

Doing Business 2011

Kyrgyz Republic

**Making
a Difference for
Entrepreneurs**

COMPARING BUSINESS REGULATION IN 183 ECONOMIES



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1818 H Street NW
Washington, DC 20433
Telephone 202-473-1000
Internet www.worldbank.org

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Business Reforms

Doing Business 2011: Making a Difference for Entrepreneurs is the eighth in a series of annual reports investigating regulations that enhance business activity and those that constrain it. *Doing Business* presents quantitative indicators on business regulations and the protection of property rights that can be compared across 183 economies, from Afghanistan to Zimbabwe, over time.

A set of regulations affecting 9 stages of a business's life are measured: starting a business, dealing with construction permits, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business. Data in *Doing Business 2011* are current as of June 1, 2010*. The indicators are used to analyze economic outcomes and identify what reforms have worked, where, and why.

The Doing Business methodology has limitations. Other areas important to business such as an economy's proximity to large markets, the quality of its infrastructure services (other than those related to trading across borders), the security of property from theft and looting, the transparency of government procurement, macroeconomic conditions or the underlying strength of institutions, are not studied directly by Doing Business. To make the data comparable across economies, the indicators refer to a specific type of business, generally a local limited liability company operating in the largest business city. Because standard assumptions are used in the data collection, comparisons and benchmarks are valid across economies. The data not only highlight the extent of obstacles to doing business; they also help identify the source of those obstacles, supporting policymakers in designing reform.

The data set covers 183 economies: 46 in Sub-Saharan Africa, 32 in Latin America and the Caribbean, 25 in Eastern Europe and Central Asia, 24 in East Asia and Pacific, 18 in the Middle East and North Africa and 8 in South Asia, as well as 30 OECD high-income economies.

The following pages present the summary Doing Business indicators for Kyrgyz Republic. The data used for this economy profile come from the Doing Business database and are summarized in graphs. These graphs allow a comparison of the economies in each region not only with one another but also with the "good practice" economy for each indicator.

The good-practice economies are identified by their position in each indicator as well as their overall ranking and by their capacity to provide good examples of business regulation to other countries. These good-practice economies do not necessarily rank number 1 in the topic or indicator, but they are in the top 10.

More information is available in the full report. *Doing Business 2011: Making a Difference for Entrepreneurs* presents the indicators, analyzes their relationship with economic outcomes and recommends reforms. The data, along with information on ordering the report, are available on the Doing Business website (www.doingbusiness.org).

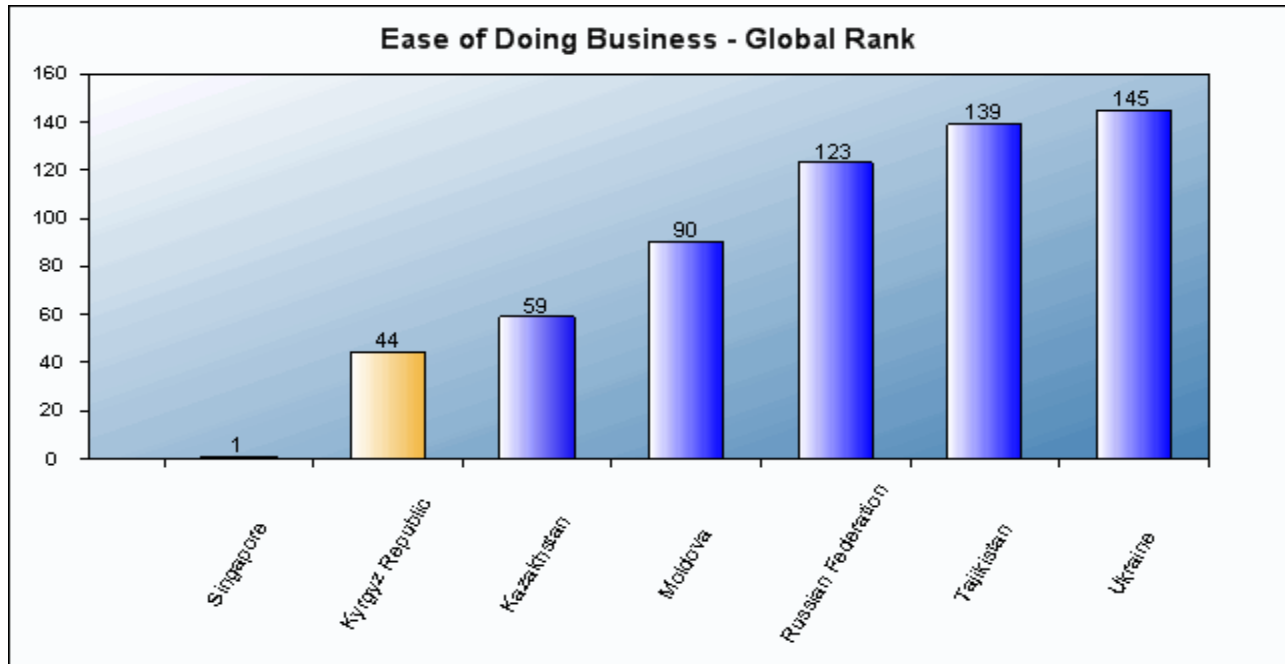
* Except for the Paying Taxes indicator that refers to the period January to December of 2009.

Note: 2008-2010 Doing Business data and rankings have been recalculated to reflect changes to the methodology and the addition of new economies (in the case of the rankings).

Economy Rankings - Ease of Doing Business

Kyrgyz Republic is ranked 44 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

Kyrgyz Republic - Compared to global good practice economy as well as selected economies:



Kyrgyz Republic's ranking in Doing Business 2011

Rank	Doing Business 2011
Ease of Doing Business	44
Starting a Business	14
Dealing with Construction Permits	43
Registering Property	17
Getting Credit	15
Protecting Investors	12
Paying Taxes	150
Trading Across Borders	156
Enforcing Contracts	54
Closing a Business	138

Summary of Indicators - Kyrgyz Republic

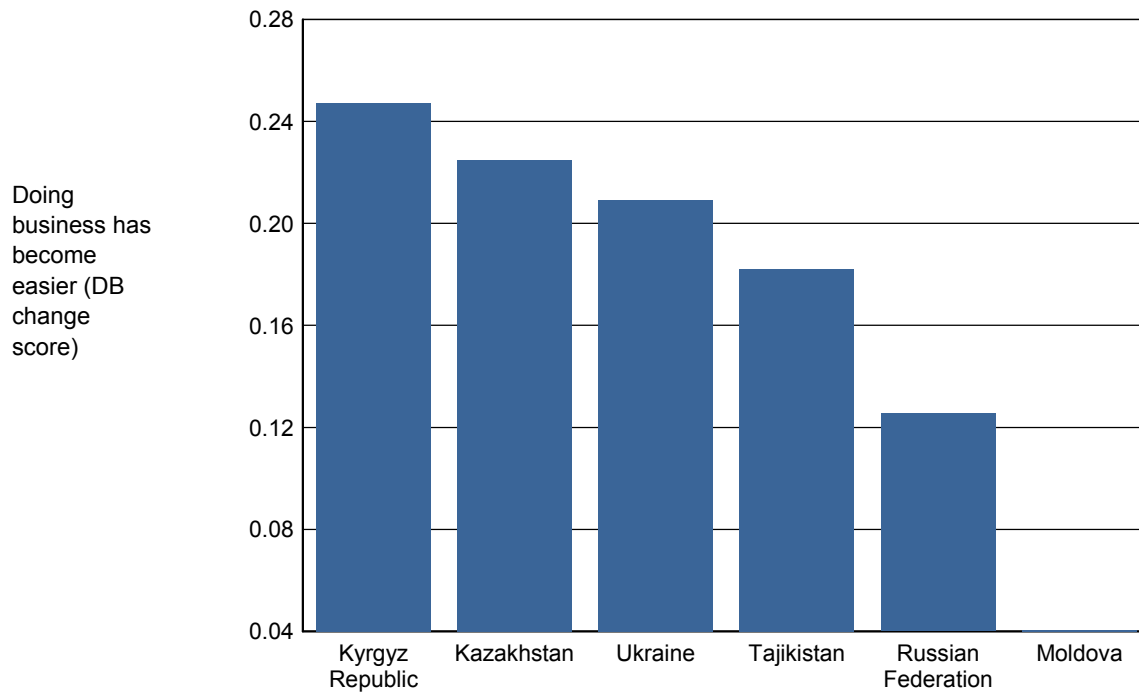
Starting a Business	Procedures (number)	2
	Time (days)	10
	Cost (% of income per capita)	3.7
	Min. capital (% of income per capita)	0.0
Dealing with Construction Permits	Procedures (number)	13
	Time (days)	143
	Cost (% of income per capita)	153.9
Registering Property	Procedures (number)	4
	Time (days)	5
	Cost (% of property value)	2.3
Getting Credit	Strength of legal rights index (0-10)	10
	Depth of credit information index (0-6)	3
	Public registry coverage (% of adults)	0.0
	Private bureau coverage (% of adults)	11.9
Protecting Investors	Extent of disclosure index (0-10)	8
	Extent of director liability index (0-10)	7
	Ease of shareholder suits index (0-10)	8
	Strength of investor protection index (0-10)	7.7
Paying Taxes	Payments (number per year)	48
	Time (hours per year)	202
	Profit tax (%)	8.9
	Labor tax and contributions (%)	21.5
	Other taxes (%)	26.7
	Total tax rate (% profit)	57.2
Trading Across Borders	Documents to export (number)	7
	Time to export (days)	63
	Cost to export (US\$ per container)	3010
	Documents to import (number)	7
	Time to import (days)	72
	Cost to import (US\$ per container)	3280

Enforcing Contracts	Procedures (number)	39
	Time (days)	260
	Cost (% of claim)	29.0
Closing a Business	Recovery rate (cents on the dollar)	15.3
	Time (years)	4.0
	Cost (% of estate)	15

The 5 year measure of cumulative change illustrates how the business regulatory environment has changed in 174 economies from *Doing Business 2006* to *Doing Business 2011*. Instead of highlighting which countries currently have the most business friendly environment, this new approach shows the extent to which an economy's regulatory environment for business has changed compared with 5 years ago.

This snapshot reflects all cumulative changes in an economy's business regulation as measured by the Doing Business indicators—such as a reduction in the time to start a business thanks to a one-stop shop or an increase in the strength of investor protection index thanks to new stock exchange rules that tighten disclosure requirements for related-party transactions.

This figure shows the distribution of cumulative change across the 9 indicators and time between *Doing Business 2006* and *Doing Business 2011*



Many economies have undertaken reforms to smooth the starting a business process in stages—and often as part of a larger regulatory reform program. A number of studies have shown that among the benefits of streamlining the process to start a business have been greater firm satisfaction and savings and more registered businesses, financial resources and job opportunities. Economies with higher entry costs are associated with a larger informal sector and a smaller number of legally registered firms.

Some reform outcomes

In Egypt reductions of the minimum capital requirement in 2007 and 2008 led to an increase of more than 30% in the number of limited liability companies.

In Portugal creation of One-Stop Shop in 2006 and 2007 resulted in a reduction of time to start a business from 54 days to 5. In 2007 and 2008 new business registrations were up by 60% compared with 2006.

In Malaysia reduction of registration fees in 2008 led to an increase in registrations by 16% in 2009.

What does Starting a Business measure?

Procedures to legally start and operate a company (number)

- Preregistration (for example, name verification or reservation, notarization)
- Registration
- Post registration (for example, social security registration, company seal)

Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day
- Procedure completed once final document is received
- No prior contact with officials

Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes
- No professional fees unless services required by law

Paid-in minimum capital (% of income per capita)

- Deposited in a bank or with a notary prior to registration begins

Starting a Business: getting a local limited liability company up and running
Rankings are based on 4 subindicators



Case Study Assumptions

- Doing Business records all procedures that are officially required for an entrepreneur to start up and formally operate an industrial or commercial business.
- Any required information is readily available and that all agencies involved in the start-up process function without corruption.

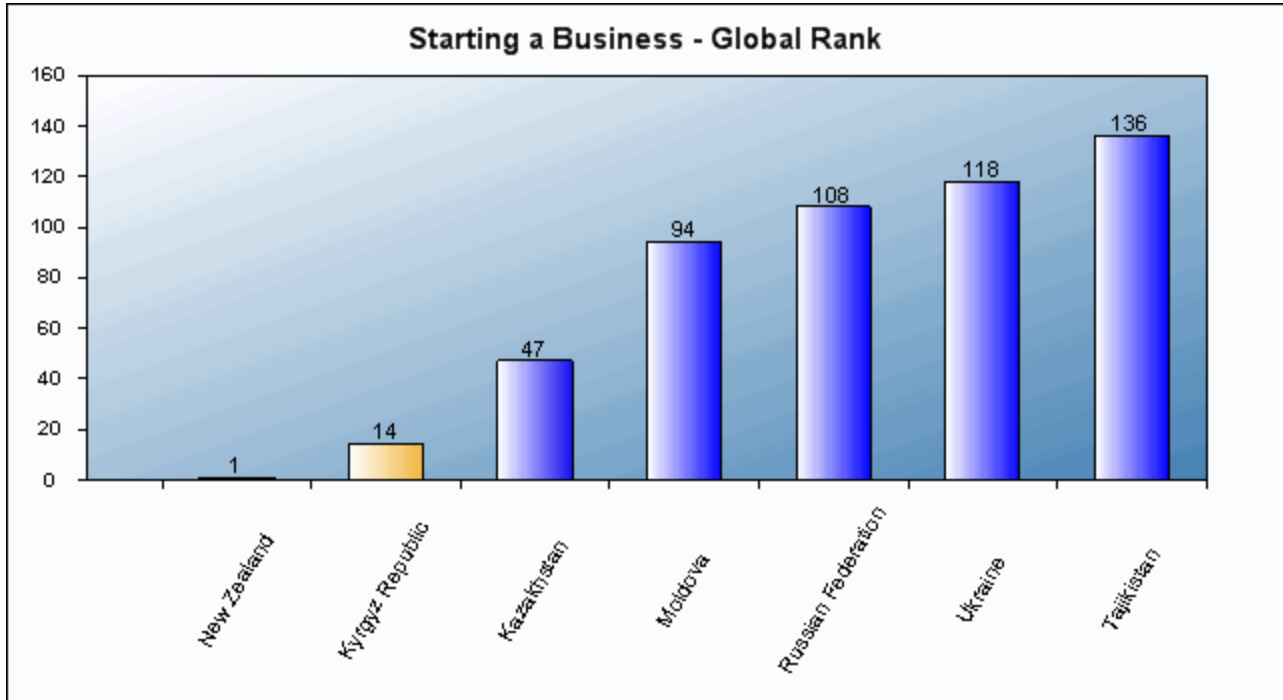
The business:

- is a limited liability company, located in the largest business city
- conducts general commercial activities
- is 100% domestically owned
- has a start-up capital of 10 times income per capita
- has a turnover of at least 100 times income per capita
- has at least 10 and up to 50 employees
- does not qualify for investment incentives or any special benefits
- leases the commercial plant and offices and is not a proprietor of real estate

1. Benchmarking Starting a Business Regulations:

Kyrgyz Republic is ranked 14 overall for Starting a Business.

