



Comparing Business Regulation for Domestic Firms in 8 Kazakhstani Locations with 189 Other Economies

Astana - June 6, 2017



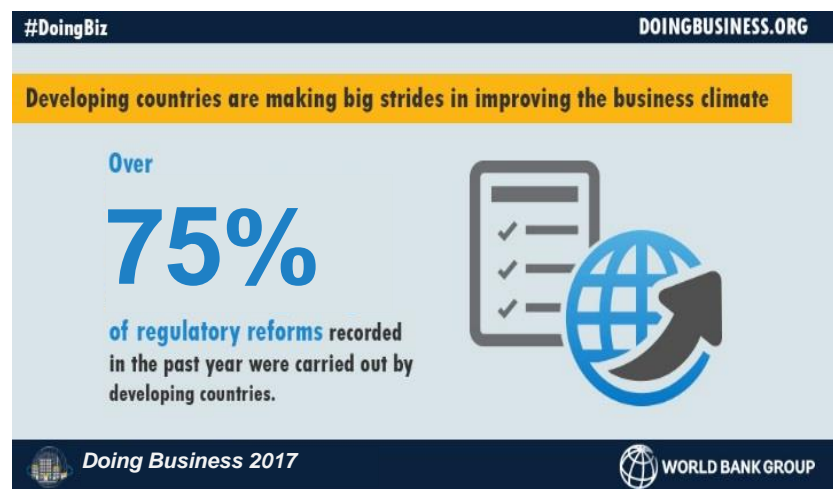
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Subnational Doing Business Unit
Global Indicators Group (Development Economics)

- I. About Subnational *Doing Business*
- II. *Doing Business in Kazakhstan 2017*: Main Findings
- III. Findings and Recommendations by Regulatory Area
- IV. The Way Forward



What does *Doing Business* measure?



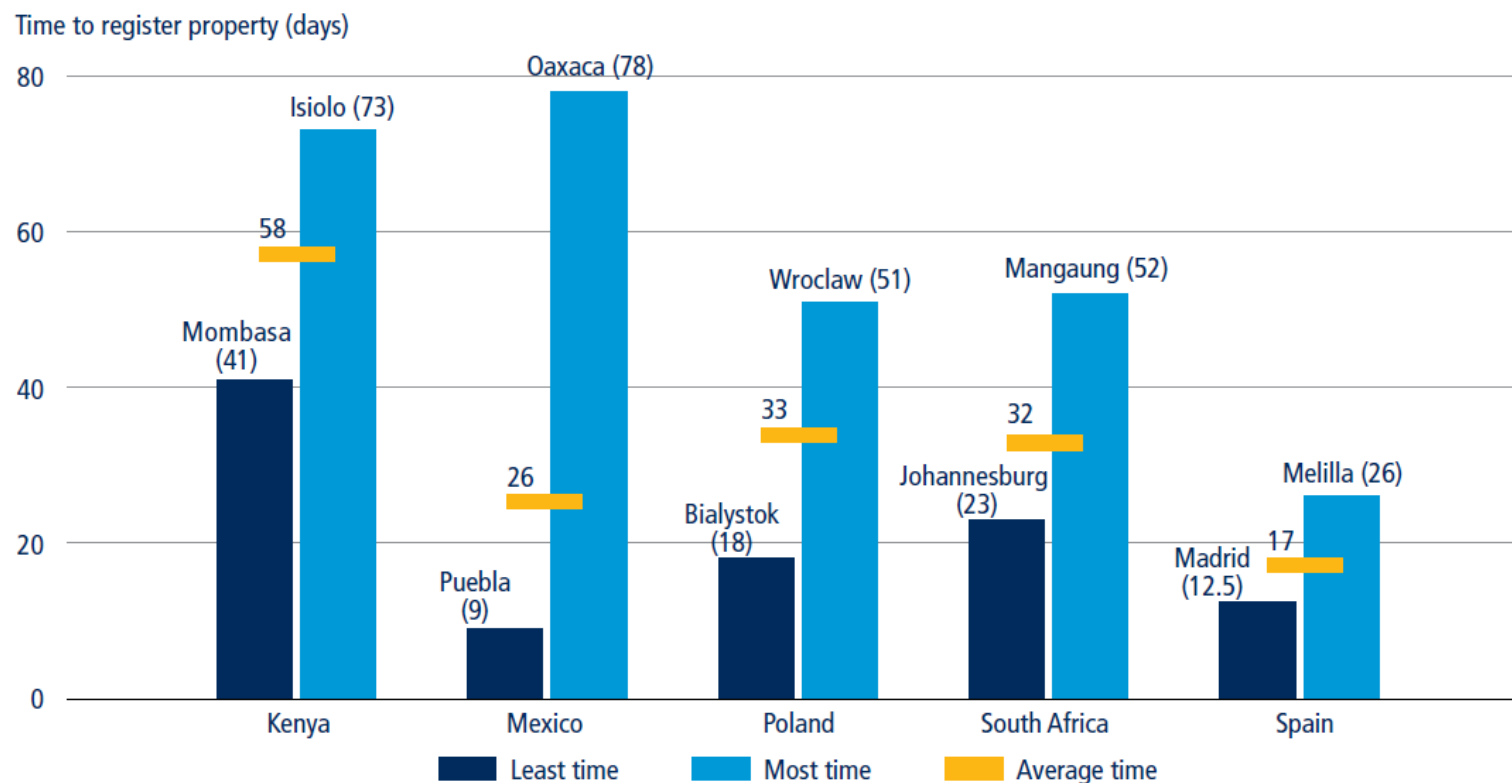
Doing Business indicators:

- Focus on **regulations** relevant to the life cycle of a domestic SME.
- Are built on **standardized** case scenarios.
- Are measured for the largest **business city** in each economy, and the 2nd largest business city in countries with more than 100 million inhabitants as of 2013.
- Are focused on the **formal** sector.

Subnational *Doing Business* :

- Goes **beyond** the largest business city
- Captures **local** differences
- Helps regions tell **their stories** and compete
- Provide **replicable** good practices
- Use media appeal & local government participation to **promote reform**

Different locations, different regulatory processes, same country

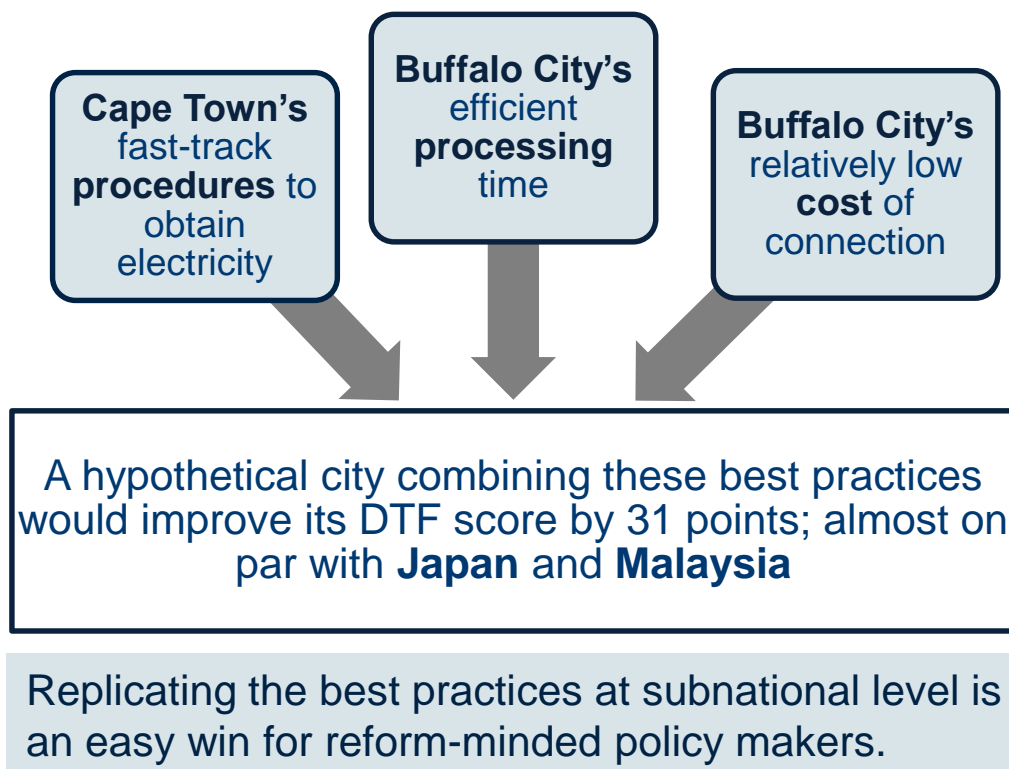


Source: Subnational *Doing Business* database.

