

# THE 2010 ANNUAL REPORT OF THE BOARD OF THE INTERNATIONAL BUSINESS COUNCIL

October 2009 – November 2010



# LETTER OF SUBMISSION

## BOARD OF THE INTERNATIONAL BUSINESS COUNCIL

*Bishkek, November 25, 2010*

*Dear IBC Members,*

*We have the honor to submit to you the 2008 Annual Report of the Board of the International Business Council, the 7th such report.*

*Respectfully,*

*Hugh McKinnon, Director, Kentor Gold, Chairman of IBC Management Board*

*Ulanbek Akmatbaev, General Director, Reemtsma-Kyrgyzstan JSC, First Deputy Chairman of IBC Management Board*

*Stephan Wagner, Partner, Lorenz Law Firm, Second Deputy Chairman of IBC Management Board*

*Gulnara Shamshieva, General Manager, Micro credit Company Bai-Tushum and Partners, IBC Board Member*

*Kwang Young Choi, Kyrgyz Investment Credit Bank, IBC Board Member*

*Ainura Abdugarimova, Deputy General Director on Finance, Gazprom neft Azia, IBC Board Member*

*Robert Wunder, President, Kumtor Operating Company, IBC Board Member*

*Ian Claytor, General Director, Celestial Mountains Tour Company, IBC Board Member*

## **1. Introduction**

The Board is pleased to report that during the last 12 months the IBC has maintained its position as the leading and most influential business association. This follows a period of an unprecedented growth since establishment in 2000. Although this year was an extreme emergency year for Kyrgyzstan due to political instability and escalation of violence, we are pleased to report progress in all aspects of the IBC's work including membership, financial stability, lobbying and advocacy, and being seen as a credible and respected partner by the Kyrgyz government, ministries, president administration and other state institutions in all matters affecting the business. In 2011 IBC will continue to strive to be the voice of the business community, further strengthening its position and ability to influence the authorities to ensure a better business environment for the growth of existing business and for the attraction of new investors, thus promoting the economic development of the Kyrgyz Republic.

Political and social instability in 2010 provided extreme challenges for the Kyrgyz business community; however IBC succeeded in establishing good and fruitful cooperation and partnership with new government and political leaders. Being absolutely apolitical, IBC concentrated on pursuing its mission to promote attractive investment climate and conducive business environment. Immediately after the April events, IBC was actively involved in resolving issues on supporting of the businesses which suffered from looting, issues of closed borders, raiding, violence of the private property rights and many others. IBC as a professional organization always focused on its main mission and has repeatedly stated its readiness to work with any government to promote improvements in the investment climate.

The Board of International Business Council reports each year on the activities within the past year.

This report covers the period between October 2009 and November 2010 and includes following sections:

1. Achievements – Business Environment
2. Achievements – Internal IBC
3. Membership Development
4. Achievements – IBC Outreach
5. Committee Activities
6. Annexes

## **2. Achievements – Business Environment**

### **2.1 The Business Agenda**

IBC's 'Business Agenda' continues to be recognized as a credible guide for improving the environment for investment. Issues include 'Safety & Security'; 'Transparent Government'; 'Independent Courts'; 'Quality Education'; 'Fair Taxation'; 'No Corruption'; and 'Effective Regulation'. Right after the April events, the business agenda issues become even more of a priority for the business community, as confirmed by the IBC investment survey conducted in May. During the first days after the revolution the IBC Board developed and published an appeal to the interim government stressing the main concerns and issues of the Business agenda. IBC will continue to promote the Business Agenda in partnership with other organizations, as a means of securing wider support from citizens to lobby government on these issues. IBC continues to work with and seek the partnership of international donors in addressing those issues of the Business Agenda where our efforts have been limited by financial constraints.