Ranking of Kyrgyz Republic in Starting a Business - Compared to good practice and selected economies:



The following table shows Starting a Business data for Kyrgyz Republic compared to good practice and comparator economies:

Good Practice Economies	Procedures (number)	Time (days)	Cost (% of income per capita)	Min. capital (% of income per capita)
Denmark*			0.0	
New Zealand*	1	1		0.0

<i>Selected Economy</i>				
Kyrgyz Republic	2	10	3.7	0.0

<i>Comparator Economies</i>				
Kazakhstan	6	19	1.0	0.0
Moldova	8	10	10.9	11.9
Russian Federation	9	30	3.6	1.9
Tajikistan	8	27	36.9	8.5
Ukraine	10	27	6.1	2.2

* The following economies are also good practice economies for :

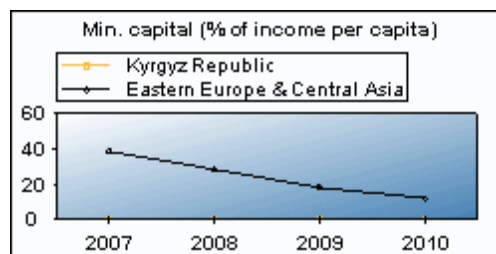
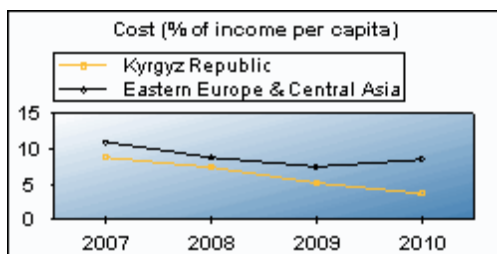
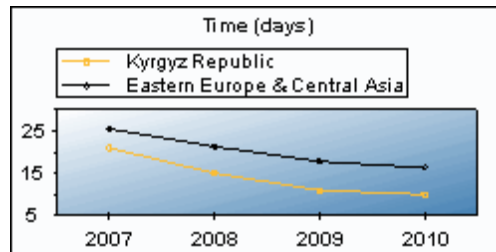
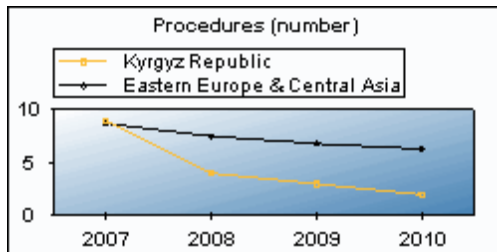
Procedures (number): **Canada**

Cost (% of income per capita): **Slovenia**

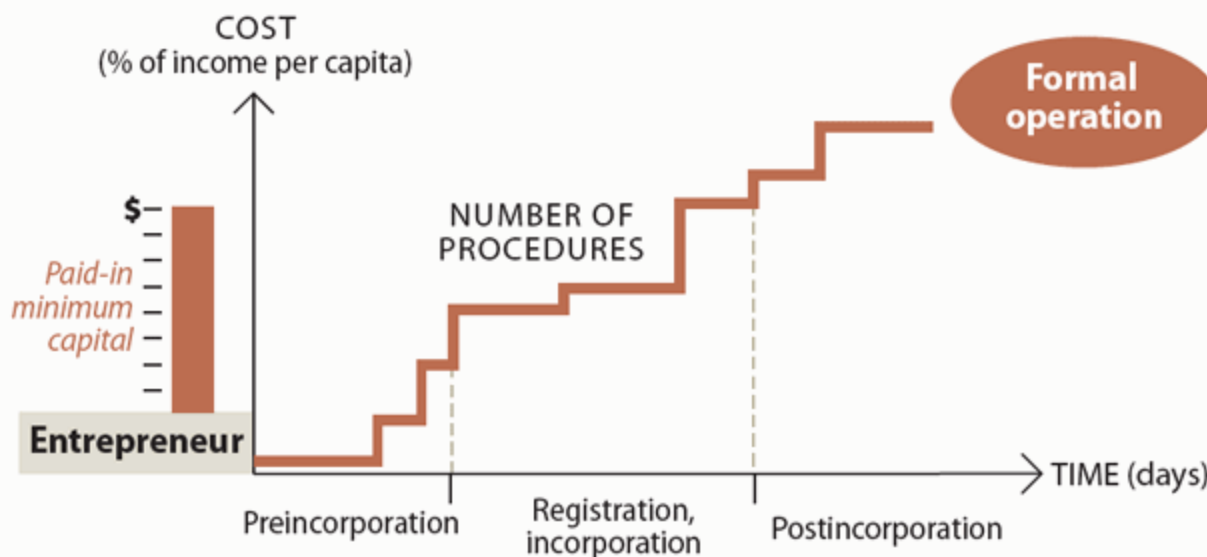
2. Historical data: Starting a Business in Kyrgyz Republic

Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	14	14
Procedures (number)	9	4	3	2
Time (days)	21	15	11	10
Cost (% of income per capita)	8.8	7.4	5.2	3.7
Min. capital (% of income per capita)	0.5	0.4	0.0	0.0

3. The following graphs illustrate the Starting a Business sub indicators in Kyrgyz Republic over the past 4 years:



What are the time, cost, paid-in minimum capital and number of procedures to get a local, limited liability company up and running?



This table summarizes the procedures and costs associated with setting up a business in the Kyrgyz Republic.

STANDARDIZED COMPANY

Legal Form: Private Limited Liability Company

City: Bishkek

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Register at the One stop shop Register with the Social Fund and the State Tax and the National statistics	7	KGS 230
2	Obtain permission to make company seal and make a seal	3	KGS 1,100

Starting a Business Details - Kyrgyz Republic

Procedure	1	Register at the One stop shop Register with the Social Fund and the State Tax and the National statistics
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Time to complete: 7

Cost to complete: KGS 230

Comment: In June 2008 the one-stop shop registration procedure came into force: The applicant submits the full package of documents to the one-stop shop at the Ministry of Justice of the Kyrgyz Republic. According to article 10 of the Law “On State Registration of Legal Entities” of the Kyrgyz Republic, the registration of legal entity (LTD) has to be done in 10 calendar days. Since the amendments to the civil code in April 2009, the one stop shop operates officially in 3 days and interacts electronically with all the agencies.

As of April, 2009, only 3 documents are needed fo registartion:

- application for the company incorporation;
- letter stating the entrepreneur's decision to create the LLC - founding agreement;
- copies of IDs of founders and managers.

1. Applicant submits all the documents to the one-stop-shop in an application.
2. The office accepts the documents and should carry an expertise of the incorporation documents to make sure they comply with legislation during the 3 days period.
3. Upon expiration of the term, the system delivers an order to register and issue a certificate of registration for the legal entity. This certificate contains the OKPO code, INN code (tax payer number) issued by statistics offices and tax authority via electronic data base correspondingly.

Procedure	2	Obtain permission to make company seal and make a seal
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Time to complete: 3

Cost to complete: KGS 1,100

Comment: The seal-making company requests permission to make its client’s company seal. The cost of the seal depends on the delivery time (say, 2 hours versus 1 day). The faster the delivery, the higher the cost. The Presidential decree of 23rd April nb 182 makes the use of the seal optional, however in practice, companies still use it.

In many economies, especially developing ones, complying with building regulations is so costly in time and money that many builders opt out. Builders may pay bribes to pass inspections or simply build illegally, leading to hazardous construction. Where the regulatory burden is large, entrepreneurs may tend to move their activity into the informal economy. There they operate with less concern for safety, leaving everyone worse off. In other economies compliance is simple, straightforward and inexpensive, yielding better results.

Some reform outcomes

In Burkina Faso, a one-stop shop for construction permits, "Centre de Facilitation des Actes de Construire", was opened in May 2008. The new regulation merged 32 procedures into 15, reduced the time required from 226 days to 122 and cut the cost by 40%. From May 2009 to May 2010 611 building permits were granted in Ouagadougou, up from an average of about 150 a year in 2002-06.

Toronto, Canada revamped its construction permitting process in 2005 by introducing time limits for different stages of the process and presenting a unique basic list of requirements for each project. Later it provided for electronic information and risk-based approvals with fast-track procedures. Between 2005 and 2008 the number of commercial building permits increased by 17%, the construction value of new commercial buildings by 84%.

What does the Dealing with Construction Permits indicator measure?

Procedures to legally build a warehouse (number)

- Submitting all relevant documents and obtaining all necessary clearances, licenses, permits and certificates
- Completing all required notifications and receiving all necessary inspections
- Obtaining utility connections for electricity, water, sewerage and a land telephone line
- Registering the warehouse after its completion (if required for use as collateral or for transfer of warehouse)

Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day
- Procedure completed once final document is received
- No prior contact with officials

Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes

Case Study Assumptions

The business:

- is a small to medium-size limited liability company in the construction industry, located in the economy's largest business city
- is 100% domestically and privately owned and operated
- has 60 builders and other employees
- has at least one employee who is a licensed architect and registered with the local association of architects

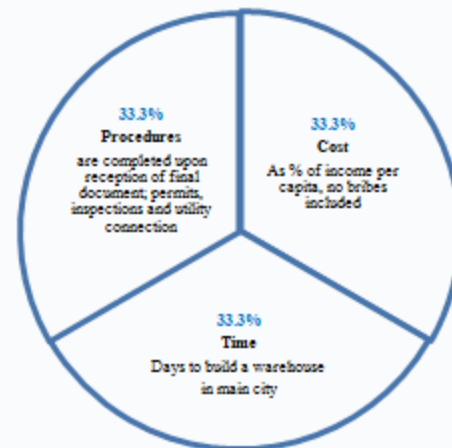
The warehouse:

- is a new construction (there was no previous construction on the land)
- has 2 stories, both above ground, with a total surface of approximately 1,300.6 sq. meters (14,000 sq. feet)
- has complete architectural and technical plans prepared by a licensed architect
- will be connected to electricity, water, sewerage (sewage system, septic tank or their equivalent) and a land telephone line
- will be used for general storage of non-hazardous goods, such as books
- will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements)

Dealing with Construction Permits:

Building a warehouse

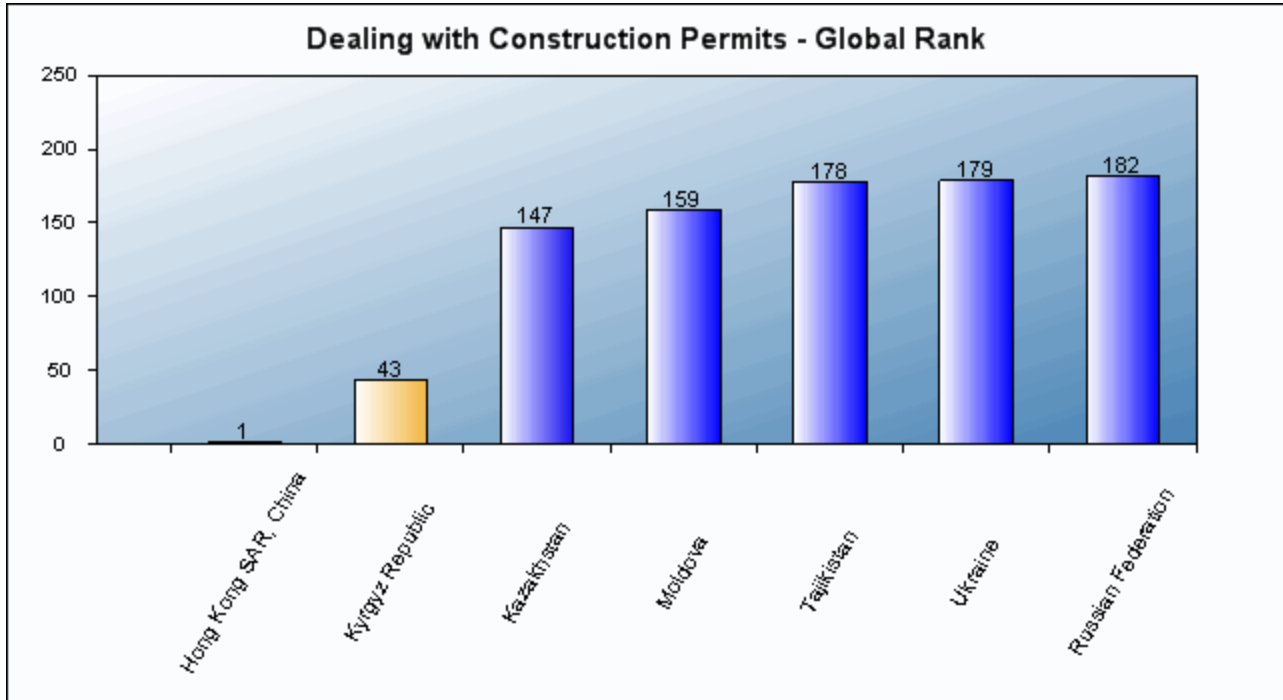
Rankings are based on 3 subindicators



1. Benchmarking Dealing with Construction Permits Regulations:

Kyrgyz Republic is ranked 43 overall for Dealing with Construction Permits.

Ranking of Kyrgyz Republic in Dealing with Construction Permits - Compared to good practice and selected economies:



The following table shows Dealing with Construction Permits data for Kyrgyz Republic compared to good practice and comparator economies:

Good Practice Economies	Procedures (number)	Time (days)	Cost (% of income per capita)
Denmark	6		
Qatar			0.8
Singapore		25	

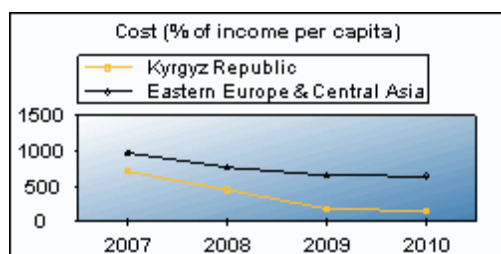
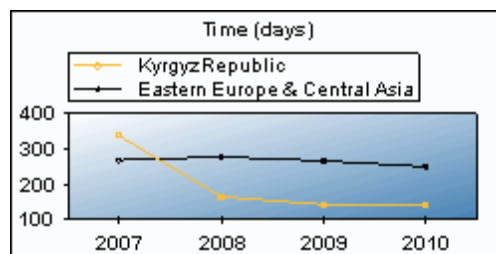
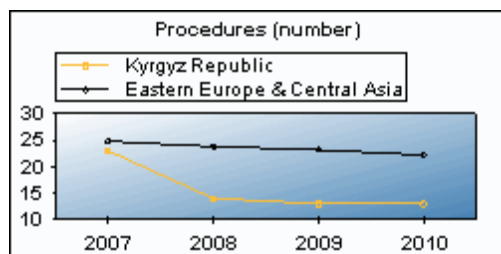
<i>Selected Economy</i>			
Kyrgyz Republic	13	143	153.9

<i>Comparator Economies</i>			
Kazakhstan	34	219	119.8
Moldova	30	292	120.9
Russian Federation	53	540	4141.0
Tajikistan	30	228	996.1
Ukraine	22	374	1737.6

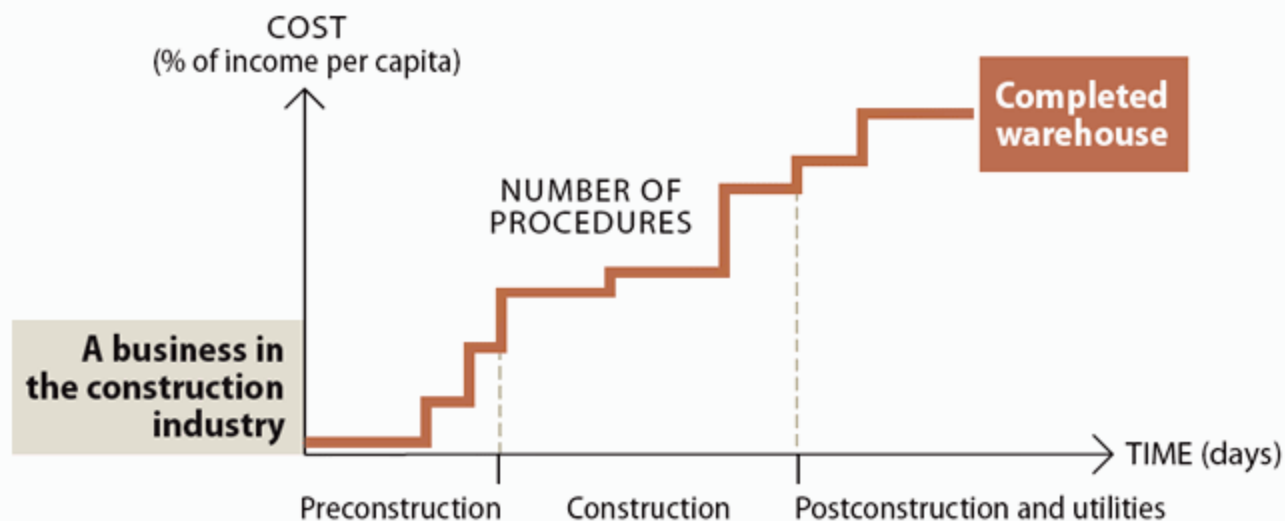
2. Historical data: Dealing with Construction Permits in Kyrgyz Republic

Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	46	43
Procedures (number)	23	14	13	13
Time (days)	338	165	143	143
Cost (% of income per capita)	709.9	449.5	184.0	153.9

3. The following graphs illustrate the Dealing with Construction Permits sub indicators in Kyrgyz Republic over the past 4 years:



What are the time, cost and number of procedures to comply with formalities to build a warehouse?



The table below summarizes the procedures, time, and costs to build a warehouse in the Kyrgyz Republic.

BUILDING A WAREHOUSE

City: Bishkek

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	File application-intention and obtain City Planning Regulation of Architectural Planning Conditions (AII3) from the unit of State Department for Architecture and Construction Supervision	28 days	KGS 13,533
2 *	Request and obtain technical conditions to connect to networks for telephone line	14 days	KGS 720
3 *	Request and obtain topographic and geological survey conclusions of land from Kyrgyz GIIZ	14 days	KGS 7,500
4	Request approval of project, expertise of project documents and obtain building permit	56 days	KGS 18,159
5	Request and obtain authorization to conduct earthwork in the road section	5 days	no charge
6	Request and obtain equipment operating authorization	15 days	no charge
7	Receive connection to electricity	10 days	KGS 1,000

8 *	Receive connection to water and sewage services	10 days	KGS 4,253
9 *	Receive connection to telephone	10 days	KGS 3,380
10	Request Act of Acceptance of Object for Use	1 day	no charge
11	Receive inspection and obtain the Act of Acceptance of Object for Use	13 days	no charge
12	Request and obtain a technical inventory	6 days	KGS 5,100
13	Register the building with the real estate registry	7 days	KGS 1,291

* Takes place simultaneously with another procedure.