Note: The average time shown for each economy is based on all locations covered by the data: 11 counties in Kenya in 2016, 32 states in Mexico in 2016, 18 cities in Poland in 2015, 9 cities in South Africa in 2015 and 19 cities in Spain in 2015.

Subnational *Doing Business* showcases significant potential for reform by emulation of best practices

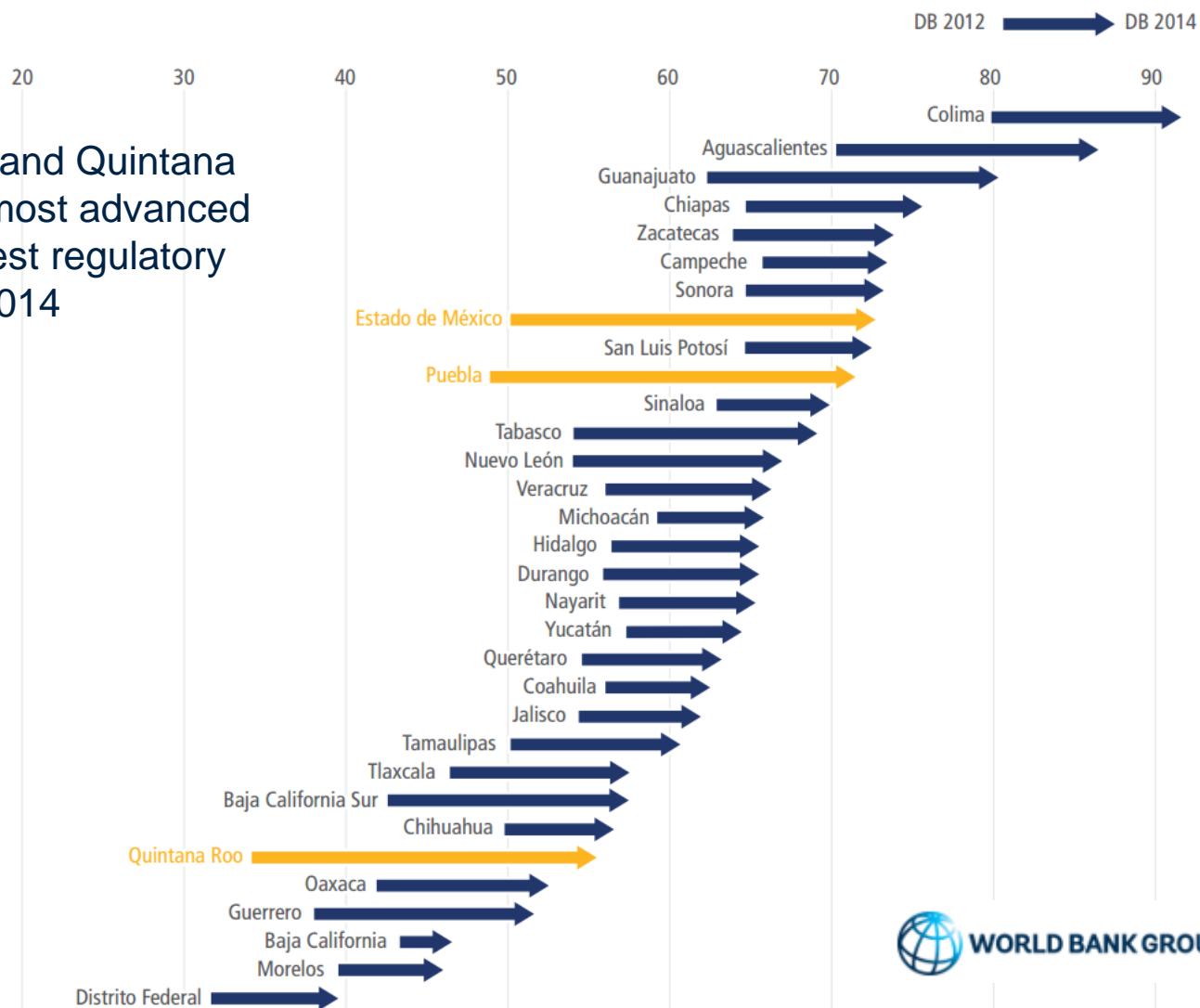
Sharing best practices on electricity connection in South Africa