### **2.2 Law on Inspections**

IBC closely cooperates with other business associations and international projects on optimization and proper implementation of the law on Inspections. IBC together with GTZ (the international aid organization of the German Government) initiated several meetings and discussions involving both business community as well as prosecutor office. The law on inspections was a main agenda of the meeting of the Consultative council under the prosecutor's office in Osh last November, and an Open meeting in May 2010. As a result of the Open meeting the Ministry of Economic Regulations initiated optimization of the law on inspections by waiving out registration of inspections within the General Prosecutor office and including the Tax Inspection into the list of inspection organizations. Although all state organizations agreed on this decision, until now this issue has not been resolved.

Reform of the inspection process remains one of the main topics within the agenda of the Business Development and Investments Council under the Government of the KR.

### **2.3 Private Property Rights Protection**

Last year IBC with support of GTZ conducted a survey on Property Rights Protection in the KR. The final results and outcomes of the survey were discussed at the IBC Open meeting in February 2010. Taking into account all comments and amendments proposed during the Open meeting, IBC launched publication of the final survey results in English and Russian. The publication was widely distributed among the courts, ministries, law enforcement, libraries, Parliament and other stakeholders.

After the April 7, the issue of property rights protection became even more of a priority. IBC immediately responded through publication of open letters stressing the importance of the rule of law and protection of property rights to keep and attract foreign investment in Kyrgyzstan. During the first meeting of the Business Development and Investments Council in August 2010, IBC raised issues of property rights protection as key priority for the business community.

## **2.4 Tax Code and Social Fund regulations**

Although the new Tax code was introduced in the beginning of 2009, there are still a lot of gaps and administration issues which create serious barriers for business development. In 2010, the IBC, in cooperation with other business associations' actively lobbied to optimize and improve tax regulation and administration. In addition to tax reform, IBC promoted improvement of the social fund regulations. IBC conducted and participated at a number of meetings and discussions of the tax and social fund system. Several joint appeal letters explaining the problems and proposing resolutions were developed and submitted to relevant high profile state organizations. Moreover, in order to establish a closer relationship and actively contribute to the tax reform, IBC became a member of the Public Advisory council under the State Tax Service.

## **2.5 Mining Law Revision**

Since last year the IBC Mineral Resources Committee (MRC) has worked very hard to contribute to the development of appropriate mining legislation. The main state partner for the MRC faced significant reforms and has become the ministry of Natural Resources with wider powers and responsibilities. IBC was in very close contact with both the previous and current managements of the Ministry.

In April 2010, the Ministry submitted a package of six laws regulating mining industry to the Parliament. However due to the revolution and dissolution of Parliament the package was not approved.

Currently IBC, in cooperation with the Ministry, is intensively revising the mining law package and which will be submitted to the new Parliament. Moreover, according to the decision of the first meeting of the Business Development and Investments Council, IBC initiated and established the interdepartmental working group to monitor development of the mining industry in Kyrgyzstan.

IBC has had several meetings with the previous and current management of the Ministry of Natural Resources and will continue to facilitate and strengthen the process of partnership for the benefit of the industry.

## **2.6 Cooperation with law enforcement**

The IBC continues close relationship with law enforcement agencies, mainly with the General Prosecutor's office under the initiative of the Consultative Council. IBC, being co-chairman with the General Prosecutor within the Consultative Council, conducted several meetings to discuss issues relevant to the conduct of inspections and the role of the prosecutor offices. With support of GTZ and the office of the Osh Governor, IBC conducted a special meeting of the Consultative Council under the General Prosecutor's office in Osh in November 2009. The meeting participants discussed issues faced by the southern business community in relation to the enforcement agencies.

After the revolution the IBC arranged an extraordinary meeting of the Consultative Council in order to provide a response to a number of cases of alleged illegal seizure of properties. A meeting with the First Deputy General Prosecutor provided answers to questions raised by the businessmen who had been affected. In addition, the GP office launched a special hot line in order to respond to any cases of alleged illegal property rights violation.

