetings with stakeholders and focus group meetings, publications in the media, etc. in English, Russian and Kyrgyz languages.

The IC also created the Facebook page (Investment Council) to update the followers on different activities of the Investment Council. The page has 1460 followers and actively reposted, which allow widening the number of readers.



PR-event of the Secretariat of Investment Council

On December 25, 2019 Secretariat of IC conducted a round table about achievements of the Investment Council in 2019. The Head of the secretariat made

a presentation of the achievements of the Investment Council in 2019. About 60 participants were attended at the PR-event: representatives of government authorities, business-associations, international donors community and mass-media.

Media appearance

All meetings of the Investment Council are open for mass media and widely covered in mass media. Secretariat of the IC actively cooperates with the Press-secretary of the Office of the Government to prepare the analytical articles, news and TV-programmes with involvement of the experts of the Secretariat. List of the published articles with links in Annex 2.

Evaluation results of activities

Assessment of Outputs to date

Output 1: The Secretariat approves an annual work-plan to support policy dialogue on priority issues

Target Value: 1

Achieved: The 2019 work plan was approved on January 29, 2019 at the meeting of IC

The Work Plan of the Investment Council for 2019 was developed and approved at the meeting of the Investment Council dated January 29, 2019. In general, the Council's work plan for 2019 included 20 proposals from 16 business associations, ministries and international donor partners.

The 2019 work plan focused on:

- VAT refund for exporters
- On problematic issues of the mining sector
- On strategy of the construction industry

- On transformation of land for cell operators
- On increasing the transit passengers through simplification of visa procedures
- On simplification of reporting to the National statistic committee
- On development of tourist sector
- On simplification of export procedures
- On unsolved issues of jewelry sector

Output 2: IC Secretariat's studies on priority domestic and foreign investment issues are presented

Target value: 2

Achieved: In 2019 Secretariat implemented 2 studies

The project budget provides for the allocation of 20,000 euros annually for studies. However, since 2016, these funds have never been used including 2019. Despite this, two studies were carried out by the Secretariat experts in 2019.

1. The analytical study “Kyrgyzstan. A decade of economic lag that is needed for a breakthrough ” which describes the development trends of the country's economy over the years of independence, main problems that impede economic development and investment climate in the Kyrgyz Republic and recommendations for their improvement.
2. This study examines the economic feasibility of building the China-Kyrgyzstan-Uzbekistan railway. Key issues addressed by the study include the payback of the project, possible sources of financing, risks and the impact of the project on the socio-economic development and investment climate of Kyrgyzstan

Output 3: Number of IC meetings at the regional level

Target value: 4

Achieved: 4 of IC meetings at the regional level conducted

During the reporting period, the Regional Coordinator of the Secretariat of the Council together with the regional representatives (the Secretaries) of the Regional Investment Councils (RIC) and with the Office of the Plenipotentiary

Representatives of the Government in the areas conducted 4 RIC Council meetings in 4 oblasts of the Kyrgyz Republic. (More detailed information about regional investment council in Annex 1)

Output 4: Number of meetings between the Parliament representatives and the business associations

Target value: 4

Achieved: 7 meetings between the Parliament representatives and the business associations conducted

- Three members of the Parliament are members of the Investment Council and were invited and participated at the meetings of Investment Council. MPs participated at three meetings of the Council. Secretariat provided with information on issues on the current agenda of the IC. MP Dastan Bekeshev initiated the issue of the agenda of the Investment Council on increasing the number of transit passengers through Kyrgyz Republic. The experts of the Secretariat analytically supported to develop the issue
- On February 21, 2019 the Secretariat of IC jointly with UNIDO conducted the Round Table “Industry development strategy 2023” with participation of MP Baipakpaev.
- On April 15, 2019, a Round Table was conducted on discussion of the draft Law of the Kyrgyz Republic “On Tourism”. 2 MP G.Asylbaeva and A.Nurbaev participated at the Round table.
- On December 13, 2019 2 MP I. Pirmatov and T. Chynybaev participated at the Round table “GSP+: Partnership between Government Agencies, the Business Community and Civil Society Organizations - Problems and Prospects”.
- On December 27, 2019 a working meeting to discuss amendments to the Law of the Kyrgyz Republic regarding audit of the activities of enterprises by the Accounting Chamber of the Kyrgyz Republic, regardless of ownership was organized by the Secretariat of the Investment Council jointly with the Secretariat of Business-Council under the Speaker of Parliament. Based on the information provided by representatives of the Accounts Chamber of the Kyrgyz Republic the decisions were made and distributed among the stakeholders.

