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KYRGYZ REPUBLIC

CASE STUDY

One-stop-shop Simplifies Registration

USAID helps the Kyrgyz Government simplify the registration process for new businesses



Clerks in the Bishkek One-stop-shop file registration into the electronic system for action by government processing bodies.
Photo: Pragma

“Registration process has become simpler, consumes less time and cost. One-stop-shop also allows applicants to avoid corrupt contacts with representatives of the involved bodies.”

-Bella Kazakova, specialist at the “Leks” corporation that helps entrepreneurs handle the registration

Challenge

Until recently, Kyrgyz entrepreneurs had to pass 8 different procedures, wait 15 to 20 days, and spend over \$115 in registration and processing fees to open a business. For a country with a \$590 per capita gross domestic product in 2007, it was a huge expense few could afford. The situation was further compounded by the “unofficial” fees entrepreneurs incurred in attempt to speed up complex procedures. This drove many nascent firms into the so-called “shadow economy” where businesses operated illegally or deterred aspiring entrepreneurs altogether.

Initiative

To simplify business registration and encourage the growth of entrepreneurship, the Government of Kyrgyzstan, together with USAID and the World Bank, launched a “100 Days of Reforms” campaign in spring 2008. The USAID Business Environment Improvement project helped the Kyrgyz government and business associations design a new law that completely revamped the approach to business registration in the country. The new law instituted a “one-stop shop” that moved the responsibility for routing an application to open a business from the entrepreneur to the government. To implement the “one-stop-shop,” the USAID project designed an electronic database that tracks information from applicants and allows state bodies to process and transfer company registration information to each other electronically. This enabled entrepreneurs to interact with one government body throughout the entire process instead of the previous eight. Additionally, the new law eliminated the requirements for a start-up business to have charter capital during registration and to obtain a permit for company stamps.

Result

The reformed system was rolled out in May 2008 in Bishkek city and seven provinces. Within the first five months, the “one-stop-shop” registered more than twice the number of new businesses compared to the same period in 2007. According to the Kyrgyz National Statistics Committee, the new system also saved over \$28,000 for the 1,700 companies registered in the country during that period. “Registration process has become simpler, consumes less time and cost,” says Bella Kazakova, specialist at the “Leks” corporation that helps entrepreneurs handle the registration process. “The “one-stop-shop” approach also allows applicants to avoid corrupt contacts with representatives of the involved government bodies.” These reforms have also been recognized by the World Bank’s annual Doing Business Report that has named Kyrgyzstan one of the world’s top three reformers in 2008.