## **2.8 Business and Investments Development Council under the Government of the Kyrgyz Republic**

IBC always was a very close partner and active member of the Investment Council under the President of the Kyrgyz Republic. However, after the April revolution and departure of the President, the council temporarily changed the format of work and re-emerged as the Business and Investments Development Council under the Government of the KR (BIDC). The IBC was one of the active initiators of the new council. In August 2010 the BIDC conducted the first meeting under the chairmanship of President Otunbaeva. The first meeting discussed issues of:

- property rights protection
- proper management of nationalized property
- inspections of business
- public private partnerships
- transparency of the mining industry and
- reform of the tax and social fund regulations.

IBC is actively taking part in and monitoring the implementation of the Councils' decisions.

## **2.9 Interdepartmental commission on optimization of business legislation**

The Executive Director of the IBC is an official member with voting rights on the Interdepartmental commission on optimization of business legislation under the Prime Minister of the KR. The main objective of this commission is to provide thorough analysis of all existing and newly initiated legislation relevant to regulation of the business environment. According to law, all business related legislation has to pass through an analysis of the regulatory impact. A special expert group provides analysis of and justification for the need for permits and licenses. The members of the commission have to consider recommendations of the expert group and vote for the appropriate decision. The IBC participates in the commission and votes for acceptance or rejection of the permissions and licenses. The last phase of the optimization reform was finished on March 2010. At the end of March, IBC conducted an Open Meeting providing the main results and discussing the economic effect of the optimizations reforms towards business environment. Unfortunately, after the April events the commission was dissolved and further implementation of the initiative postponed.

## **2.10 Advisory public council under the State Tax Service**

The chairman of the State Tax Service initiated establishment of the Advisory Public Council under the State Tax Service. The IBC together with other business associations became a permanent member of the Council. The main objective of the council is to develop and define tax policy in permanent consultation process with the business community.

The first meeting of the Advisory Council was conducted in June 2010. IBC proposed several topics to be considered at the first meeting: the introduction of the electronic submission of the tax reports and introduction of inspections on the basis of risk analysis. According to the State Tax Service, both initiatives are in the process of implementation. The EU (European Union) and the IMF (International Monetary Fund) are the main counterparts to implement these initiatives.

## **2.11 Legislative working group under the Ministry of Justice**

The referendum in June adopted a new Constitution. According to the new constitution Kyrgyzstan became a Parliamentary republic with concentration of executive power with the Prime Minister and monitoring by Parliament. The Ministry of Justice initiated establishment of a permanent working group which will work on adapting the current legislation and developing new laws in order to ensure all legislation is in accordance with new constitution. The IBC was included into the working group in order to promote business concerns and interests within the legislative process. In addition to 60 laws and subordinate legislation which will be developed by the working group, the IBC initiated development of a new law on Property and initiated revision of the mining law package. Currently the working group regularly meets and conducts public hearings on the new legislation. IBC is actively participating in the process, closely involving specialists from the business community.

## **3. Achievements – Internal IBC**

### **3.1 IBC projects**

In addition to the main operational and institutional activities, IBC has always been involved in the implementation of projects with support of international development or donor organizations.

#### ***“Survey on Property Rights Protection” / GTZ / 11,521 EUR***

Since October 2009 IBC implemented and finalized a project on conducting a Survey on Property Rights Protection with support of GTZ. In February 2010 IBC conducted an Open Meeting and presented results of the survey, which was published in March. IBC has now finalized the project and submitted executive and financial reports. The total budget of the project was 11,521 EUR. As project follow up activities, IBC is participating within the initiatives on improvement of the Property Rights Protection raised during the first meeting of the Business and Investment Development Council. In addition, IBC as a member of the legislative working group under the Ministry of Justice initiated development of the new draft law on Property.

#### ***“Reviewing and Disseminating Information on Trade Policy Regulations of WTO Members and Trade News in Central Asia” / USAID-RTL / 25,000 USD***

This project was launched in September 2009 and will last until May 2011. By the mid of March 2010, IBC had successfully implemented the first phase of the project, and as a follow up launched the second phase. In the framework of the project IBC developed and continuously updated and moderated a special page on its web site devoted to the latest amendments within the WTO. In addition, IBC developed and distributed a monthly e-bulletin with relevant information on WTO updates. The second phase involves additional events such as open meeting and several press cafes.