Contribution to intended Outcome to date

Outcome Indicators

Outcome Indicator 1: Number of relevant laws and regulations presented by the Secretariat for adoption/amendment

A. Normative legal acts adopted by the initiatives of the Business Development and Investment Council under the Government of the Kyrgyz Republic in 2019

1. The Law of the Kyrgyz Republic on amendments to the Air Code of the Kyrgyz Republic dated January 11, 2019 No. 3 (the right of the “fifth degree of freedom of air”).
2. Resolution of the Government of the Kyrgyz Republic of February 20, 2019 No. 74 “On approval of the Regulation on the use of funds received in order to compensate for losses of forestry production, for the protection, protection, afforestation, increase of forest productivity and reproduction of especially valuable tree species in the Kyrgyz Republic”.
3. Resolution of the Government of the Kyrgyz Republic dated March 15, 2019 No. 126 “On Amending the Decree of the Government of the Kyrgyz Republic“ On approval of the Provisional Regulation on the procedure for issuing permits for the purchase of bulk gold and gold-containing concentrate in the Kyrgyz Republic ”dated December 29, 2015 No. 894” (gold-receiving offices have the right to refine raw gold at the relevant enterprises and sell them in the form of finished products in the domestic market).
4. Resolution of the Government of the Kyrgyz Republic dated July 17, 2019 No. 350 “On approval of the Concept of development of the jewelry industry for 2019-2022”.
5. Resolution of the Government of the Kyrgyz Republic dated August 26, 2019 No. 426 “On a pilot (experimental) project on the use of virtual cash registers with a real-time data transfer function”.
6. Resolution of the Government of the Kyrgyz Republic dated August 5, 2019 No. 291-r “On approval of the List of individual taxable entities to which the simplified procedure for VAT refund applies.

B. Number of relevant laws and regulations presented by the Secretariat for adoption/amendment in 2019

1. The State Inspectorate for Veterinary and Phytosanitary Safety under the Government of the Kyrgyz Republic introduced into the Office of the Government of the Kyrgyz Republic a draft Regulation on the seizure of food products and a draft Regulation on the procedure for the destruction of food products.
2. The Ministry of Agriculture of the Kyrgyz Republic introduced to the Office of the Government of the Kyrgyz Republic a draft resolution of the Government of the Kyrgyz Republic on setting the cost of reimbursing agricultural production losses for the actual period of use of land equal to the term of the license for the right to use subsoil.
3. The State Agency for Architecture, Construction and Housing and Communal Services under the Government of the Kyrgyz Republic submitted to the Government of the Kyrgyz Republic a draft resolution of the Government of the Kyrgyz Republic on approval of the draft Strategy for the Development of the Construction Industry of the Kyrgyz Republic for 2019-2025.
4. The Ministry of Finance of the Kyrgyz Republic submitted to the Government Office of the Kyrgyz Republic a draft law on the release of manufacturers from stigmatization by a state body.
5. The Ministry of Foreign Affairs submitted to the Government Office of the Kyrgyz Republic a draft law introducing visa free regime for transit passengers in Kyrgyzstan

Conclusion

Over the ten years of its work, the Council has established itself as an effective institution for dialogue between the state and business, and made a significant impact in improving the business environment in the Kyrgyz Republic. In all, 70 business associations are currently members of the Council, uniting more than 2,000 companies and enterprises in various sectors of the economy. The development level of the business community has grown extensively over the years of the Council's work, as noted by observers. The Secretariat succeeded in consolidating business associations due to dynamic and flexible responses to the requests of the business community. An important activity of the Secretariat of the Council is an expansion of activities in regions to establish a dialogue between local authorities and the business community. A development of regional dialogue platforms strengthens a potential of the local business community, fosters creation of business associations, helps to establish feedback loop between the government and the local community.