Dealing with Construction Permits Details - Kyrgyz Republic

Procedure ¹ File application-intention and obtain City Planning Regulation of Architectural Planning Conditions (AIB) from the unit of State Department for Architecture and Construction Supervision

Time to complete: 28 days

Cost to complete: KGS 13,533

Agency: State Architecture Department of Bishkek City

Comment: In accordance with the Regulation “On Order for Issuing Permits for Project Designs, Construction and Real Estate Modification and Order for Commissioning Completed Building the Kyrgyz Republic” approved by Government of KR on May 30, 2008, by Resolution # 252, the issuance of Architectural Planning Terms (APU) shall be conducted according to One-Stop-Shop principle. The list of documents required for issuance of APU was reduced. In particular, a business is only expected to fill up an established application which contains information on the type of upcoming construction and submit it along with the following documents: copy of the land title that verifies that a land plot was purchased or leased, letter of attorney, invoice on advanced payment (advance payment is required while obtaining an APU, the remainder is paid after a business receives the APU).

A territorial architecture and construction body, within 3 business days, performs the check for compliance of an application form with requirements set by urban planning documentation. In case of non-compliance, the territorial architecture and construction body issues a Report on Non-compliance of Construction Intends and returns the application without approval. In each case the body is obliged to indicate the established types of permitted land use pursuant to the urban planning documentation.

In case the territorial architecture and construction body approves the application, it submits the application for further approval to the sanitary and epidemiology body, fire authority, and environmental authority. After that the application is forwarded to utilities companies by the main coordinating agency- State Construction Department for obtaining technical terms to install such utility systems as power supply, water supply, sewage system, heating and gas supply using One-Stop-Shop principle without participation of the applicant. The State Construction Department has 20 working days within which it must obtain approvals, internally from all utilities, and other relevant authorities. Resolution # 252 gives all utility providers 10 working days to approve the technical conditions. Moreover, utility providers cannot reject the possibility of connection without providing alternative options. Lack of an opportunity to connect an object to utilities systems may not be a ground for refusal of issuing APU. Meanwhile, the Sanitary, Fire and Environmental Services will also have a 10 working days to grant their approvals, after which a silence-is-consent rule will apply.

The payment can be made at the counter of State Architecture Department of Bishkek City. Then the shares of each respective utility provider are transferred without BuildCo visiting each separately.

APU is executed in two copies, one of this is issued to the applicant and the other is stored in architecture and construction body.

As of 12 February 2009, new Government Resolution# 121 introduced amendments to the Regulation “On Order for Issuing Permits for Project Designs, Construction and Real Estate Modification and Order for Commissioning Completed Building the Kyrgyz Republic” approved by Government of KR on May 30, 2008, by Resolution # 252. There are now only two technical conditions that must be obtained in a compulsory manner- for water/ sewage and electricity. The remaining communications can be obtained on

voluntary basis by applicants and are not linked to obtaining the Architectural Planning Conditions. Meanwhile, if applicant suggests alternative solutions to connecting to engineering facilities, then requests for technical conditions are not filed at all. Based on functional purpose of the building approvals from sanitary and fire authorities are applied using risk based system. Simple objects would not require approvals from these authorities.

Additionally, requirements for documents to be submitted along with application have been clarified. These administrative simplifications made the process of issuance of Architectural Planning Conditions faster and possible to comply within the time-limit of 20 working days (28 calendar days).

Despite reforms in disclosing the information on fee schedules the process of cost calculation for this procedure remains closed and indiscreet.

Procedure 2 Request and obtain technical conditions to connect to networks for telephone line

Time to complete: 14 days

Cost to complete: KGS 720

Agency: Kyrgyztelecom

Comment: Resolution #252 provides for the State Architecture Department and its territorial branch in Bishkek to issue the APU without acquiring the technical terms from telephone service providers. For this reason, the procedure is not mandatory and the applicant takes an individual decision on services of which company may be used. The conditions may be requested at any stage of construction. Most applicants requests it right before connecting to telephone services.

Although, the local telecom market has various companies that provide fixed line services, it is most likely that the natural monopolist –Kyrgyztelecom would be the one with the widest network services. According to Kyrgyztelecom’s regulations in order to connect to its services the applicants must obtain technical terms beforehand.

Procedure 3 Request and obtain topographic and geological survey conclusions of land from Kyrgyz GIIZ

Time to complete: 14 days

Cost to complete: KGS 7,500

Agency: Kyrgyz GIIZ

Comment: Although there are several licensed companies that provide these services KyrgyzGIIZ has the biggest database of maps back from late Soviet years of the country. Engineering –geological studies have not been done since the collapse of Soviet Union, and any new land developed after it would require BuildCo to request the full study. However, there are certain parts of the city that can be considered to have the proper geological study. In that case BuildCo would have to request a certificate on geological survey, assuming that the actual geological survey which is very costly (up to 3,000 USD), or the survey of adjacent plot has been done. The cost for this certificate can be anywhere between 5 to 10,000 KGS. Kyrgyz GIIZ is the only licensed institution in the country with proper equipment and capacity.

Procedure 4 Request approval of project, expertise of project documents and obtain building permit

Time to complete: 56 days

Cost to complete: KGS 18,159

Agency: State Architecture Department/ State Expertise Authority/State Department for Architecture and Construction Supervision

Comment: This procedure consists of three stages: approval of project documents; expertise of documents; issuance of building permit. All three stages are done under one stop shop principle. A single application is filed by the applicant to obtain all these approvals.

The approval of project documents consists of two stages: initial review of drawings and plans, and other relevant chapters of the projects is done by the territorial branch of State Architecture Department. BuildCo submits at this stage its application along with the following documents:

Project documents (drawings, plans); private projects are not required to submit any financial segment of the project (abolished by the Resolution #252).

Engineer-geological study (for expertise).

Copies of letters authorizing persons responsible for construction works: technical supervision, author supervision; and for contractor (for construction permit).

Copies of licenses for construction works (for construction permit).

Positive conclusion from respective Institute of State Agency of Architecture and Construction and other licensed agencies which have the right to provide engineering assessment of objects no lower than two stories stating possibility of reconstructing, re-profiling or re-planning of objects (for construction permit).
Any other documents are considered illegal.

The authority must issue its approval within 10 working days.

Following that it will send two copies of all documents for review of State Expertise Authority. According to Resolution #252 (30.05.08), and Government Resolution # 75 as of 4 February 2009, the expertise can be conducted by private companies, but until now there has not been a single license issued for expertise works.

The nature of the expert assessment has been changed too. In past, the expert assessment was focused on the cost estimated of the project, which is prohibited by the mentioned above regulation.

The expert assessment of the project design documents is conducted by State Expertise Authority and its territorial bodies or privately licensed companies, to check the following aspects:

- Compliance of the object with requirements set by Architectural Planning Terms, Project Design Terms and City Planning Documentation;
- Justification of space-planning and construction decisions, construction materials and equipment, solidity and durability of the bearing structure of buildings;
- Check the results of geotechnical survey;

Based on results of the conducted expert assessment, State Expertise Authority prepares a report on compliance of the project design documents with normative requirements. In case of any irregularities, State Expertise Authority prepares another report on bringing the project design documentation in compliance which indicates the said irregularities or a report on refusal of approving the project design. Under current legislation there are categories of objects that do not require state expert assessment. There are notions of mandatory and voluntary expert assessment and possibility for expert assessment of project documentation by private experts or organizations. BuildCo's case would qualify for the expert assessment.

No later than a day following the approval date, which is 20 working days for projects higher than 1000 sq.m., the report with positive expert assessment is submitted to State Architecture and Construction Supervision for issuing a construction permit.

The State Architecture and Construction Supervision has to issue the building permit in 10 working days. Otherwise silence is consent principle applies. Amendments regarding construction supervision process were made to Law “On Changes to Law of the Kyrgyz Republic” #101 as of 30 March 2009, “On City Construction and Architecture of the Kyrgyz Republic” Article 40, and Government Resolution # 95 “On approving the Order on Classification of Construction Object Characteristics and Order of Conducting State Architecture-Construction Supervision, Reconstruction and Other Real Estate Objects in the Kyrgyz Republic”. According to these reforms the building supervision process is now based on risk based approach. Compulsory state control over building process is applied for buildings that fall into high-risk category. Low risk categories, buildings exceeding 1350 sq.m., are now subject to author and technical supervision, and do not require state supervision. Thus, it removes the need for signing a special contract with State Architecture and Construction Supervision and paying respective fees. Both author and technical supervision can be done by BuildCo staff. At the time of issuing the building permit, BuildCo will receive a schedule of inspections to be carried out by State Architecture and Construction Supervision. The inspections will take place three times: foundation works, structure and final one. All inspections can be notified via phone and do not require a special visit.

This brings the overall time to 56 calendar days.

Cost consists of the following components:

- approval of project documentation – KGS 8260
 - the expertise of project documents – KGS 9899.4. T Additionally, the base for calculation of expertise fee was reformed by Order of State Agency of Architecture and Construction on 16 June 2008 and it comprises now based on fixed formula – KGS 7,45 x sqm. (excluding 12% VAT). It abolished the previous fee which was based on project value of 0.3%.
 - building permit- is free of charge.
- Total cost: KGS 18,159.4

Procedure	5	Request and obtain authorization to conduct earthwork in the road section
Time to complete:		5 days
Cost to complete:		no charge
Agency:		City Road Department of Municipality of Bishkek
Comment:		According to Decision of Bishkek City Council as of 4 February 2009 which eliminated Resolution of Bishkek City Council # 194 as of 9 June 2003, applicants now need to obtain only a warrant (naryad) for conducting works in public road area. Previous requirement has been eliminated under general administrative simplification process. The authority responsible for issuing this document is now City Road Department under Municipality of Bishkek, formed in August 2008, and replaced the authority of District Administrations. Under the new provision there is no fee related to this procedure.

Procedure	6	Request and obtain equipment operating authorization
Time to complete:		15 days
Cost to complete:		no charge

Agency: State Inspection for Supervision of Industry Safety and Mountain Supervision under the Ministry of Natural Resources of Kyrgyz Republic

Comment: Under the existing regulation this authorization is required to allow the use of cranes and excavators, and elevators. Five days before using the equipment BuildCo will file a request, followed by a visit by inspector from the Inspection by Gostekhnadzor. The inspector having reviewed the equipment to be used puts a stamp and signs the technical passport of the new projects.

Regulatory simplification reform process also eliminated duplicating legislation concerning the fees for equipment operation authorization. This eliminated the grounds for officers by State Technical Supervision to levy fees. Eliminated fee amount is KGS 1462.

Procedure 7 Receive connection to electricity

Time to complete: 10 days

Cost to complete: KGS 1,000

Agency: Bishkek Power Supply Company

Comment: Connection can be done without prior inspection should the location be with existing utility infrastructure.

Government Resolution #100 as of 10 February 2009 “On Approving Rules for Issuing Technical Conditions and Connection to Engineering and Technical Supply Facilities in Kyrgyz Republic” introduced new guidelines for connection to utilities. All connections and contracts must be executed before occupancy permit is issued. All connections must be done in 10 days.

Procedure 8 Receive connection to water and sewage services

Time to complete: 10 days

Cost to complete: KGS 4,253

Agency: Bishkekvodokanal

Comment: Connection can be done without prior inspection should the location be with existing utility infrastructure.

Procedure 9 Receive connection to telephone

Time to complete: 10 days

Cost to complete: KGS 3,380

Agency: Kyrgyztelecom

Comment: Connection can be done without prior inspection should the location be with existing utility infrastructure.

Procedure 10 Request Act of Acceptance of Object for Use

Time to complete: 1 day

Cost to complete: no charge

Agency: State Architecture and Construction Supervision

Comment: Within 10 after completion of construction BuildCo files a request to the State Architecture and Construction Supervision requesting issuance of Act of Acceptance of Object for Use. This approval must be issued within 10 working days. If the Act is not issued within the established timelimit, silence is consent rule applied. The Act must be signed by applicant, author of project, general contractor, representative of State Architecture and Construction Supervision’s regional branch who performed the technical supervision during construction. The Act must be endorsed by the head of territorial branch of State Architecture and Construction Supervision.

Government Resolution #121 as of 12 February 2009 removed requirement for participation of fire and sanitary authorities in the final inspection.

Procedure 11 Receive inspection and obtain the Act of Acceptance of Object for Use

Time to complete: 13 days

Cost to complete: no charge

Agency: State Architecture and Construction Supervision

Comment: The inspection may take place, based on the case. Sometimes, if the supervising technical inspector provides sound feedback to the regional head office the inspection may not be required. However, a separate visit is paid to obtain the actual copy of Act. The Act is a legal document that allows the immediate use of building.

Procedure 12 Request and obtain a technical inventory

Time to complete: 6 days

Cost to complete: KGS 5,100

Comment: Before registering the building with the real property registry, it is required to obtain a “technical passport”. This describes the structure of building, units, dimensions, building layout, and the like. The technical inventory in 10 days costs KGS 2,600, and in 4 working days KGS 5,100.

Procedure 13 Register the building with the real estate registry

Time to complete: 7 days

Cost to complete: KGS 1,291

Agency: State Agency on Registration of Rights on Immovable Property

Comment: Registration of buildings is a mandatory procedure. BuildCo must provide the following documents to the State Agency for Registration of Real Property Rights:

- Application.
- Documents confirming the ownership title (the plot plan, the local plan, and the “technical passport”* of the warehouse).
- Receipt of payment for registration
- State Certificate on Land Ownership
- Occupancy Permit
- Power of Attorney

After examining the submitted documents, a registrar issues a report for registration of the building, makes a log entry, and issues a registration card, a copy of which is provided to

BuildCo.

According to amendment to Law “On State Registration of Rights for immovable property” as of 30 March 2009 and State Registration Agency Decree # 80 as of June 11, 2008, effective 7 July 2008, the first time registration is now conducted in 7 working days. Fast track option can be done in 5 days, which includes one day for registration and 4 working days for technical inventory.

Legal entities may register the building in 7 days for KGS 677.8 and for KGS 1,291 in 1 day.

Ensuring formal property rights is fundamental. Effective administration of land is part of that. If formal property transfer is too costly or complicated, formal titles might go informal again. *Doing Business* records the full sequence of procedures necessary for a business to purchase a property from another business and transfer the property title to the buyer's name. In the past 6 years 105 economies undertook 146 reforms making it easier to transfer property. Globally, the time to transfer property fell by 38% and the cost by 10% over this time. The most popular feature of property registration reform in these 6 years, implemented in 52 economies, was lowering transfer taxes and government fees.

Some reform outcomes

Georgia now allows property transfers to be completed through 500 authorized users, notably banks. This saves time for entrepreneurs. A third of people transferring property in 2009 chose authorized users, up from 7% in 2007. Also, Georgia's new electronic registry managed 68,000 sales in 2007, twice as many as in 2003.

Belarus's unified and computerized registry was able to cope with the addition of 1.2 million new units over 3 years. The registry issued 1 million electronic property certificates in 2009.

What does the Registering Property indicator measure?

Registering Property: transfer of property between 2 local companies

Rankings are based on 3 subindicators

Procedures to legally transfer title on immovable property (number)

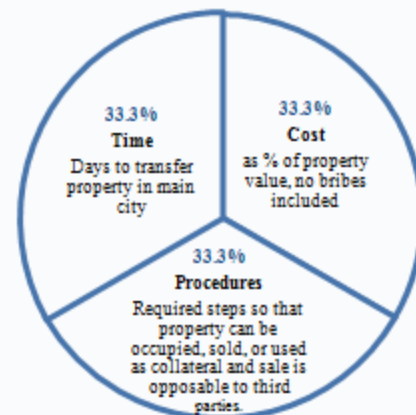
- Preregistration (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration in the economy's largest business city
- Post registration (for example, transactions with the local authority, tax authority or cadastre)

Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day
- Procedure completed once final document is received
- No prior personal contact with officials

Cost required to complete each procedure (% of property value)

- Official costs only, no bribes
- No value added or capital gains taxes included



Case Study Assumptions

The parties (buyer and seller):

- Are limited liability companies, 100% domestically and privately owned.
- Are located in the periurban area of the economy's largest business city.
- Have 50 employees each, all of whom are nationals.
- Perform general commercial activities.