#### ***“Improving Investment Climate - Supporting Public-Private Partnership in Investment Policy and Promotion” / OSCE / 25,000 EUR***

This OSCE supported project was launched in March 2010 and will be finalized by the end of the current year. The main objective of the project is to reinforce

cooperation between the private sector and government authorities to contribute to the improvement of the investment climate in the KR. In the framework of the project, IBC strengthened the work of the Mineral Resource and Investments Committees. Additional surveys and several events were conducted. The latest issue of Investment Now which was devoted to the theme of Investment was funded in the frame of this project.

***“Strengthening Business Intermediary Organizations (BIOs) for Sustainable Economic Development in Kyrgyzstan and Central Asia” / EU / 512,000 EUR***

This project was approved by EC and IBC will start implementation of the project in the beginning of 2011. Duration of the project is 2 years. The main European project counterpart of the IBC is the European Center for Eco and Agro Tourism (ECEAT) with headquarters in Amsterdam. The local project partners are the Kyrgyz Association of Tour Operators (KATO) and the Kyrgyz Community Based Tourism Association (KCBTA). The main objective of the project is enhanced economic development of the tourism sector in Kyrgyzstan and Central Asia and specifically:

- strengthened and sustained capacity of Tourism BIO’s to promote their members’ interests and engage national and international tourism service providers; and,
- enhanced linkages between Kyrgyz, Central Asian and European tourism associations and tour operators.

***“Integrity Due Diligence - Transparency in business inspections in the Kyrgyz Republic” / UNDEF / 380,000 USD***

This project has not been finally approved yet. According to the UNDEF information, the final results will be announced by the end of 2010. This project was developed in cooperation with the Anticorruption Business Council (ABC). The main goal of the project is to design a binding policy for preventing violations during company inspections in line with UNCAC and standards of inspection procedures to be obeyed by all parties. The project seeks to computerize and automate the inspection process and to implement a feedback system.

### **3.2 Membership Development**

14 new members have joined IBC since October 2009. The list of new members is provided below:

1. Flexi Communication – Corporate D
2. Muza (DHL) – Corporate B
3. VIP Systems – Corporate D
4. Agrocoperation – Corporate D
5. Palladex-Geotechservice – Corporate C
6. Sky Mobile – Corporate A
7. Abdysh Ata – Corporate C
8. Dekaplus – Corporate D
9. Grundfoss – Associate
10. EI Group Consulting – Corporate D
11. Chanach LLC – Corporate C
12. Business Sphere LLC – Corporate C
13. HTLab – Associate
14. SHG Golden & Silver Ltd – Corporate D

As of November 2010, IBC has 145 members in total of which 96 are corporate members, 36 Associate members and 13 honorary members. The current IBC Membership List is given in Annex 2.

### **3.3 New status of the IBC**

In February 2010 IBC re-registered as an Association of Legal Entities. The new legal status allows IBC to unite and establish membership among legal entities. Under the old status, some of the potential IBC members faced problems during the application process. Therefore IBC decided to re-register as an association of legal entities. Since February 2010, new and old IBC members have started to sign revised membership agreements.

### **3.4 IBC magazine ‘Investment Now’**

The IBC magazine, ‘Investment Now’, was first published in July 2004 and has become a well established bi-lingual business journal published several times each year. The magazine is provided free of charge to IBC members and to all key individuals in Kyrgyz government and business as a means of presenting the case for improvement in the business environment. Attempts to find support from donors in order to grow it into separate self-sustainable IBC product were not successful. However, Investment Now issues have become partially self financing through advertising and financial support of the IBC members who have published their articles in the magazine. In order to optimize costs, IBC decided to launch the magazine only in case of full coverage of costs. Thus in 2010, IBC launched only two issues. One was issued in frame of the OSCE supported project. In future IBC decided to transfer of the IBC magazine into electronic format with online distribution channels.