The Secretariat will continue its work to strengthen business associations and expand their representation as members of the Council from the business community, to participate in the PPD both at the national and regional level, and to perform analytical work for business associations through an involvement of specialists and provision of training.

One of the main factors in effective work of the Secretariat is a well-established procedure for organizing PPD, primarily reporting to the business community on an implementation of the decisions of the Council. The Secretariat of the Council will continue to monitor previously adopted decisions of the Council and will promote current business requests, demonstrating openness of the PPD platform.

The Secretariat of the Council will strengthen its work with international partners in order to deepen their involvement in supporting the business community, especially in the regions of the country.

Annex 1.

Detailed information about meetings of the Regional Investment Councils in Oblasts

Here are the information about the RIC meetings held in the regions in 2019 year.

1. RIC meeting in Chui oblast

On February 26, 2019, a meeting was held with the entrepreneurs of Tokmok ; the following issues were discussed at the meeting with the entrepreneurs :

1. The main issue on the agenda was the issue of the rate of insurance premiums on patents for small entrepreneurs of the city. The city entrepreneurs were not satisfied with the method of determining and establishing the average monthly wage for use in calculating insurance premiums from the Social fund.
2. The regional coordinator told the audience about the benefits of introducing a public-private dialogue platform in the Tokmok city. The city hall of Tokmok and businessmen of the city positively assessed the significance of this site and agreed to organize a council in Tokmok .

2. RIC meeting in Naryn oblast

On March 25, 2019, a regular meeting of the RIS of the Naryn Region was held in Naryn . The meeting was organized jointly by the state administration of Naryn district, Naryn region. The meeting was chaired by Asizov K. A., First Deputy Plenipotentiary Representative of the Government of the Kyrgyz Republic in the Naryn Oblast .

The following issues were addressed at the meeting:

1. Development of business-ecosystem of Naryn district, Naryn region.
 - a. Determination of the priority business direction on the basis of comparative advantages and climatic features of the Naryn region.
2. Improving the investment climate of the Naryn district.
 - a. Determination of the investment opportunities of local self-government and the provision of favorable conditions for foreign investment, conducting explanatory work among the population
 - b. Development of investment lots and placing them on the web pages of local government.

3. Joint work with the Russian- Kyrgyz Development Fund (RKDF) and the Guarantee Fund JSC
 - a. Ensuring the participation of representatives of the business community of the Naryn region in a pilot project of the RKDF on financing start-up projects in the Naryn region.
4. Collaboration of the business community of the Naryn region with the EBRD project on financing small and medium businesses and BT Innovations.
 - a. Security information representatives business community Naryn areas with opportunities in the field of business consulting, which presents EBRD project on financing small and medium business .
 - b. Introduction opportunities of leasing agricultural technology for farmers by the project of the BT Innovations.

3. RIC meeting in the Batken oblast

March 13, 2019 in Batken oblast was held first meeting of the Regional Investment Council of the Batken region chaired by the First-Deputy Plenipotentiary Representative of the KR Government in Batken oblast. The following issues were discussed:

1. Appointment of the RIC secretary of the Batken region.
 - a. Th active entrepreneur of the region S. Malabaev was elected as the Secretary of the RIC of the Batken oblast.
2. The issue of supporting SMEs by the Government of the KR.
 - a. Taking into account the fact that the President of the Kyrgyz Republic announced the year 2019 of regional development and digitalization , businessmen of the region raised the issue and recommended the Ministry of Economy of the Kyrgyz Republic to consider introducing the concept of «microbusiness» into the Tax Code of the Kyrgyz Republic, having abolished all taxes within 5 years, for entrepreneurs who started their business in the regions.
3. The question of simplifying the conditions for the participation of regional entrepreneurs in tenders on the government procurement portal.
 - a. Businessmen of the region were not satisfied with the work of the government procurement portal. Taking into account the discussions that took place, recommended the Department of Public Procurement under the Ministry of Finance of the Kyrgyz Republic to simplify the conditions for participation in state tenders to entrepreneurs from regions.
4. Development of business ecosystem for growing and processing apricot in

the Batken region.