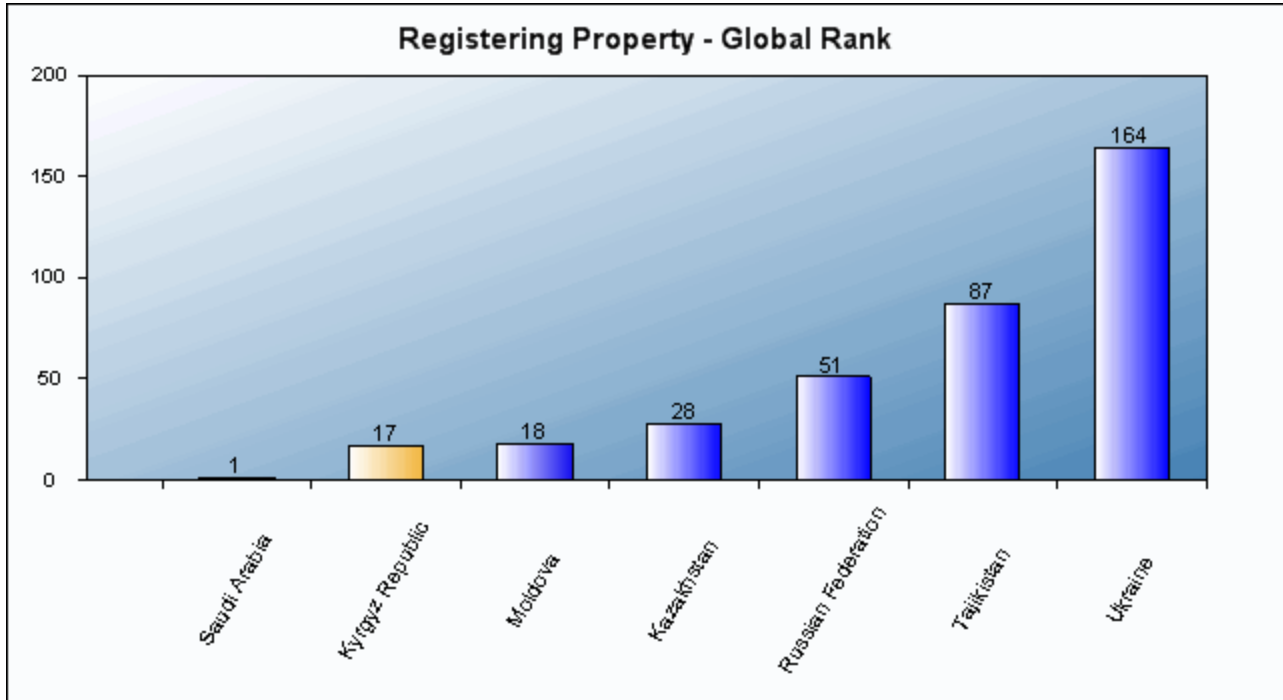
The property (fully owned by the seller):

- Has a value of 50 times income per capita. The sale price equals the value.
- Has no mortgages attached and has been under the same ownership for the past 10 years.
- Is registered in the land registry or cadastre, or both, and is free of title disputes.
- Is located in a periurban commercial zone, and no rezoning is required.
- Consists of a 557.4 square meters (6,000 square feet) land and 10 years old 2-story warehouse of 929 square meters (10,000 square feet) located on the land. The warehouse is in good condition and complies with all safety standards, building codes and legal requirements. The property will be transferred in its entirety.

1. Benchmarking Registering Property Regulations:

Kyrgyz Republic is ranked 17 overall for Registering Property.

Ranking of Kyrgyz Republic in Registering Property - Compared to good practice and selected economies:



The following table shows Registering Property data for Kyrgyz Republic compared to good practice and comparator economies:

Good Practice Economies	Procedures (number)	Time (days)	Cost (% of property value)
New Zealand*		2	
Norway*	1		
Saudi Arabia			0.0

<i>Selected Economy</i>			
Kyrgyz Republic	4	5	2.3

<i>Comparator Economies</i>			
Kazakhstan	4	40	0.1
Moldova	5	5	0.9
Russian Federation	6	43	0.1
Tajikistan	6	37	5.5
Ukraine	10	117	4.1

* The following economies are also good practice economies for :

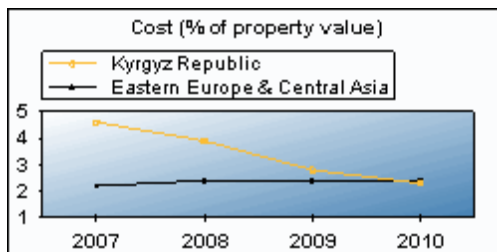
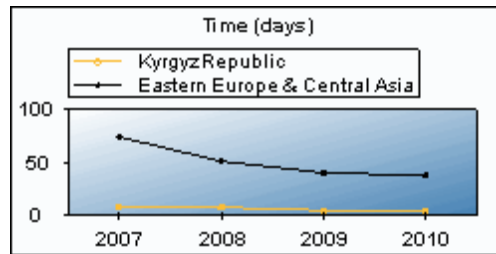
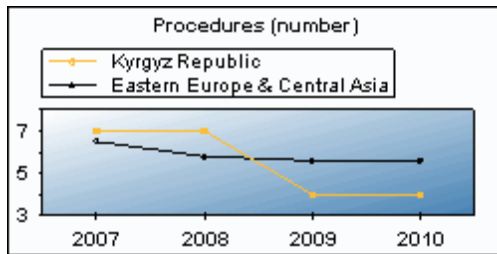
Procedures (number): United Arab Emirates

Time (days): Saudi Arabia, Thailand, United Arab Emirates

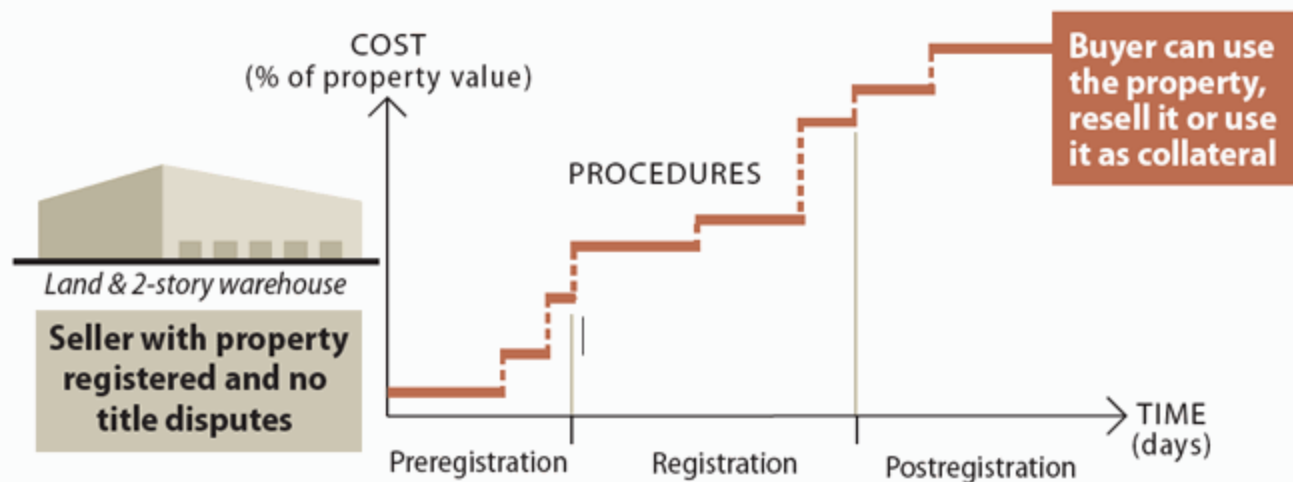
2. Historical data: Registering Property in Kyrgyz Republic

Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	19	17
Procedures (number)	7	7	4	4
Time (days)	8	8	5	5
Cost (% of property value)	4.6	3.9	2.8	2.3

3. The following graphs illustrate the Registering Property sub indicators in Kyrgyz Republic over the past 4 years:



What are the time, cost and number of procedures required to transfer a property between 2 local companies?



This topic examines the steps, time, and cost involved in registering property in the Kyrgyz Republic.

STANDARDIZED PROPERTY

Property Value: 1,784,406.85

City: Bishkek

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	The seller obtains a Registration Certificate from the Gosregister (Land Registry)	1 day expedited (3 days regular)	KZS 188.10 (regular) or KZS 327.50 (expedited)
2	A public notary notarizes the sale-purchase agreement	1 day	KZS 40,000 fixed fee + KZS 350 (notarization of copies)
3	The buyer applies to Gosregister for registration of the title transfer	3 days regular; 1 day expedited	KZS 643.9 (regular procedure - 3 days) or KZS 1231 (expedited procedure - 1 day) fees for legal entities
4	The buyer receives documents of title upon completion of the registration	1 day	Already paid in procedure 3

Registering Property Details - Kyrgyz Republic

Procedure	1	The seller obtains a Registration Certificate from the Gosregister (Land Registry)
Time to complete:		1 day expedited (3 days regular)
Cost to complete:		KZS 188.10 (regular) or KZS 327.50(expedited)
Agency:		Land Registry (Gosregister)
Comment:		<p>In case the parties chose to notarize their sale-purchase agreement, the buyer requests the seller to provide him with the Registration Certificate evidencing his rights to the property. This Certificate indicates the owner of the property and provides information on the existence or absence of encumbrances over the property.</p> <p>The documentation shall include:</p> <ul style="list-style-type: none">• Application (in the established form);• Copy of ownership document;• Original and a copy of technical passport;• Identification documents;• Copy of resolution of the management body on the sale of the property; <p>The cost of the regular procedure (3 days) is KZS 188.10 and KZS 327.50 for an expedited procedure (1 day).</p>
Procedure	2	A public notary notarizes the sale-purchase agreement
Time to complete:		1 day
Cost to complete:		KZS 40,000 fixed fee + KZS 350 (notarization of copies)
Agency:		Public Notary
Comment:		<p>The Law of the Kyrgyz Republic on Amendments to the Civil Code of the Kyrgyz Republic #104 of 30.03.2009 introduced voluntary notary certification of property disposal (sale and acquisition) contract. Previously, it was mandatory to notarize the sale-purchase agreement with a public notary. Now, parties have a choice to have notaries register such contracts or make a transaction and register it directly with the State Register. Should parties chose to notarize the sale-purchase contract, the cost for the procedure for non-residential properties with a square footage higher than 400 square meters is KZS 40,000 (as prescribed by the Resolution of the Republic of Kyrgyzstan #733 of 19.10.2006 “On State duties”. As of June 2009, around half of property transactions are still being notarized.</p> <p>The parties must also notarize copies of their respective charters and/or foundation agreements and corporate registration certificates (to be later presented to the registrar). Notarization of copies will cost KZS 5 per page plus KZS 10 per one document; total approximately KZS 350.</p> <p>During the notarization, the parties will be required to submit copies of the parties’ respective charters and foundation agreements, corporate registration certificates, resolutions of the management bodies on the purchase/sale of the property, powers of attorney, a certificate evidencing the balance sheet value of the property, and certain other corporate documents. The seller shall also present the registration certificate evidencing the seller’s title to the property (obtained in procedure 1).</p>

Procedure 3 The buyer applies to Gosregister for registration of the title transfer

Time to complete: 3 days regular; 1 day expedited

Cost to complete: KZS 643.9 (regular procedure - 3 days) or KZS 1231 (expedited procedure - 1 day) fees for legal entities

Agency: Land Registry (Gosregister)

Comment: The buyer appears at the local office of Gosregister and presents all the required documents. The buyer (the seller may pay it upon agreement between the parties) pays the registration fee and delivers to the registrar the receipt evidencing the payment and a formal application for the registration of the title transfer. The notarized sale purchase agreement must be presented to the local office of Gosregister no later than 30 days from the moment of its signing (otherwise a penalty fee is charged). The Gosregister issues the receipt about the acceptance of the documents for the registration and conducts the registration during 3 days or 1 day, if the procedure is expedited. The buyer receives his own copy of the agreement where the Registry certified the registration, as well as the copy of record card, where it will be marked that he is the owner of this property. The buyer must also visit a separate window at the Registry for a separate application (previously BTI Office). This can be done at the same time as at the Gosregister. The Land Registry makes correspondent alterations in the inventory file of the building and land plot and provides the buyer with the new cadastral plan of the building and cadastral plan of the land plot.

The documentation shall include:

- Application (in the established form)
- State act on land property right;
- Technical original passport;
- The signed and notarized sale and purchase agreement (Obtained in Procedure 2);
- Powers of attorney (if needed), notarized copies of the buyer charter and/or foundation agreement, corporate registration certificate, resolution of the management bodie on the purchase of the property.

The cost for the procedures was updated with the Order #80 of June 11, 2008 of the Land Registry (Gosregistr). Thus, the cost for the 3 day registration is KZS 643.9 and for the expedited procedure is KZS 1231. In practice, the expedited procedure still takes 2 days.

Procedure 4 The buyer receives documents of title upon completion of the registration

Time to complete: 1 day

Cost to complete: Already paid in procedure 3

Agency: Land Registry (Gosregister)

Comment: After the registration is completed, the buyer appears at the Gosregister to pick up his copy of the agreement bearing the stamp of the registrar, the amended technical passport for the property, and the State act on land property right.

The documentation shall include: the passport of the buyer, or a power of attorney or other documents confirming the rights of the individual to pick up the documents on behalf of the buyer.

Through two sets of indicators, *Doing Business* assesses the legal rights of borrowers and lenders with respect to secured transactions and the sharing of credit information. The depth of credit information index measures rules and practices affecting the coverage, scope and accessibility of credit information available through either a public credit registry or a private credit bureau. Credit information systems mitigate the ‘information asymmetry’ in lending and enable lenders to view a borrower’s financial history (positive or negative), providing them with valuable information to consider when assessing risk. Credit information systems benefit borrowers as well, allowing good borrowers to establish a reputable credit history which will enable them to access credit more easily. The Legal Rights Index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders and thus facilitate lending. Sound collateral laws will enable businesses to use their assets, especially movable property, as security to generate capital while having strong creditor’s rights has been associated with higher ratios of private sector credit to GDP.

Some reform outcomes

After Vietnam’s new Civil Code was enacted in 2005, a decree further clarified the provisions governing secured transactions. Since the inclusion of the new provisions, the number of registrations increased from 43,000 (2005) to 120,000 (end of 2008).

In 2008, when Zambia established a private credit bureau, its database initially covered about 25,000 borrowers. Thanks to a strong communication campaign and a central bank directive, coverage has grown 10-fold in the past 2 years, exceeding 200,000 by the beginning of 2010.

What do the Getting Credit indicators measure?

Strength of legal rights index (0–10)

- Protection of rights of borrowers and lenders through collateral laws
- Protection of secured creditors’ rights through bankruptcy laws

Depth of credit information index (0–6)

- Scope and accessibility of credit information distributed by public credit registries and private credit bureaus

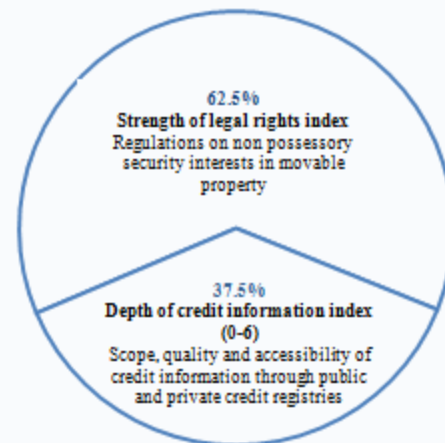
Public credit registry coverage (% of adults)

- Number of individuals and firms listed in public credit registry as percentage of a adult population

Private credit bureau coverage (% of adults)

- Number of individuals and firms listed in largest private credit bureau as percentage of a adult population

Getting Credit: collateral rules and credit information



Note: Private bureau coverage and public credit registry coverage are measured but do not count for the rankings.

Case Study Assumptions (applying to the Legal Rights Index only)

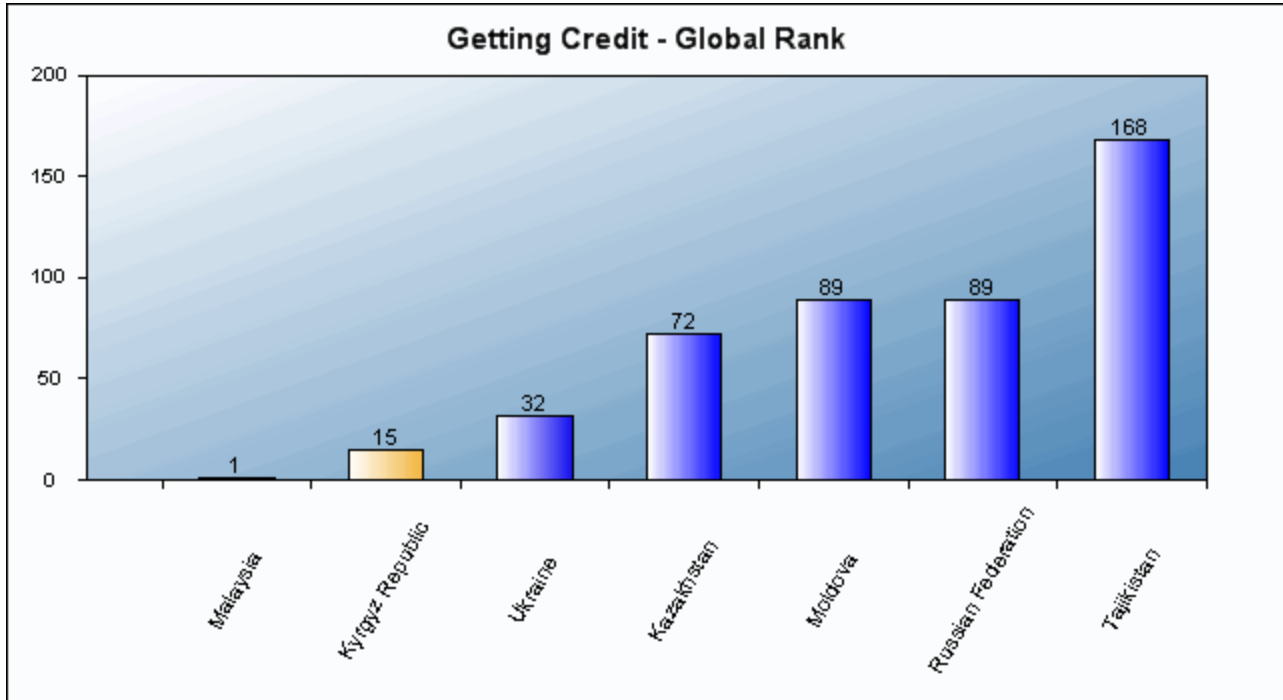
The Debtor

- is a Private Limited Liability Company
- has its Headquarters and only base of operations in the largest business city
- obtains a loan from a local bank (the Creditor) for an amount up to 10 times income (GNI) per capita
- Both creditor and debtor are 100% domestically owned.