### **3.5 Investor Survey**

The IBC Investor Survey has continued unchanged since June 2004 and is now seen as an invaluable tool for anyone analyzing the Kyrgyz business environment. The Board thanks all businesses who take part in the Survey and encourage wider involvement from business.

Due to objective variety of reasons the Investor Survey has been conducted among IBC members with some delays in 2009-2010. According to the last survey conducted in May 2010, all indicators of investment climate and economic status quo in the country have shown a sharp decline, triggering alarm among the business community. This situation was the result of events in Kyrgyzstan during the past several months.

### **3.6 Web Site**

IBC, within the framework of the Grant Program of Business Environment Improvement USAID Project, created a unified e-platform for exchange of economic and business information in Kyrgyzstan. The IBC website contains information on business legislation of the Kyrgyz Republic, current draft laws, and amendments to laws, analytical articles, and expert opinions. IBC products are posted on the website, including quarterly Investment Survey, “Law & Reality” newsletter, “IBC Events” newsletter and “Trade and WTO” newsletter. The IBC website reports the latest events from all over the country and news about our members & partners. The

website gives necessary information concerning some business conferences and events held in Kyrgyz Republic and neighboring countries. IBC members actively contribute to the section Expert Opinion on Legislation, and Analytics section. New sections were developed within the framework of the Grant Program of Business Environment Improvement USAID Project and more are planned to be developed during this year. The new section on job opportunities was launched to provide additional support to IBC members for recruiting process. The IBC website has been kept up to date and is now operational in English and Russian with open access to public information.

### **3.7 IBC weekly digest**

In October 2008, IBC launched the IBC weekly digest with detailed information on the events taken place during the past week. The weekly digest is an e-bulletin distributed by e-mail to all IBC members, with scope of brief information on IBC involved events. The weekly digest provides a quick report on and overview of IBC activities; in addition it announces the most important events for the coming week. All IBC members may seek additional information on the reported or announced event within the digest. IBC considers the weekly digest to be a good tool to provide additional visibility of the IBC's efforts and achievements.

### **3.8 Management/Advisor to the Executive Director – Support from German Government/CIM**

The Board thanks the German Government and the CIM Programme for continuing funding for an IBC Economic Advisor, Anita Richter, for another year between November 2010 and November 2011 following the initial 2 years from 2008 to 2010. In addition to this CIM sent Mr. Dieter Kloss to work with IBC as a Senior Strategic Advisor. However, due to personal reasons and the security situation in Kyrgyzstan, Mr. Kloss left after one month of IBC employment and was not able to continue his contract with IBC.

### **3.9 'Law & Reality'**

The bi-weekly electronic newsletter 'Law & Reality' (L&R), which started in early 2004, provides a valuable update and commentary for business on the most recent legislative changes. Development and publication of 'Law & Reality' has been supported by OSCE since its inception which allows it to be sent free of charge to all businesses in the Kyrgyz Republic who have an email address. As of 2007 it has been offered on a subscription basis to non-members.

Currently several IBC members are partner editors of L&R, they are Alpha Sheersfields Audit, Lorenz Law Firm, Egemberdieva & Partners, and Kalikova & Associates.

Currently L&R is an independent IBC issue and has no financial support from any other organizations.

### **3.10 Office**

The IBC office continues to be located in the Hyatt Regency Hotel.

## 4. Achievements – IBC Outreach

### Open Meetings:

#### **24.02.2010: IBC Open Meeting on protection of property rights in Kyrgyzstan**

The meeting was attended by the Jogorku Kenesh deputies Bumairam Mamaseyitova and Asylbek uulu Damirbek, expert of CADII investment and innovation department, Azamat Akeneev, representatives of the law enforcement agencies, international organizations, business community, and media.