- a. Based on the climatic features, the comparative advantage of the region and the historical prerequisites, the Council of Batken Oblast defined the cultivation of apricots and its processing as a project of the business ecosystem of the Batken Oblast. The Council of Batken oblast requested assistance of the Kyrgyz-Russian Development Fund, the Guarantee Fund JSC and international organizations in developing this idea. Also, the administration of the Batken district was entrusted with the creation of a cooperative "Business Eco-System Batken apricot".
- b. In order to improve the conditions for export of dried apricots and other crops, recommendation of the regional Council was given to the Phytosanitary and Quarantine Department under the Ministry of Agriculture of the Kyrgyz Republic to issue a phytosanitary certificate in Batken for entrepreneurs on a permanent basis. Also, the Chamber of Commerce and Industry of the Kyrgyz Republic was recommended to issue a certificate of origin in Batken, Batken region. It would be helpful for the local exporters not to waste time and money to go other cities to receive this documents.
- c. Local entrepreneurs were not satisfied with high interest rates on loans and low rates on deposits. A recommendation was given to consider a balanced system of the local commercial banks.

4. RIC Meeting in the Talas oblast

On April 17, 2019, a round table was held in the Talas region jointly with the regional investment council under the Plenipotentiary Representative of the Government of the Kyrgyz Republic in the Talas region on the implementation of investment projects and the availability of financial services in the regions.

The following issues were considered at the meeting:

1. On the Association of Bean Producers and Processors in Talas Oblast - B. Asanov, Council for Business Development and Investment under the Government of the Kyrgyz Republic
2. Report on the activities of the Russian-Kyrgyz Development Fund of the Kyrgyz Republic - Head of the credit activity service Ablasov E. T.
3. "Development of programs to improve the level of entrepreneurial and financial literacy. Practical assistance in developing business projects for entrepreneurs of the region"- Center for Business and Entrepreneurship Development of Talas State University, Head of the Center I. Ryskulbekov (Ph.D., Associate Professor, Head of the Department of Economics and Management,

Faculty of Technology and Economics)

4. “The mechanism for providing guarantees” - OJSC “Guarantee Fund”
Deputy Chairman of the Management Board Azamat Kozhobaev Turatbekovich
5. Information of commercial banks about services and financing instruments for entrepreneurs of the Talas region. - Representatives of commercial banks in the Talas region

II. Meetings with the regional business associations together with the Administration of the President of the Kyrgyz Republic

Based on the decision of the Committee on Development of Industry and Entrepreneurship of the Kyrgyz Republic under the National Council for Sustainable Development of the Kyrgyz Republic, the Council on Business Development and Investment under the Government of the Kyrgyz Republic organized number of meetings for representatives of the committee with regional business associations at the sites of Regional Investment Councils.

1. RIC meeting Batken raion

The following issues were raised with relevant recommendation:

1. The low level of medical infrastructure in the Leilek district, lack of medical equipment and laboratory supplies. It is hard to start a private business in the direction of medical services. It was recommended to assist in the development of private medical services and professional development in remote areas of the Kyrgyz Republic, where there is a shortage of public medical services.
2. The increase in illegal food imports from Tajikistan leads to unfair competition in the Batken region. In order to protect local producers and the food security of the population of the region, it is recommended to develop measures to protect entrepreneurs of the Batken region from illegal import of food products from Tajikistan.
3. Low professional qualifications of civil servants in the regions, which is one of the main barriers to doing business. It was recommended to take measures to increase the general educational, professional level and improve the ethical standards of public servants.
4. Lack of proper support of entrepreneurs from local government representatives. It was proposed to develop qualitative and quantitative indicators to measure the performance of public servants in assisting entrepreneurs.