1. Benchmarking Getting Credit Regulations:

Kyrgyz Republic is ranked 15 overall for Getting Credit.

Ranking of Kyrgyz Republic in Getting Credit - Compared to good practice and selected economies:



The following table shows Getting Credit data for Kyrgyz Republic compared to good practice and comparator economies:

Good Practice Economies	Strength of legal rights index (0-10)	Depth of credit information index (0-6)	Public registry coverage (% of adults)	Private bureau coverage (% of adults)
New Zealand*				100.0
Portugal			67.1	
Singapore*	10			
United Kingdom		6		

<i>Selected Economy</i>				
Kyrgyz Republic	10	3	0.0	11.9

<i>Comparator Economies</i>				
Kazakhstan	4	5	0.0	29.9
Moldova	8	0	0.0	0.0
Russian Federation	3	5	0.0	14.4
Tajikistan	3	0	0.0	0.0
Ukraine	9	3	0.0	10.1

* The following economies are also good practice economies for :

Strength of legal rights index (0-10): Hong Kong, China, Kenya, Kyrgyz Republic, Malaysia

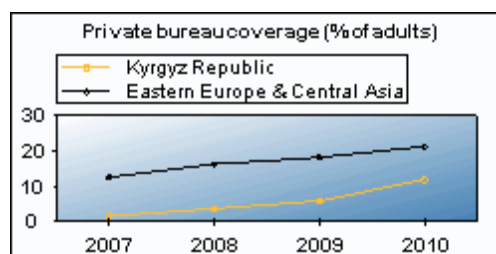
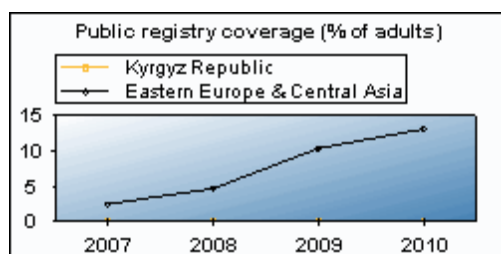
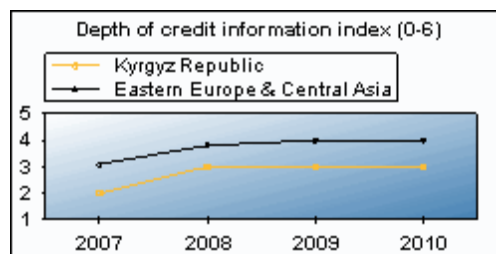
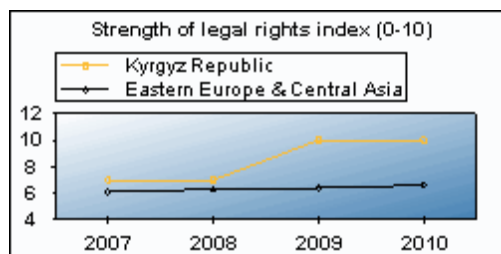
Private bureau coverage (% of adults): Argentina, Australia, Canada, Iceland, Ireland, Norway, Sweden, United Kingdom, United States

27 countries have the highest credit information index.

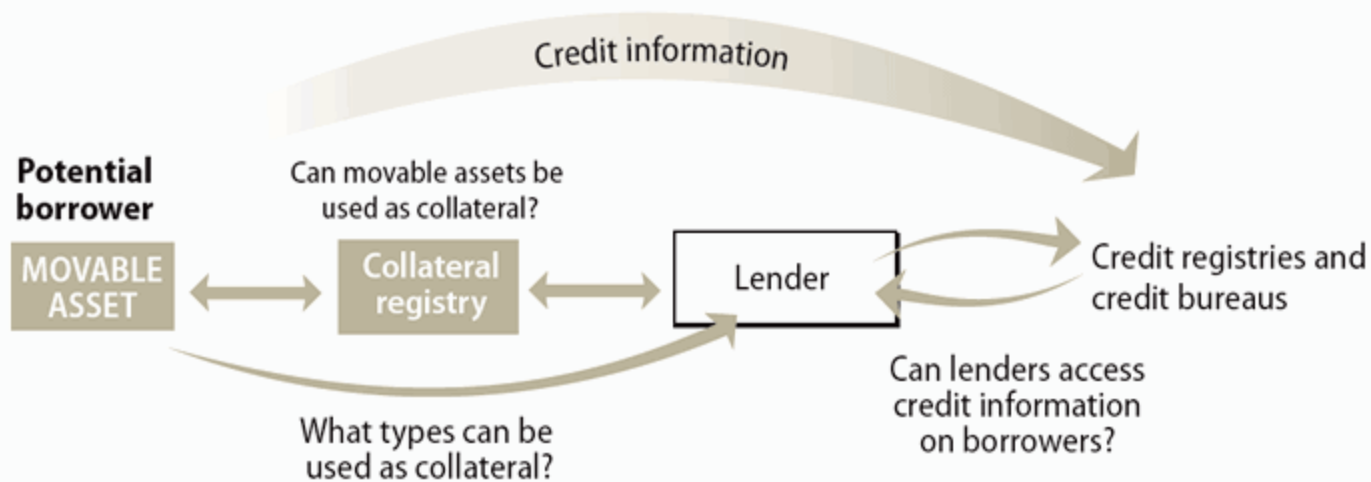
2. Historical data: Getting Credit in Kyrgyz Republic

Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	14	15
Strength of legal rights index (0-10)	7	7	10	10
Depth of credit information index (0-6)	2	3	3	3
Private bureau coverage (% of adults)	1.6	3.7	5.9	11.9
Public registry coverage (% of adults)	0.0	0.0	0.0	0.0

3. The following graphs illustrate the Getting Credit sub indicators in Kyrgyz Republic over the past 4 years:



**Do lenders have credit information on entrepreneurs seeking credit?
Is the law favorable to borrowers and lenders using movable assets as collateral?**



The following table summarize legal rights of borrowers and lenders, and the availability and legal framework of credit registries in the Kyrgyz Republic.

Getting Credit Indicators (2010)			Indicator
Private bureau coverage (% of adults)	Private credit bureau	Public credit registry	3
Are data on both firms and individuals distributed?	Yes	No	1
Are both positive and negative data distributed?	No	No	0
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	No	No	0
Are more than 2 years of historical credit information distributed?	No	No	0
Is data on all loans below 1% of income per capita distributed?	Yes	No	1
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	Yes	No	1
Coverage	11.9	0.0	
Number of individuals	444,277		0
Number of firms	1,129		0

Strength of legal rights index (0-10)**10**

Can any business use movable assets as collateral while keeping possession of the assets; and any financial institution accept such assets as collateral ?

Does the law allow businesses to grant a non possessory security right in a single category of movable assets, without requiring a specific description of collateral?

Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of collateral?

May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets ?

Is a general description of debts and obligations permitted in collateral agreements, so that all types of obligations and debts can be secured by stating a maximum amount rather than a specific amount between the parties ?

Is a collateral registry in operation, that is unified geographically and by asset type, as well as indexed by the grantor's name of a security right ?

Do secured creditors have absolute priority to their collateral outside bankruptcy procedures?

Do secured creditors have absolute priority to their collateral in bankruptcy procedures?

During reorganization, are secured creditors' claims exempt from an automatic stay on enforcement?

Does the law authorize parties to agree on out of court enforcement?

Stronger investor protections matter for the ability of companies to raise the capital needed to grow, innovate, diversify and compete. This is all the more crucial in times of financial crisis when entrepreneurs must navigate through defiant environments to finance their activities. Using 3 indices of investor protection, *Doing Business* measures how economies regulate a standard case of self-dealing, use of corporate assets for personal gains. Since 2005, 51 economies have strengthened investor protections as measured by *Doing Business*.

Some reform outcomes

In Indonesia, an economy that consistently improved its laws regulating investor protections, the number of firms listed on the Indonesia Stock Exchange increased from 331 to 396 between 2004 and 2009. Meanwhile, market capitalization grew from 680 trillion rupiah (\$75 billion) to 1,077 trillion rupiah (\$119 billion).

After Thailand amended its laws in 2006 and 2008, more than 85 transactions that failed to comply with the disclosure standards were suspended. Thirteen were deemed prejudicial and were therefore canceled, thus preventing damage to the companies involved and preserving their value. Companies were not deterred either, as more than 30 new companies joined the stock exchange since 2005 bringing the number of listed companies to 523.

What do the Protecting Investors indicators measure?

Extent of disclosure index (0–10)

- Who can approve related-party transactions
- Requirements for external and internal disclosure in case of related-party transactions

Extent of director liability index (0–10)

- Ability of shareholders to hold the interested party and the approving body liable in case of a prejudicial related-party transaction
- Available legal remedies (damages, repayment of profits, fines, imprisonment and rescission of the transaction)
- Ability of shareholders to sue directly or derivatively

Ease of shareholder suits index (0–10)

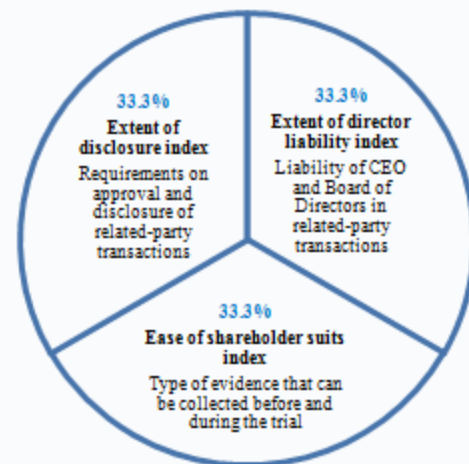
- Documents and information available during trial
- Access to internal corporate documents (directly or through a government inspector)

Strength of investor protection index (0–10)

- Simple average of the extent of disclosure, extent of director liability and ease of shareholder suits indices

Protecting Investors: minority shareholder rights in related-party transactions

Rankings are based on 3 subindicators



Case Study Assumptions

The business (Buyer):

- Is a publicly traded corporation listed on the economy's most important stock exchange (or at least a large private company with multiple shareholders),
- Has a board of directors and a chief executive officer (CEO) who may legally act on behalf of Buyer where permitted, even if this is not specifically required by law.

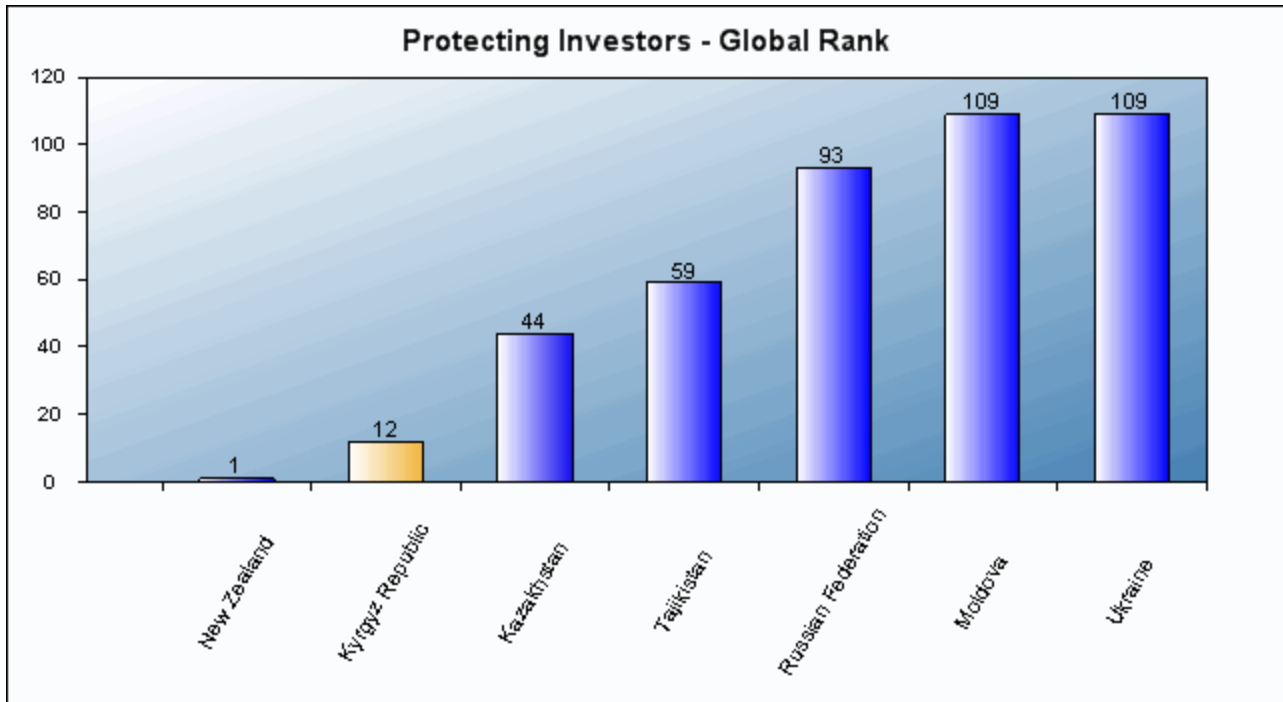
The transaction

- Mr. James, a director and the majority shareholder of the company, proposes that the company purchase used trucks from another company he owns.
- The price is higher than the going price for used trucks, but the transaction goes forward.
- All required approvals are obtained, and all required disclosures made, though the transaction is prejudicial to the purchasing company.
- Shareholders sue the interested parties and the members of the board of directors.

1. Benchmarking Protecting Investors Regulations:

Kyrgyz Republic is ranked 12 overall for Protecting Investors.

Ranking of Kyrgyz Republic in Protecting Investors - Compared to good practice and selected economies:



The following table shows Protecting Investors data for Kyrgyz Republic compared to good practice and comparator economies:

Good Practice Economies	Strength of investor protection index (0-10)
New Zealand	9.7

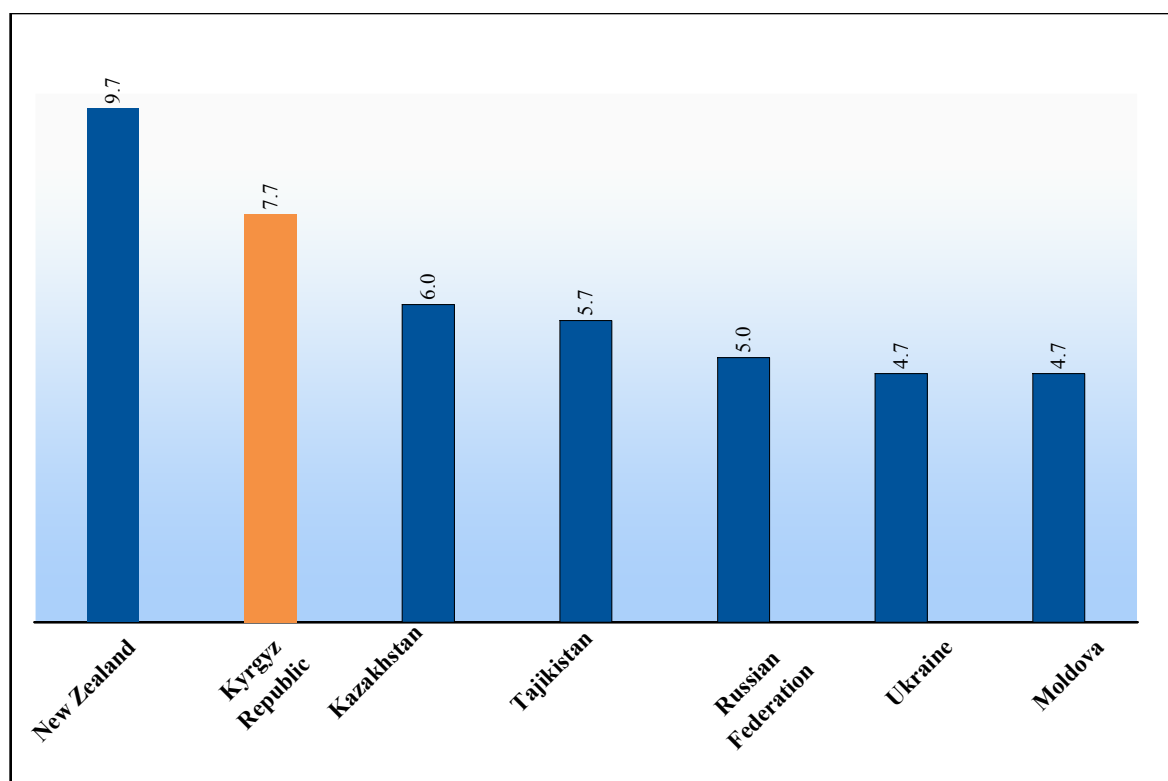
<i>Selected Economy</i>	
Kyrgyz Republic	7.7

<i>Comparator Economies</i>	
Kazakhstan	6.0
Moldova	4.7
Russian Federation	5.0
Tajikistan	5.7
Ukraine	4.7

2. Historical data: Protecting Investors in Kyrgyz Republic

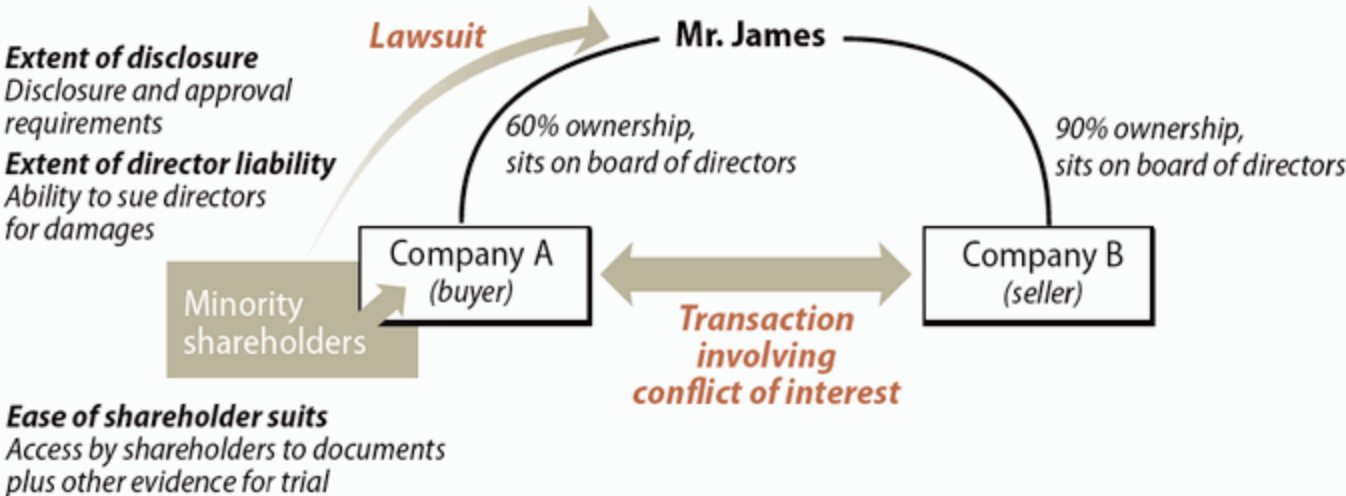
Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	12	12
Strength of investor protection index (0-10)	6.0	7.7	7.7	7.7

3. The following graph illustrates the Protecting Investors index in Kyrgyz Republic compared to best practice and selected Economies:



Note: The higher the score, the greater the investor protection.