Antonina Rybalkina, judge of the Bishkek City Court, informed on the problems of raiding and court rulings. Asan Kangeldiev, Senior Prosecutor of the Department of Supervision on implementation of law, General Prosecutor's Office, spoke about reinforcing property rights protection in Kyrgyzstan. Omurgul Balpanova, a lawyer from Kalikova & Associates, made a presentation on legal aspects of protection of intellectual rights. IBC Senior Lawyer Gulnara Akhmatova presented the results of the IBC survey on property rights protection in the Kyrgyz Republic. Proposals to improve the protection of property rights made by the participants of the meeting will be included in the IBC survey. As a result of the OM, IBC decided to establish a working group in order to pursue recommendations of the property rights protection survey and outcomes of the OM.

#### **30.03.2010: IBC Open Meeting "The economic effect of applying Regulatory Impact Analysis (RIA) methods in business."**

The IBC in conjunction with the USAID Business Environment Improvement (BEI) Project in the Kyrgyz Republic and the EU UNDP Parliament project conducted an Open Meeting.

Deputies of the Parliament, representatives of the Ministry of Economic Regulation, the Investment Council under the President of the Kyrgyz Republic and the Secretariat of the President of the Kyrgyz Republic, took part in the debates on this topic. The meeting was also attended by Cholpon Bayekova, Vice-Speaker of the Parliament of the Kyrgyz Republic, and Nursulu Akhmetova, Director of the USAID BEI Project and a member of the Interdepartmental Commission on RIA.

Deputy Minister of Economic Regulation, Sanjar Mukanbetov, informed about the aims and objectives of the Regulatory Impact Analysis in Kyrgyzstan. Marat Attokurov, Lawyer of the USAID BEI Project and Chairman of the Expert Group on RIA, made a presentation on the experience of RIA in Kyrgyzstan. President of the Association of Markets, Trade and Services, Sergey Ponomarev, reported on RIA in the local self-government system.

#### **23.04.2010: Open Meeting with Members of the Interim Government**

Chairman of the Interim Government Rosa Otunbayeva participated in the open meeting, at which leaders of the Interim Government and the representatives of the International Business Council discussed ways to cooperate on improving the economic situation in the country. The Head of Interim Government declared its commitment to the rule of law, protection of private property and foreign investment, the principles of socially oriented market economy. Ms. Otunbayeva urged participants to an open dialogue to build a democratic and prosperous State.

Business representatives talked about the problems in their companies after the events of April 7-8. The Chairman of the IBC Mineral Resources Committee informed about the difficulties faced by the companies operating in the mining sector, particularly in the Talas Oblast. A representative of Demir International Bank spoke

about the problems in the banking and finance sector, particularly after introduction of a moratorium on real estate transactions and freezing of bank accounts. The participants not only talked about the problems, but also suggested real ways out of the situation. For example, the president ITMC Tien-Shan company, speaking from the tourist sector, suggested to remove the visa regime for a number of developed countries, as well as to conduct a proactive information campaign.

***31.05.2010: IBC Open Meeting on “Registration of inspections by the prosecutor’s office”***

Presidential Decree No. 237 "On Introduction of Registration of Inspections of Business" was adopted May 14, 2009. This decree introduced the mandatory registration in the prosecutors' offices of all inspections by all state inspectorates, tax authorities and law enforcement agencies. More than a year has passed since the decree was issued. Is that measure advisable in the current economic situation? Has it reduced the business problems associated with conducting inspections? These and many other issues were discussed at the meeting attended by representatives of the Interim Government of the Kyrgyz Republic, the Ministry of Economic Regulation, the General Prosecutor Office, the State Tax Service, the USAID Business Environment Improvement Project and the IFC Investment Climate Advisory Services in the Kyrgyz Republic Project. The resolution of the meeting has been addressed to the Ministry of Economic Regulation.