5. There is a territorial restriction on the validity of voluntary patents when operating in regions. A voluntary patent in one area is not valid in a neighboring area. It was recommended to consider granting a voluntary patent as a whole for one oblast.

2. RIC meeting in Kyzyl-Kiya raion

The following issues were raised with relevant recommendation:

1. The problem with the sale of agricultural products in the regions. Entrepreneurs believe that it is necessary to ensure access of agricultural products to the Russian market. In this regard, it was proposed to consider the possibility of creating a cumulative distribution base (trade and logistics center) of the Kyrgyz Republic in Moscow.

2. The issue of lack of land in rural areas. Successful farmers cannot expand their acreage. There are agricultural plots that are not used for their intended purpose due to the absence (migration) of land owners. This interferes with the enlargement of agricultural producers. In order to stimulate the enlargement of agricultural producers, it is recommended to amend the Tax Code of the Kyrgyz Republic, according to which the land tax will be increased for owners of land in rural areas that are not used for their intended purpose for a certain period. This form of taxation stimulates land owners to operate a land plot or to lease it out to more successful farmers.

3. The issue of idle tobacco production in the city of Kyzyl-Kiya. Not enough investor to resume production. 13 hectares of land. Owns all communications and infrastructure. It is necessary to consider the possibility of using the territory of the idle plant as an industrial park for the development of industry in the city of Kyzyl-Kiya.

3. Osh oblast

The following issues were raised with relevant recommendation:

1. Different departments of the STS check the same entrepreneur several times. It is recommended to establish a unified system of inspections by the STS.

2. Delays in issuing border passes for foreign tourists heading for Lenin Peak, which negatively affects the influx of tourists. It is recommended to speed up and facilitate the issuance of border passes.

4. Jalal-Abad Oblast

The following issues were raised with relevant recommendation:

1. Corruption activity is observed in overall weight points. Fines are paid in cash directly to employees of the Ministry of Transport. It is recommended to automate the system of payment of fines.
2. Entrepreneurs of Ala-Buka raion has a limited access to the sales markets. The remoteness of the region from the center, as well as the closed borders with Uzbekistan do not provide an opportunity for the growth of business activity. Entrepreneurs of the region asked for assistance in resuming the activities of the Baimak-Avtodorozhniy checkpoint on the border of Uzbekistan and Kyrgyzstan.
3. The problem of the imperfection of the mechanism for the development of cooperative relations, the lack of state support and regulation of cooperative processes, the imperfection of cooperative legislation and a number of other problems restraining the development of cooperation. It is recommended to develop a system of support and incentives for cooperatives so that farmers themselves are interested in uniting in cooperatives.
4. According to the “Law on the Subsoil of the Kyrgyz Republic”, the volume of the social package is determined through negotiations between the subsoil user and representatives of the local community. The lack of specific figures will lead to disputes between the parties, which subsequently adversely affects the progress of geological work. It was recommended to introduce amendments to the “Law on the Subsoil of the Kyrgyz Republic” and prescribe a specific amount of the social package in order to avoid disputes between subsoil users and the local community.

5. Naryn raion

The following issues were raised with relevant recommendation:

1. Problems of interaction of entrepreneurs with innovations from the STS of the Kyrgyz Republic. Low awareness of the business community about new methods of electronic reporting. Also, the presence of a large number of reports in the STS and the Social Fund of the Kyrgyz Republic distracts from the main activity. It was recommended to reduce and simplify the reporting system in the State Tax Service of the Kyrgyz Republic. Make monthly reports quarterly.