How well are minority shareholders protected against self-dealing in related-party transactions?



The table below provides a full breakdown of how the disclosure, director liability, and shareholder suits indexes are calculated in the Kyrgyz Republic.

Protecting Investors Data (2010)	Indicator
Extent of disclosure index (0-10)	8
What corporate body provides legally sufficient approval for the transaction?	3
Whether immediate disclosure of the transaction to the public and/or shareholders is required?	0
Whether disclosure of the transaction in published periodic filings (annual reports) is required?	2
Whether disclosure of the conflict of interest by Mr. James to the board of directors is required?	2
Whether an external body must review the terms of the transaction before it takes place?	1
Extent of director liability index (0-10)	7
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	2
Whether shareholders can hold the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	0
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	2
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	1

Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?	1
Whether fines and imprisonment can be applied against Mr. James?	0
Whether shareholders can sue directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	1
Ease of shareholder suits index (0-10)	8
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	3
Whether the plaintiff can directly question the defendant and witnesses during trial?	2
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	0
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	1
Whether the level of proof required for civil suits is lower than that of criminal cases?	1
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	1
Strength of investor protection index (0-10)	7.7

Taxes are essential to provide public amenities, infrastructure and services which are crucial for a properly functioning economy. *Doing Business* data show that economies where it is more difficult and costly to pay taxes have larger shares of informal sector activity. More than 60% of economies have reformed in the last 6 years and are starting to see concrete results.

Some reform outcomes

Colombia introduced a new electronic system for social security and labor taxes in 2006 and by 2008 the social security contributions collected from small and medium-size companies rose by 42%, to 550 billion pesos.

Mauritius reduced the corporate income tax rate from 25% to 15% and removed exemptions and industry-specific allowances in 2006 and saw their corporate income tax revenue grow by 27% in the following year, and in 2008/09 it increased by 65%.

What do the Paying taxes indicators measure?

Tax payments for a manufacturing company in 2009
(number per year adjusted for electronic or joint filing and payment)

- Total number of taxes and contributions paid, including consumption taxes (value added tax, sales tax or goods and service tax)
- Method and frequency of filing and payment

Time required to comply with 3 major taxes (hours per year)

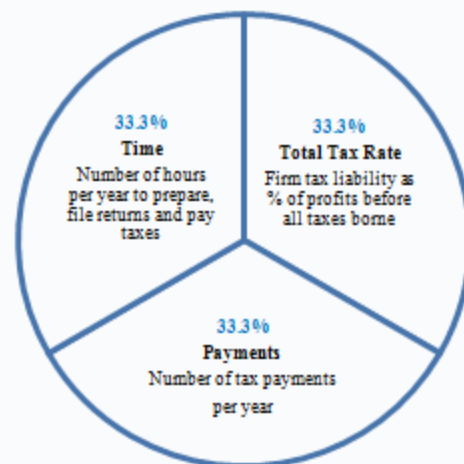
- Collecting information and computing the tax payable
- Completing tax return forms, filing with proper agencies
- Arranging payment or withholding
- Preparing separate tax accounting books, if required

Total tax rate (% of profit)

- Profit or corporate income tax
- Mandatory social contributions and labor taxes paid by the employer
- Property and property transfer taxes
- Dividend, capital gains and financial transactions taxes
- Waste collection, vehicle, road and other taxes

Paying Taxes: tax compliance for a local manufacturing company

Rankings are based on 3 subindicators



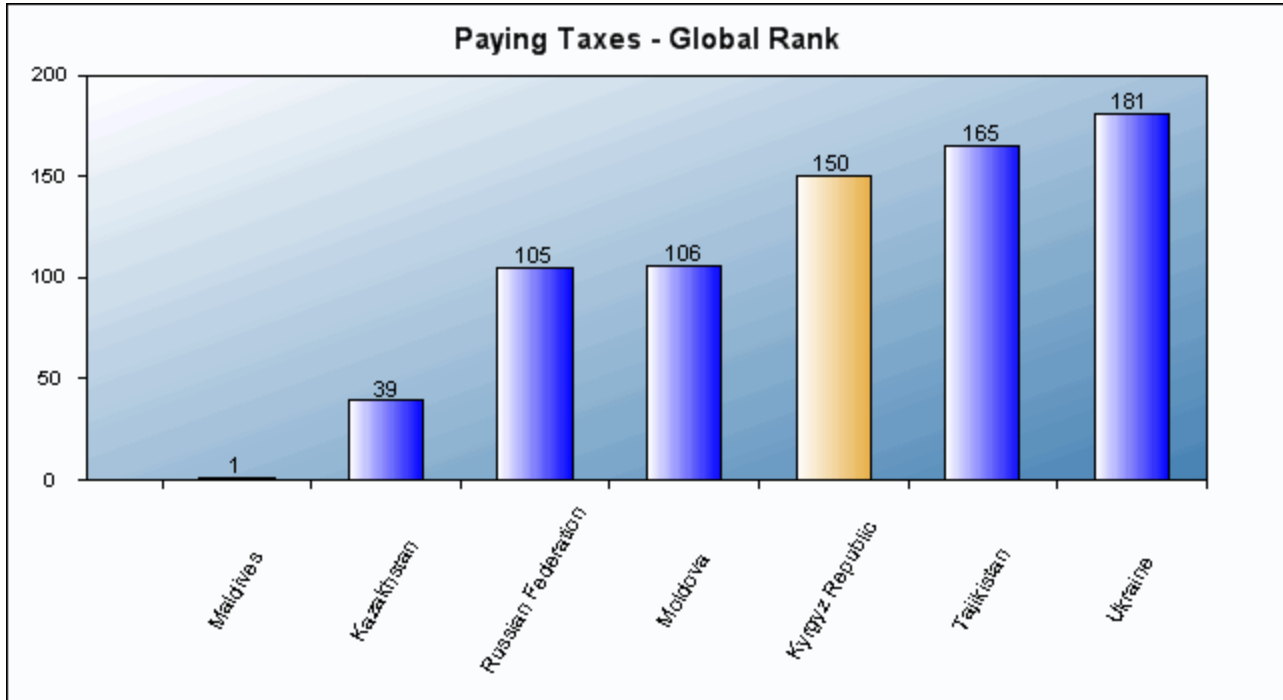
Case Study Assumptions

- TaxpayerCo is a medium-size business that started operations 2 years ago.
- Tax practitioners are asked to review its financial statements, as well as a standard list of transactions that the company completed during the year.
- Respondents are asked how much in taxes and mandatory contributions the business must pay and what the process is for doing so.
- The business starts from the same financial position in each economy. All the taxes and mandatory contributions paid during the second year of operation are recorded.
- Taxes and mandatory contributions are measured at all levels of government
- Taxes and mandatory contributions include corporate income tax, turnover tax, all labor taxes and contributions paid by the company.
- A range of standard deductions and exemptions are also recorded.

1. Benchmarking Paying Taxes Regulations:

Kyrgyz Republic is ranked 150 overall for Paying Taxes.

Ranking of Kyrgyz Republic in Paying Taxes - Compared to good practice and selected economies:



The following table shows Paying Taxes data for Kyrgyz Republic compared to good practice and comparator economies:

Good Practice Economies	Payments (number per year)	Time (hours per year)	Total tax rate (% profit)
Maldives*	3	0	
Timor-Leste			0.2

<i>Selected Economy</i>			
Kyrgyz Republic	48	202	57.2

<i>Comparator Economies</i>			
Kazakhstan	9	271	29.6
Moldova	48	228	30.9
Russian Federation	11	320	46.5
Tajikistan	54	224	86.0
Ukraine	135	657	55.5

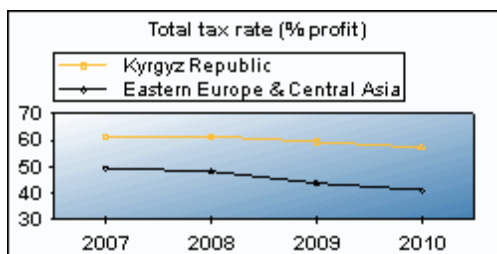
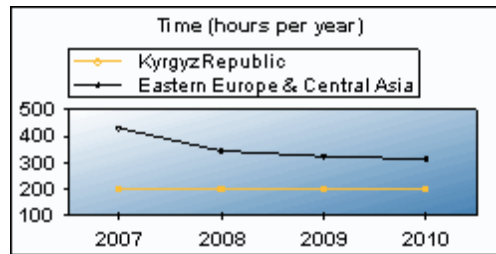
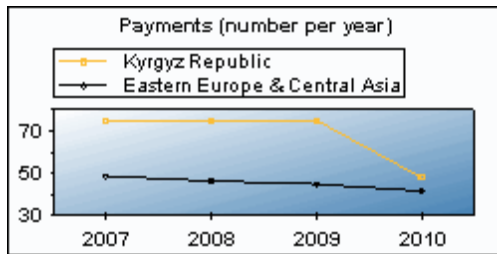
* The following economies are also good practice economies for :

Payments (number per year): Qatar

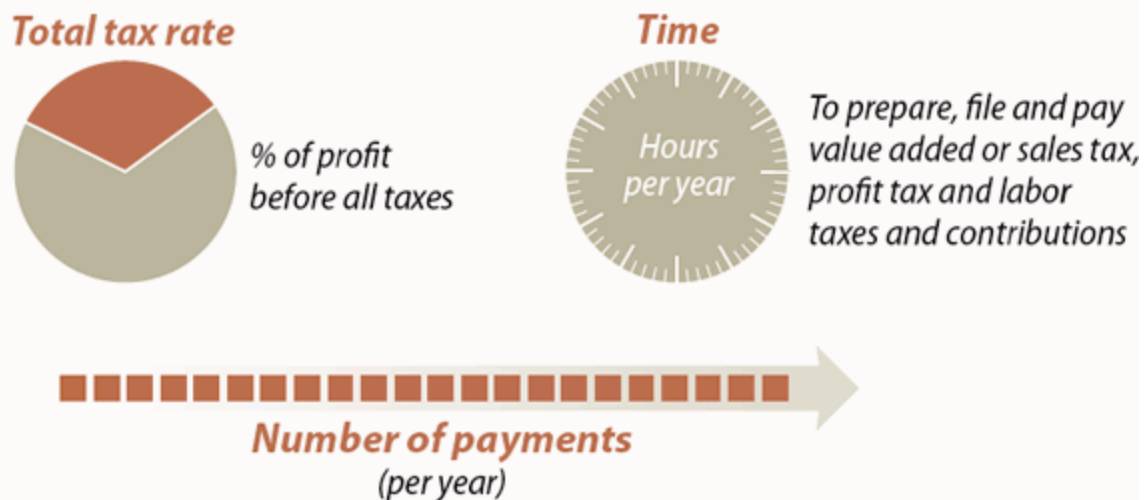
2. Historical data: Paying Taxes in Kyrgyz Republic

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	156	150
Total tax rate (% profit)	61.4	61.4	59.4	57.2
Payments (number per year)	75	75	75	48
Time (hours per year)	202	202	202	202

3. The following graphs illustrate the Paying Taxes sub indicators in Kyrgyz Republic over the past 4 years:



What are the time, total tax rate and number of payments necessary for a local medium-sized company to pay all taxes?



The table below addresses the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year in Kyrgyz Republic, as well as measures of administrative burden in paying taxes.

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% profit)	Notes on TTR
Fuel tax	1			SOM 0.2 per liter	number of liters		
Value added tax (VAT)	12		71	12.0%	value added		
Tax on property (immovable)	0	Moratorium		1.0%	property value	0.00	
Tax on property (movable)	2			0.5%	book value of vehicles	0.00	
Land tax	4			SOM 2.9 per square meter	land area	0.10	
Medical insurance contributions	0	paid jointly		2.0%	gross salaries	2.30	
Corporate income tax	5		60	10.0%	taxable profits	8.90	
Pension fund contributions	12		71	17.3%	gross salaries	19.30	
Sales tax	12			1.5% or 2.5%	turnover	26.50	

Totals

48

202

57.2

Making trade between countries easier is increasingly important for business in today's globalized world. Excessive document requirements, burdensome customs procedures, inefficient port operations and inadequate infrastructure all lead to extra costs and delays for exporters and importers, stifling trade potential. Trade facilitation tools such as electronic data interchange systems, risk-based inspections, and single windows help improve an economy's trading environment and boost firms' international competitiveness. *Doing Business* trade indicators take into account documents, cost and time associated with every procedure for trading a standard shipment of goods by ocean transport. Research indicates that exporters in developing countries have much more to gain by a 10% drop in their trading costs than from a similar decrease of the tariffs applied to their products in global markets.

Some reform outcomes

In Georgia, reducing customs clearance time by a day has led to operational savings of an estimated \$288 per truck, or an annual \$133 million for the country's whole trading community given the growing amount of cross-border trade in recent years.

In Korea, predictable cargo processing times and rapid turnover by ports and warehouses provide a benefit to the Korean economy of some \$2 billion annually.

What do the Trading Across Borders indicators measure?