***21.06.2010: IBC Open Meeting “Preparing for Constitutional Referendum”***

The meeting was held with the assistance of the UNDP Parliament Project. The meeting was attended by Omurbek Tekebayev, Chairman of the Constitutional Council, Deputy Chairman of the Provisional Government of the Kyrgyz Republic, Emil Umetaliev, Acting Minister of Economic Regulation of the Kyrgyz Republic, Jyldyz Mambetalieva, Deputy Minister of Justice of the Kyrgyz Republic, representatives of ministries and departments, as well as the IBC honorary members - the head of the embassies.

Businesses have received answers to questions concerning the activities of business and property rights, and whether the new Constitution will promote entrepreneurial activity. The Acting Minister of ER noted the changes concerning democracy and market economy. He drew attention to the eight articles of the draft Constitution that are relevant to a market economy, in particular articles relating to private property rights and the activities of state authorities. The meeting reviewed the conclusions of the Venice Commission on the draft Constitution and the conclusions of the independent expert Vakhtang Khmaladze, who participated actively in the work of the Constitutional Council.

***27.09.2010: IBC Open Meeting “Development prospects of the mining sector”***

The meeting was organized within the framework of the project supported by the OSCE Centre in Bishkek, in cooperation with the Ministry of Natural Resources of the Kyrgyz Republic. The key issue of the meeting was discussion the package of draft laws regulating the mining industry. The Open Meeting was attended by the Minister of Natural Resources of the KR, Kairat Jumaliyev, Deputy Minister of Natural Resources Leonid Oseledko, Deputy Minister of Economic Regulation, Sanjar Mukanbetov, President of Association of the miners and geologists of Kyrgyzstan, Orozbek Duisheev, as well as government representatives, international organizations, and members of the business community. The Deputy Minister of Natural Resources Leonid Oseledko informed about current status and perspectives of the mining legislation in Kyrgyzstan. Julian Woodcock, CEO of Gold Fields KR

LLC, a member of the IBC Mineral Resources Committee, reported on priority issues and prospects for the mining industry in Kyrgyzstan. IBC Senior Lawyer Gulnara Akhmatova presented the results of the latest IBC investment Survey.

#### **Other IBC meetings and events:**

##### ***JICA training course in Japan***

In November 2009 IBC's Executive Director participated at the JICA Training course on Development of the Economic Associations in Central Asia. The training course included general acknowledgement with the governance system in Japan, as well as meetings with business associations, chambers of commerce, state officials and businessmen in Japan. As a result of the course IBC developed an action plan to pursue improvement of its services and activities.

##### ***Meeting with Director of CADII***

In March 2010 IBC organized a meeting of its members with Maxim Bakiev the head of the Central Agency on Development Investments and Innovations. During the meeting IBC members met and discussed the main economic perspectives with Maxim Bakiev.

##### ***Press cafes on WTO and External Trade***

In July and September 2010 IBC conducted a series of Press cafes for representatives of mass media. These events were conducted in the framework of the USAID-RTLС supported project. During the press cafes, local mass media had a chance to intensively discuss with invited experts issues relevant to external import and export operations. The main topics covered the following issues: WTO, Customs Union, Closed borders, State Customs Service of the KR, One Stop Shop for customs clearances etc.

##### **Press conferences and other media events**

In 2009-2010 IBC participated in press-conferences and TV broadcasts. The main topics of the media events were the key priority problems faced by the Kyrgyz economic after the April events. Amongst the issues covered were: support of looted businesses, negative effect of the closed borders, influence of the political crisis on the tourist season, property rights protection and investment climate.

##### **International Donor Conference**

The IBC attended the International Donors Conference which discussed the issues of recovery, reconstruction and development of the southern regions of the country which suffered during the June events. The President highlighted the importance of committing to a long term engagement on reconciliation and recovery and pledged to ensure transparency and equity in delivering the much needed investment. In support of the Government's program and the proposals of the Joint Economic Assessment Group, the donor community pledged a total of \$1.1 billion over the next 30 months. Of this amount, about \$600 million is earmarked for the remaining months of 2010.