2. In the “Law on the Subsoil of the Kyrgyz Republic”, the penalty rates for subsoil users of water were equated with other types of minerals. For water users who use for their own production. (At-Bashi dairy). It was recommended to amend the "Law on the Subsoil of the Kyrgyz Republic" where the rates of fines for subsoil users who use water for their own production will be changed.
3. Problems in obtaining an electronic digital signature for tax reporting in the regions, it is necessary to go to Bishkek, where the accredited companies Dostek, etc. are located. There was a request on the part of businessmen to organize the receipt of digital signatures for tax reporting in the field through public service centers in regional centers.
4. Expensive tariffs for obtaining the necessary documents at the State Registration Service as a matter of urgency. It was recommended to consider the possibility of reducing tariffs for the urgency of issuing documents in regional public service centers.
5. High entry rates to the retail chain of large Kyrgyz hypermarkets (Frunze, Globus) are very burdensome for regional manufacturers. There is a problem with the sale of products in Bishkek. Recommend for retail chains in Bishkek to introduce special preferential tariffs for regional manufacturers.
6. There is no veterinary control and quarantine system for milk producers in the Naryn region. It is recommended to develop a quarantine system and a veterinary control system for milk producers in the Naryn region.
7. The state procurement system does not support domestic producers. In most tenders, foreign suppliers, or local suppliers with foreign products, win. Domestic manufacturers, especially manufacturers in the regions, are left without the opportunity to sell their goods through public procurement. If the products of a domestic manufacturer are of high quality, then the products of a domestic manufacturer should always be a priority. The solution to this problem will serve as an impetus for the development of domestic production. In order to develop domestic production, including in the regions, it is recommended to amend the "Law on Public Procurement", procuring organizations always give preference to local producers (not suppliers of intermediaries).

6. Balykchy city

The following issues were raised with relevant recommendation:

1. There is no communication channel between local government bodies and entrepreneurs of Balykchy. A power outage occurs without warning. Business

suffers losses. Local government organizations are encouraged to establish a communication channel with regional entrepreneurs and notify in advance of blackouts, water, etc.

2. To obtain a declaration of conformity, you must go to Bishkek. Why it is impossible to organize in Balykchy? It is recommended that the issuance of certificates of conformity for manufactured products be arranged directly in cities and regional centers.

3. Question of the Balykchy city water canal: Reducing the electricity tariff affects the reduction of the water tariff. Gorvodokanal receives electricity at an industrial price of 2.7 soms. In order to lower the cost of water for entrepreneurs in the region, it is recommended to lower the electricity tariffs for the city water channel below the existing ones.

4. If we remove the royalties levied on groundwater abstraction, then the cost of water for the population could decrease. It is recommended that consideration be given to excluding royalties from groundwater abstraction for urban water services.

7. Karakol city

The following issues were raised with relevant recommendation:

1. One of the most painful and payments for business is payments to the Social Fund of the Kyrgyz Republic. If there was a reasonable rate of 10%, entrepreneurs could not hide the income of employees. It is recommended to review social payments up to 10%.

2. Lack of sufficient veterinary control by the state. It is recommended to strengthen veterinary control by the state. This affects the quality of agricultural products. The presence of antibiotics in milk and other products affects the country's food security, as well as the country's image as an exporter of products.

3. There are no clear instructions and information from the state on the certification of breeding livestock. It is recommended to develop guidelines for certification of pedigree cattle, disseminate information in the regions of the country.

4. Sales tax - 1% for sales, for processing 2%. Does not stimulate the development of agricultural processing. In order to develop production with added value, it is recommended to revise the NSP for agricultural processors.

8. Talas oblast

The following issues were raised with relevant recommendation:

1. The government should pay attention to the development of tourism in the Talas region. The experience of entrepreneurs in this direction has shown that tourism can have a multiplier effect. At the expense of tourism, various sectors of the economy could develop, such as handicrafts, transportation services, hotel business, etc. In addition to this, entrepreneurs of the region asked the Government to open an information center for tourists in Talas, possibly in all regional centers of the country.
2. In Talas oblast, the main agricultural product is beans. Beans are exported as a raw material. Farmers in the Talas region recommend investing in the construction of a bean processing plant to produce value added products.
3. The government should pay attention to the development of tourism in the Talas region. The experience of entrepreneurs in this direction has shown that tourism can have a multiplier effect. At the expense of tourism, various sectors of the economy could develop, such as handicrafts, transportation services, hotel business, etc. In addition to this, entrepreneurs of the region asked the Government to open an information center for tourists in Talas, possibly in all regional centers of the country.