Trading Across Borders: exporting and importing by ocean transport

Rankings are based on 3 subindicators

Documents required to export and import (number)

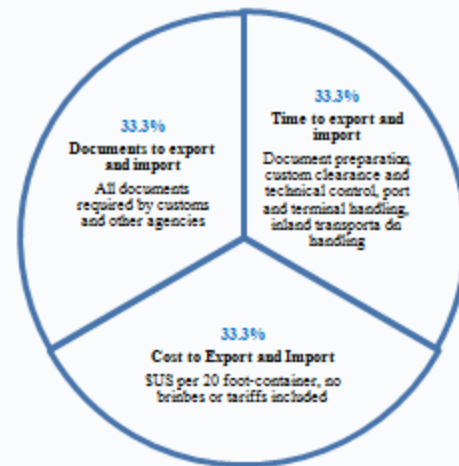
- Bank documents
- Customs clearance documents
- Port and terminal handling documents
- Transport documents

Time required to export and import (days)

- Obtaining all the documents
- Inland transport and handling
- Customs clearance and inspections
- Port and terminal handling
- Does not include ocean transport time

Cost required to export and import (US\$ per container)

- All documentation
- Inland transport and handling
- Customs clearance and inspections
- Port and terminal handling
- Official costs only, no bribes



Case Study Assumptions

The Business

- Has at least 60 employees and is located in the economy's largest business city
- Is a private, limited liability company, which exports more than 10% of its sales. It is fully domestically owned and does not operate in an export processing zone or an industrial estate with special export or import privileges

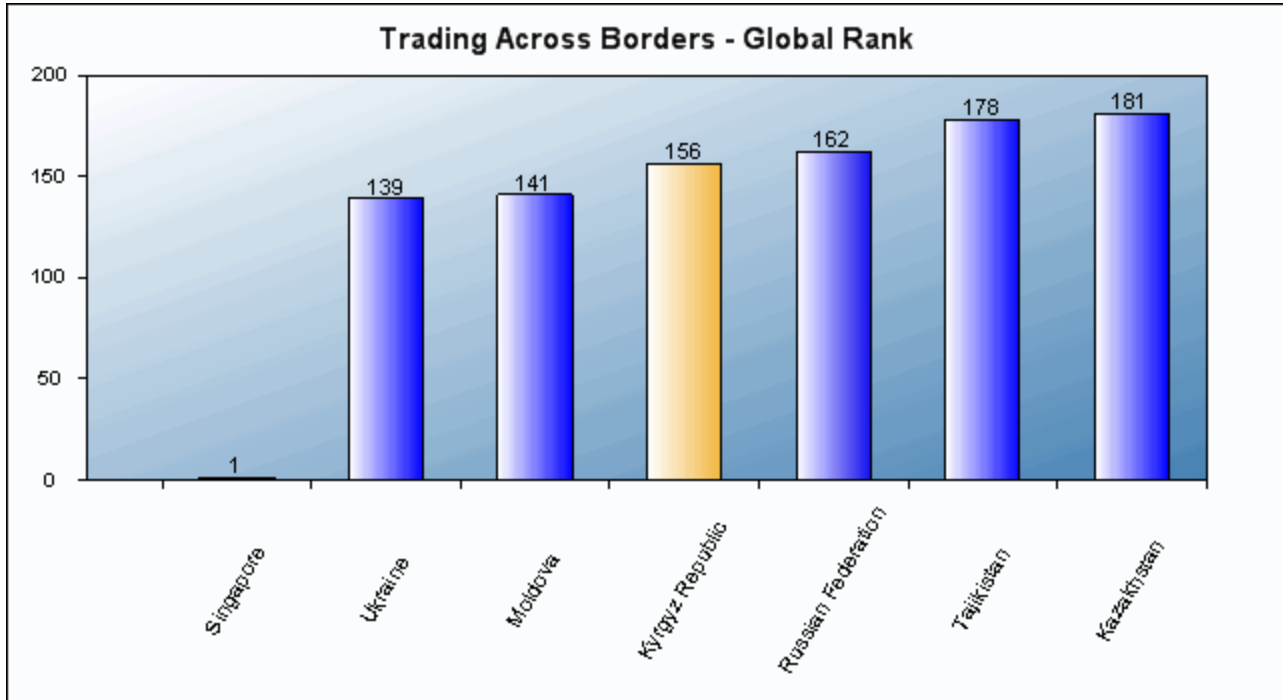
The traded product

- Is transported in a dry-cargo, 20-foot full container load; weighs 10 tons and is valued at \$20,000
- Is not hazardous or include military items; it does not require special phytosanitary or environmental safety standards, refrigeration or any other special environment
- Is one of the economy's leading export or import products

1. Benchmarking Trading Across Borders Regulations:

Kyrgyz Republic is ranked 156 overall for Trading Across Borders.

Ranking of Kyrgyz Republic in Trading Across Borders - Compared to good practice and selected economies:



The following table shows Trading Across Borders data for Kyrgyz Republic compared to good practice and comparator economies:

Good Practice Economies	Documents to export (number)	Time to export (days)	Cost to export (US\$ per container)	Documents to import (number)	Time to import (days)	Cost to import (US\$ per container)
Denmark*		5				
France	2			2		
Malaysia			450			
Singapore					4	439

<i>Selected Economy</i>						
Kyrgyz Republic	7	63	3010	7	72	3280

<i>Comparator Economies</i>						
Kazakhstan	10	81	3005	12	67	3055
Moldova	6	32	1765	7	35	1960
Russian Federation	8	36	1850	13	36	1850
Tajikistan	10	82	3350	9	83	4550
Ukraine	6	31	1560	8	36	1580

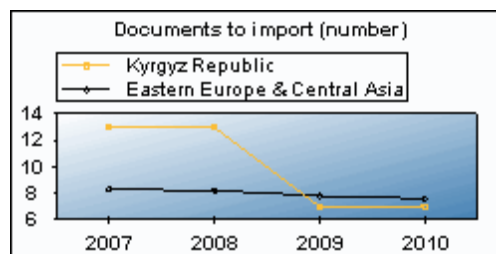
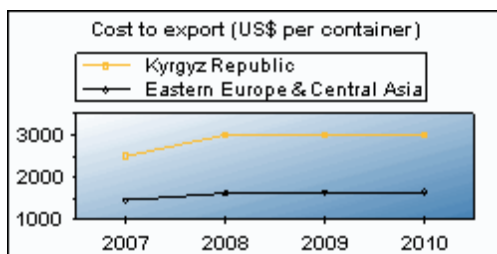
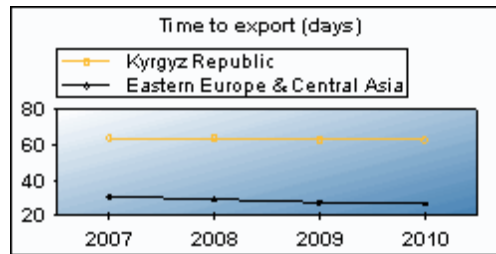
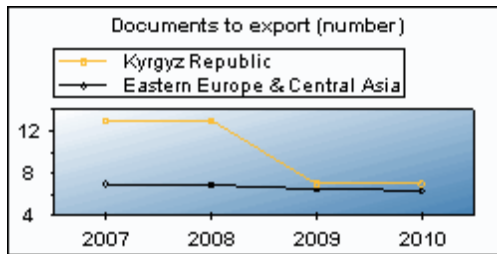
* The following economies are also good practice economies for :

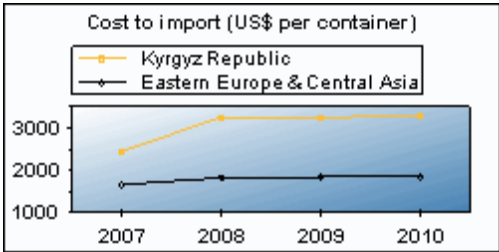
Time to export (days): Estonia

2. Historical data: Trading Across Borders in Kyrgyz Republic

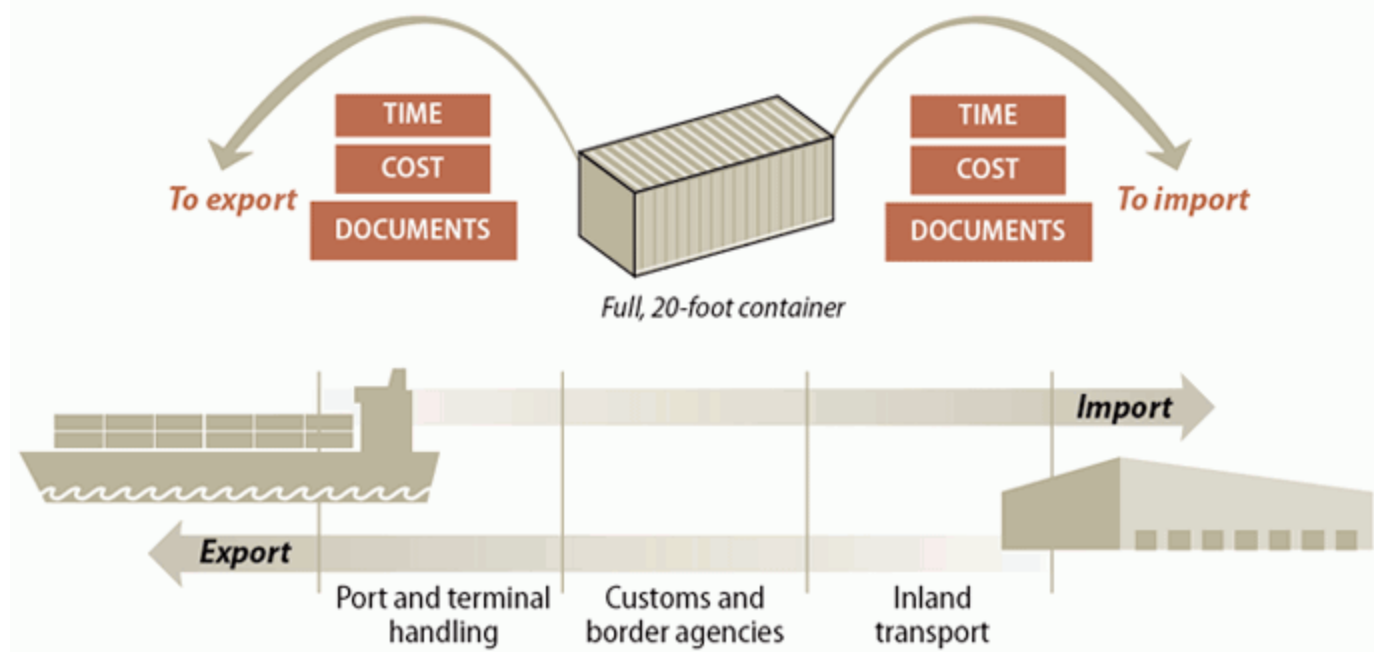
Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	155	156
Cost to export (US\$ per container)	2500	3000	3000	3010
Cost to import (US\$ per container)	2450	3250	3250	3280
Documents to export (number)	13	13	7	7
Documents to import (number)	13	13	7	7
Time to export (days)	64	64	63	63
Time to import (days)	75	75	72	72

3. The following graphs illustrate the Trading Across Borders sub indicators in Kyrgyz Republic over the past 4 years:





How much time, how many documents and what cost to export and import across borders by ocean transport?



These tables list the procedures necessary to import and export a standardized cargo of goods in Kyrgyz Republic. The documents required to export and import the goods are also shown.

Nature of Export Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	23	210
Customs clearance and technical control	3	200
Ports and terminal handling	3	100
Inland transportation and handling	34	2500
Totals	63	3010

Nature of Import Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	25	310
Customs clearance and technical control	11	370
Ports and terminal handling	3	100
Inland transportation and handling	33	2500
Totals	72	3280

Documents for Export and Import

Export

Transit document (schedule of transit)
Bill of lading
Certificate of origin
Commercial invoice
Contract
Customs export declaration
Terminal handling receipts

Import

Transit document (schedule of transit)
Terminal handling receipts
Bill of lading
Certificate of origin
Commercial invoice
Customs import declaration
Certificate of conformity

Well functioning courts help businesses expand their network and markets. Where contract enforcement is efficient, firms have greater access to credit and are more likely to engage with new borrowers or customers. *Doing Business* measures the efficiency of the judicial system in resolving a commercial sale dispute before local courts. Following the step-by-step evolution of a standardized case study, data relating to the time, cost and procedural complexity of resolving a commercial lawsuit are collected through study of the codes of civil procedure and other court regulations, as well as through surveys completed by local litigation lawyers (and, in a quarter of the countries, by judges as well).

Some reform outcomes

In Rwanda the implementation of specialized commercial courts in May 2008 resulted in a significant decrease of the case backlog, and contributed to reduce the time to resolve a commercial dispute by nearly 3 months.

In Austria a "data highway" for the courts that allows attachments to be sent electronically has produced savings of €4.4 million in postage alone.

What do the Enforcing Contracts indicators measure?

Enforcing Contracts: resolving a commercial dispute through the courts

Rankings are based on 3 subindicators

Procedures to enforce a contract (number)

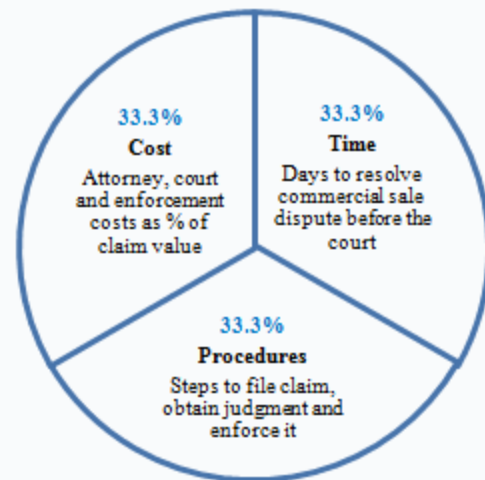
- Any interaction between the parties in a commercial dispute, or between them and the judge or court officer
- Steps to file the case
- Steps for trial and judgment
- Steps to enforce the judgment

Time required to complete procedures (calendar days)

- Time to file and serve the case
- Time for trial and obtaining judgment
- Time to enforce the judgment

Cost required to complete procedures (% of claim)

- No bribes
- Average attorney fees
- Court costs, including expert fees
- Enforcement costs



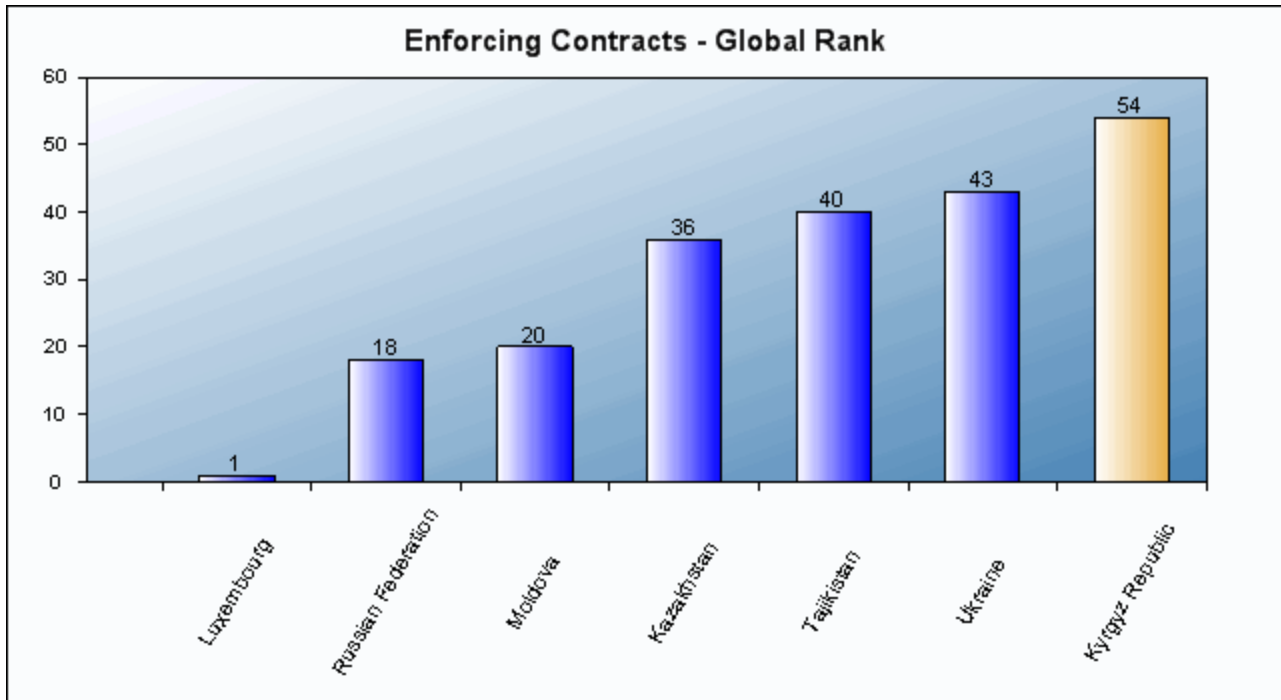
Case Study Assumptions

- Seller and Buyer are domestic companies
- Buyer orders custom-made goods, then does not pay
- Seller sues Buyer before competent court
- Value of claim is 200% of GNI per capita
- Seller requests pre-trial attachment to secure claim
- Dispute on quality of the goods requires expert opinion
- Judge decides in favor of Seller, no appeal
- Seller enforces judgment through a public sale of Buyer's movable assets.

1. Benchmarking Enforcing Contracts Regulations:

Kyrgyz Republic is ranked 54 overall for Enforcing Contracts.