##### ***OECD Conference in Paris "Beyond the crisis"***

IBC participated at the conference "Beyond the crisis: policies to support development and competitiveness in Central Asia" held in Paris. The event was organized by the OECD, the OSCE, the European Union and GTZ. The Investment and Competitiveness Initiative for Central Asia was launched by the OECD and

OSCE in November 2008 in Berlin, Germany. It was later transformed into the OECD Central Asia (CA) Initiative as part of the OECD Eurasia Competitiveness Program (ECP). OECD experts work closely with governments, the private sector and civil society to design and implement tools and instruments that will lead to an improved business climate and contribute to higher growth and employment in different economies of Central Asia.

### ***Study tour of the European Training Foundation***

IBC participated in a training tour of the European Training Foundation in the Netherlands on the theme: "The role of social partners in the management of the sector of vocational education." IBC participated as a social partner of the employers. During the tour, IBC became acquainted with the education and training of professional personnel in the Netherlands, as well as the role and participation of business in the educational process. In future, IBC will take an active part in the reform of vocational education in Kyrgyzstan.

### ***Business Forum in Istanbul***

IBC members took part in the Kyrgyz-Turkish Business Forum, held in September in Istanbul, Turkey. The Forum, attended by President of the KR, was held under the auspices of the Turkey Industrialists' and Businessmen's Association (TUSIAD). At the forum, the Turkish side was represented by companies engaged in construction, agriculture and industry.

### ***The Kyrgyz North American Business Forum, New-York, USA***

The IBC Board Chairman participated in the Kyrgyz-North American Business Council held in New York (USA). The main topic of the meeting was "Stabilization today, prosperity tomorrow." The meeting brought together over 50 representatives from the private sector, media and civil society in the United States. The meeting was attended by the official delegation of Kyrgyzstan led by President Otunbayeva. The President of the Kyrgyz Republic informed the participants about the priority areas for the development of the investment potential of Kyrgyzstan. The Kyrgyz delegation presented the economic and investment opportunities in the country. IBC Board Chairman Hugh McKinnon made a presentation of investment opportunities of the mining industry in Kyrgyzstan.

### **Board and Committee Meetings:**

IBC Board meetings have been held monthly and minutes of all Board meetings are available upon request. IBC Committee meetings were also held on a regular basis. Some of the committees were more proactive, while some not. Minutes and other information are available on IBC website and/or upon request.

### **Social Events:**

In October 2010 IBC conducted the second IBC Golf Tournament. After the great success of the first IBC Golf Tournament, we decided to continue. The IBC Golf tournament is an event where members of the IBC as well as partners and friends may enjoy plying golf and building networks to strengthen business ties.

This year IBC will mark 10 years anniversary, in December 2010 we will have a anniversary party for all IBC members, partners and friends.

## **5. IBC Committee Activities**

IBC Committees continued to work during the year to focus on key sector issues. All were active in preparing Recommendations to Government and continued to be active in promoting their sector, lobbying for improvements in legislation and drafting legislation.

The most active IBC sub committee was the Mineral Resources Committee (MRC), this committee conducted more than 10 meetings, mainly discussing the package of draft laws regulating mining industry. Moreover, MRC initiated and conducted meetings with Ministers of the Natural Resources and initiated an open meeting to discuss the most vital mining development issues. MRC is also very actively participating and contributing to the work of the Council on Business and Investments Development under the Government of the KR. As a result of the first meeting of the Council, MRC members established and become active members of the Working Group headed by the Minister of Natural resources of the KR.

The Tax Committee, Tourism Committee and Investments committees conducted meetings irregularly depending on the current actuality of the committee theme.

The list of IBC committees:

- Industry, Export & Deregulation Committee
- Tourism Sector Committee
- Financial Sector Committee
- Tax, Customs & Social Fund Committee
- Mineral Resources Committee
- Investment Committee
- Information Communication and Technology committee

## **6. List of Annexes**

- Report of the Revision Committee
- Membership List as of August 2008