Annex 2.

List of the articles, published in mass media

1. Since the entry of Kyrgyzstan into the international initiative Partnership Open Government, the Secretariat of the Council has been actively involved in the process of its implementation. As a contribution of the Council Secretariat to the development of the OGP initiative, a special methodology has been developed for evaluating measures to improve the business environment for the compliance of these measures with the principles of the OGP. The methodology was presented to the business community, the secretariat of the National Open Government Forum and published in the international publishing house Lambert Academic Publishing.

<http://investmentcouncil.kg/.../i.../731-metodologiya-op-otsenki>

2. Uzbekistan is thinking about the Eurasian path. Expert of the Secretariat of the Council of Akeneev about the pros and cons of the EAEU.
<http://fergana.agency/articles/111417/?fbclid=IwAR20U5afAmZ4PJCp1TJfeL4i6HpQdIev5DrzV3uV5KD08r4-0fKukEvg9ow>

3. On October 10, 2019, Azamat Akeneev, an expert of the Council Secretariat, took part in the talk show “Oy-Ordo” on the topic: “Investments: save and increase”.

https://www.youtube.com/watch?v=F6GtY9fy_wQ

4. Preparation of an article on why investment will stop coming to Kyrgyzstan very soon and why the authorities urgently need to change tactics in the fight against corruption.

https://24.kg/obschestvo/133421_begstvo_kapitala_poka_vlast_pooschryaet_borbu_skorruptsией_investor_nepriidet/?fbclid=IwAR26pUZT9gj2TMWp4tXIXfhiEuBx1z27IZAq-w8KYQfdNN3JQM1n9qTixmA

6. Preparation of material for factcheck.kg about Kumtor, on its real impact on the country's economy, its significance for the investment climate, exposure of fakes about Kumtor

<https://economist.kg/2019/03/24/factcheck-kg-10-fejkov-ot-eks-vice-premer-ministra-pro-kumtor/>

<http://factcheck.kg/ru/post/184>

7. Article for the “Economy” about the investment climate situation in the Kyrgyz Republic. Major problems for investors, steps taken and solutions.

<http://ru.ekk.kg/azamat-akeneev-u-nas-biznes-dazhe-samyiy-krupnyiy-ne-zashhishhen-ni-ot-gosudarstvennyih-organov-ni-ot-banditov-ni-ot-naseleniya/>

8. Preparation of material to Region.kg on the economic situation in the Kyrgyz Republic and problems for investors

http://www.region.kg/index.php?option=com_content&view=article&id=3097:2019-05-01-17-39-09&catid=45:2017-11-27-16-18-12&Itemid=8

9. Interview for Cactus Media on the situation around the uranium deposit and its impact on the investment climate in Kyrgyzstan.
https://kaktus.media/doc/390950_ekspert:_v_skandale_vokryg_razrabotki_yrana_bolshe_politicheskikh_manipulyatsiy_chem_faktov.html

10. Discussion of the problems and developments of the mining industry in the Kyrgyz Republic: Jerooy project implementation, Conflicts between local communities and mining companies, Tax burden of mining industry and benefits of the central and local state budgets at the MARAL FM radiobroadcast

11. Article about shadow economy in the Kyrgyz Republic.

https://rus.azattyk.org/a/kyrgyzstan_ekonomika_korruptsiya_razvitiye/30308513.html?fbclid=IwAR3Cs5uMZPiEGRf3nW_kSrIYhsjZwGpVGpVtvcv3qeAOFvQCHjREeEAAfI0o