Ranking of Kyrgyz Republic in Enforcing Contracts - Compared to good practice and selected economies:



The following table shows Enforcing Contracts data for Kyrgyz Republic compared to good practice and comparator economies:

Good Practice Economies	Procedures (number)	Time (days)	Cost (% of claim)
Bhutan			0.1
Ireland	20		
Singapore		150	

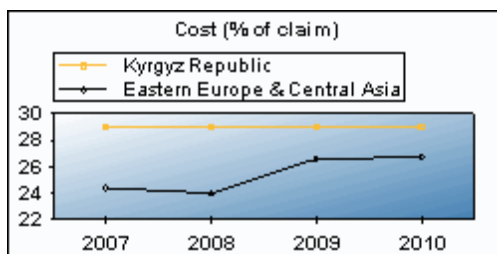
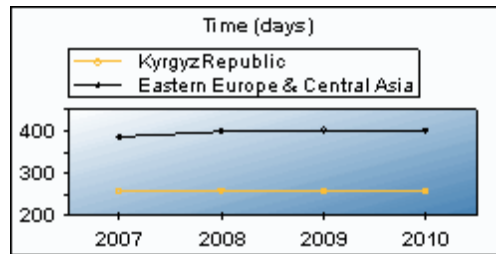
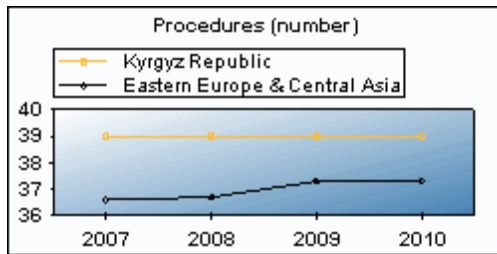
<i>Selected Economy</i>			
Kyrgyz Republic	39	260	29.0

<i>Comparator Economies</i>			
Kazakhstan	38	390	22.0
Moldova	31	365	20.9
Russian Federation	37	281	13.4
Tajikistan	34	430	25.5
Ukraine	30	345	41.5

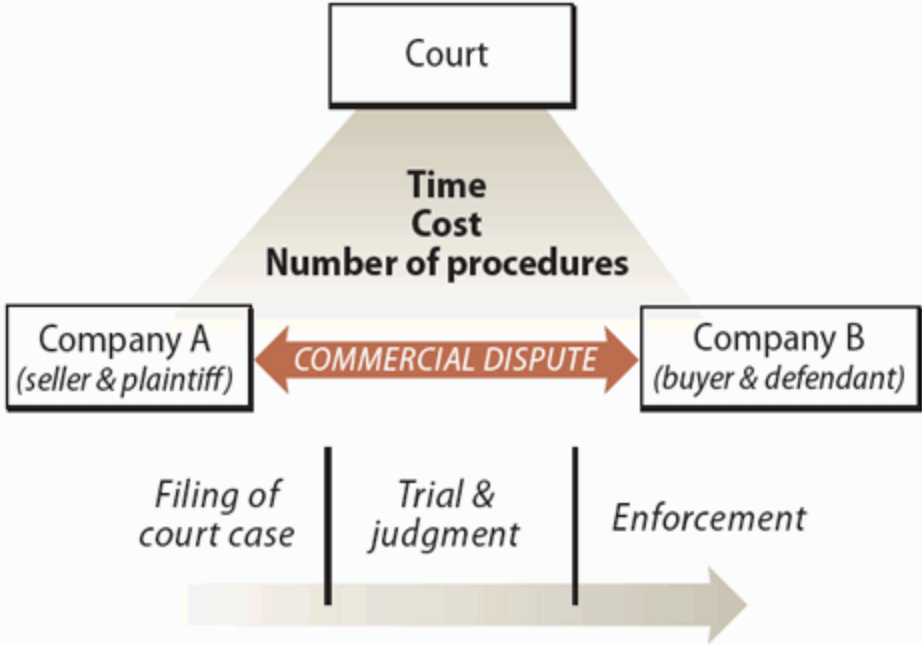
2. Historical data: Enforcing Contracts in Kyrgyz Republic

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	54	54
Procedures (number)	39	39	39	39
Time (days)	260	260	260	260
Cost (% of claim)	29.0	29.0	29.0	29.0

3. The following graphs illustrate the Enforcing Contracts sub indicators in Kyrgyz Republic over the past 4 years:



What are the time, cost and number of procedures to resolve a commercial dispute through the courts?



This topic looks at the efficiency of contract enforcement in Kyrgyz Republic.

Nature of Procedure (2010)	Indicator
Procedures (number)	39
Time (days)	260
Filing and service	20.0
Trial and judgment	90.0
Enforcement of judgment	150.0
Cost (% of claim)*	29.00
Attorney cost (% of claim)	7.0
Court cost (% of claim)	12.0
Enforcement Cost (% of claim)	10.0

Court information: Bishkek Inter-District Court on ("Бишкекский Межрайонный суд по экономическим
Economic Disputes делам")

* Claim assumed to be equivalent to 200% of income per capita.

A robust bankruptcy system functions as a filter, ensuring the survival of economically efficient companies and reallocating the resources of inefficient ones. Fast and cheap insolvency proceedings result in businesses' speedy return to normal operation and increase returns to creditors. By improving the expectations of creditors and debtors about the outcome of insolvency proceedings, well-functioning insolvency systems can facilitate access to finance, save more viable businesses, and thereby improve growth and sustainability in the economy overall.

Some reform outcomes

A study of the 2005 bankruptcy reform in Brazil found that it had led to an average reduction of 22% in the cost of credit for Brazilian companies, a 39% increase in overall credit and a 79% increase in long-term credit in the economy. The purpose of the reform was to improve creditor protection in insolvency proceedings.

Following the introduction of debtor-in-possession reorganizations in Korea in 2006, the number of reorganization filings increased from 76 in 2006 to 670 in 2009.

What does the Closing a Business indicator measure?

Closing a Business: insolvency proceedings against local company

Time required to recover debt (years)

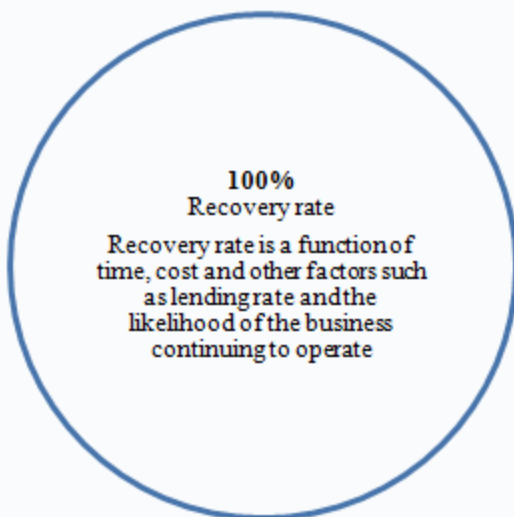
- Measured in calendar years
- Appeals and requests for extension are included

Cost required to recover debt (% of debtor's estate value)

- Measured as percentage of estate value
- Court fees
- Fees of insolvency administrators
- Lawyers' fees
- Assessors' and auctioneers' fees
- All other fees and costs

Recovery rate for creditors (cents on the dollar)

- Measures the cents on the dollar recovered by creditors
- Present value of debt recovered
- Costs of the insolvency proceedings are deducted
- Depreciation of furniture is taken into account
- Outcome for the business (survival or not) affects the maximum value that can be recovered



Case Study Assumptions

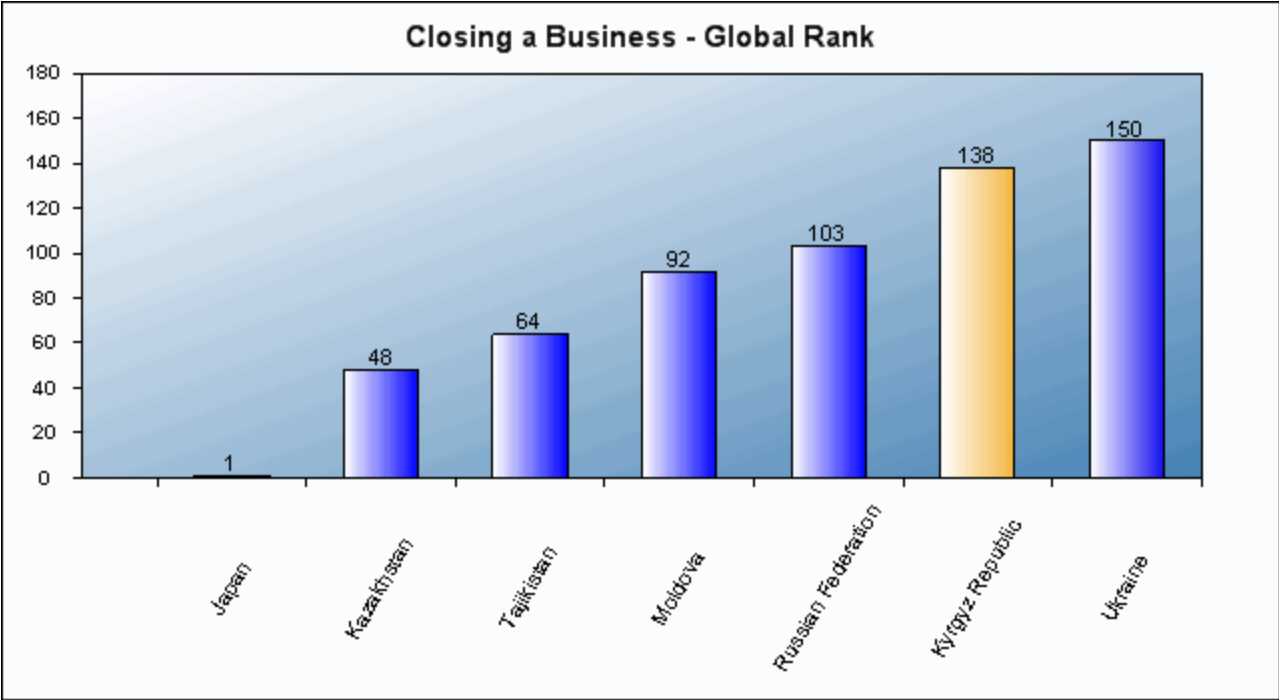
The Company

- is domestically owned
- is a limited liability company operating a hotel
- operates in the economy's largest business city
- has 201 employees, 1 secured creditor and 50 unsecured creditors
- has a higher value as a going concern and a lower value in a piecemeal sale of assets

1. Benchmarking Closing Business Regulations:

Kyrgyz Republic is ranked 138 overall for Closing a Business.

Ranking of Kyrgyz Republic in Closing Business - Compared to good practice and selected economies:



The following table shows Closing Business data for Kyrgyz Republic compared to good practice and comparator economies:

Good Practice Economies	Recovery rate (cents on the dollar)	Time (years)	Cost (% of estate)
Ireland		0.4	
Japan	92.7		
Singapore*			1

<i>Selected Economy</i>			
Kyrgyz Republic	15.3	4.0	15

<i>Comparator Economies</i>			
Kazakhstan	43.3	1.5	15
Moldova	28.2	2.8	9
Russian Federation	25.3	3.8	9
Tajikistan	37.4	1.7	9
Ukraine	7.9	2.9	42

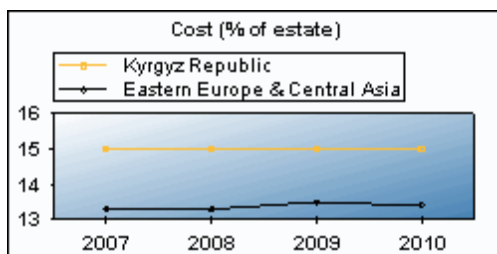
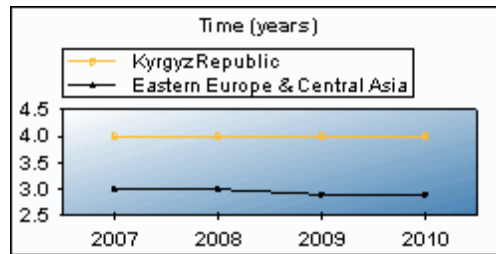
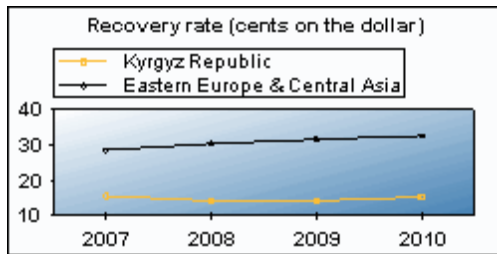
* The following economies are also good practice economies for :

Cost (% of estate): Colombia, Kuwait, Norway

2. Historical data: Closing Business in Kyrgyz Republic

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	139	138
Time (years)	4.0	4.0	4.0	4.0
Cost (% of estate)	15	15	15	15
Recovery rate (cents on the dollar)	15.6	14.2	14.2	15.3

3. The following graphs illustrate the Closing Business sub indicators in Kyrgyz Republic over the past 4 years:



Since 2004 Doing Business has been tracking reforms aimed at simplifying business regulations, strengthening property rights, opening access to credit and enforcing contracts by measuring their impact on 10 indicator sets . * Nearly 1,000 reforms have had an impact on these indicators. *Doing Business 2011*, covering June 2009 to June 2010, reports that 117 economies implemented 216 reforms to make it easier to start a business. 64% of economies measured by Doing Business have reformed this year, focusing on easing business start-up, lightening the tax burden, simplifying import and export regulations and improving credit information systems.

The top 10 most-improved in Doing Business 2011

Economy	Indicator									
	Starting a Business	Dealing with Construction Permits	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Closing a Business	Employing Workers
Kazakhstan	✓	✓				✓	✓			
Rwanda		✓		✓			✓			
Peru	✓	✓	✓				✓			
Vietnam	✓	✓		✓						
Cape Verde	✓		✓				✓			
Tajikistan	✓				✓		✓			
Zambia	✓						✓	✓		
Hungary		✓	✓				✓			✓
Grenada	✓		✓				✓			
Brunei Darussalam	✓						✓	✓		

 Positive Change
 Negative Change

* For *Doing Business 2011* the Employing Workers indicator is not included in the aggregate ease of doing business ranking.

Summary of changes to business regulation in top 10 most improved economies in *Doing Business 2011* and selected comparator economies.

Brunei Darussalam	Brunei Darussalam made starting a business easier by improving efficiency at the company registrar and implementing an electronic system for name searches. Brunei Darussalam reduced the corporate income tax rate from 23.5% to 22% while also introducing a lower tax rate for small businesses, ranging from 5.5% to 11%. The introduction of an electronic customs system in Brunei Darussalam made trading easier.
Cape Verde	Cape Verde made start-up easier by eliminating the need for a municipal inspection before a business begins operations and computerizing the system for delivering the municipal license. Cape Verde eased property registration by switching from fees based on a percentage of the property value to lower fixed rates. Cape Verde abolished the stamp duties on sales and checks.
Grenada	Grenada eased business start-up by transferring responsibility for the commercial registry from the courts to the civil administration. The appointment of a registrar focusing only on property cut the time needed to transfer property in Grenada by almost half. Grenada's customs administration made trading faster by simplifying procedures, reducing inspections, improving staff training and enhancing communication with users.
Hungary	Hungary implemented a time limit for the issuance of building permits. Hungary reduced the property registration fee by 6% of the property value. Hungary simplified taxes and tax bases. Amendments to Hungary's bankruptcy law encourage insolvent companies to consider reaching agreements with creditors out of court so as to avoid bankruptcy.
Kazakhstan	Kazakhstan eased business start-up by reducing the minimum capital requirement to 100 tenge (\$0.70) and eliminating the need to have the memorandum of association and company charter notarized. Kazakhstan made dealing with construction permits easier by implementing a one-stop shop related to technical conditions for utilities. Kazakhstan strengthened investor protections by requiring greater corporate disclosure in company annual reports. Kazakhstan speeded up trade through efforts to modernize customs, including implementation of a risk management system and improvements in customs automation.
Kyrgyz Republic	The Kyrgyz Republic eased business start-up by eliminating the requirement to have the signatures of company founders notarized. The Kyrgyz Republic streamlined insolvency proceedings and updated requirements for administrators, but new formalities added to prevent abuse of proceedings made closing a business more difficult.
Moldova	Moldova reduced employer contribution rates for social security.
Peru	Peru eased business start-up by simplifying the requirements for operating licenses and creating an online one-stop shop for business registration. Peru streamlined construction permitting by implementing administrative reforms. Peru introduced fast-track procedures at the land registry, cutting by half the time needed to register property. Peru made trading easier by implementing a new web-based electronic data interchange system, risk-based inspections and payment deferrals.
Russian Federation	Russia eased construction permitting by implementing a single window for all procedures related to land use. Russia introduced a series of legislative measures in 2009 to improve creditor rights and the insolvency system.
Rwanda	Rwanda made dealing with construction permits easier by passing new building regulations at the end of April 2010 and implementing new time limits for the issuance of various permits. Rwanda enhanced access to credit by allowing borrowers the right to inspect their own credit report and mandating that loans of all sizes be reported to the central bank's public credit registry. Rwanda reduced the number of trade documents required and enhanced its joint border management procedures with Uganda and other neighbors, leading to an improvement in the trade logistics environment.
Tajikistan	Tajikistan made starting a business easier by creating a one-stop shop that consolidates registration with the state and the tax authority. Tajikistan strengthened investor protections by requiring greater corporate disclosure in the annual report and greater access to corporate information for minority investors. Tajikistan lowered its corporate income tax rate.

Ukraine	Ukraine eased business start-up by substantially reducing the minimum capital requirement. Ukraine made dealing with construction permits easier by implementing national and local regulations that streamlined procedures. Ukraine eased tax compliance by introducing and continually enhancing an electronic filing system for value added tax.
Vietnam	Vietnam eased company start-up by creating a one-stop shop that combines the processes for obtaining a business license and tax license and by eliminating the need for a seal for company licensing. Vietnam made dealing with construction permits easier by reducing the cost to register newly completed buildings by 50% and transferring the authority to register buildings from local authorities to the Department of National Resources and Environment. Vietnam improved its credit information system by allowing borrowers to examine their own credit report and correct errors.
Zambia	Zambia eased business start-up by eliminating the minimum capital requirement. Zambia eased trade by implementing a one-stop border post with Zimbabwe, launching web-based submission of customs declarations and introducing scanning machines at border posts. Zambia improved contract enforcement by introducing an electronic case management system in the courts that provides electronic referencing of cases, a database of laws, real-time court reporting and public access to court records.



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