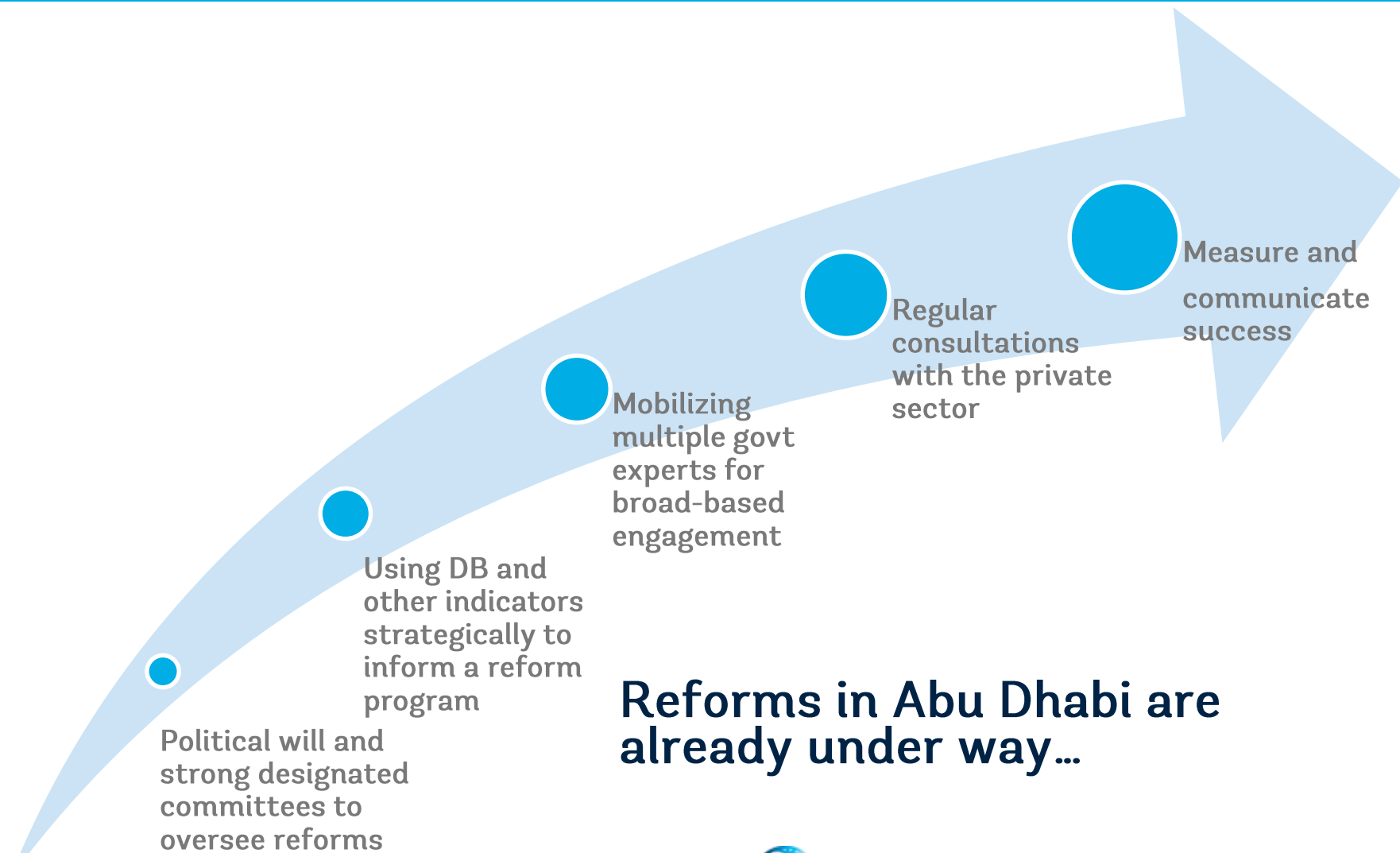
Source: Subnational *Doing Business* database

Subnational *Doing Business* measures progress over time

State of Mexico, Puebla and Quintana Roo are the states that most advanced towards the frontier of best regulatory practices from 2012 to 2014



Key aspects for long term success

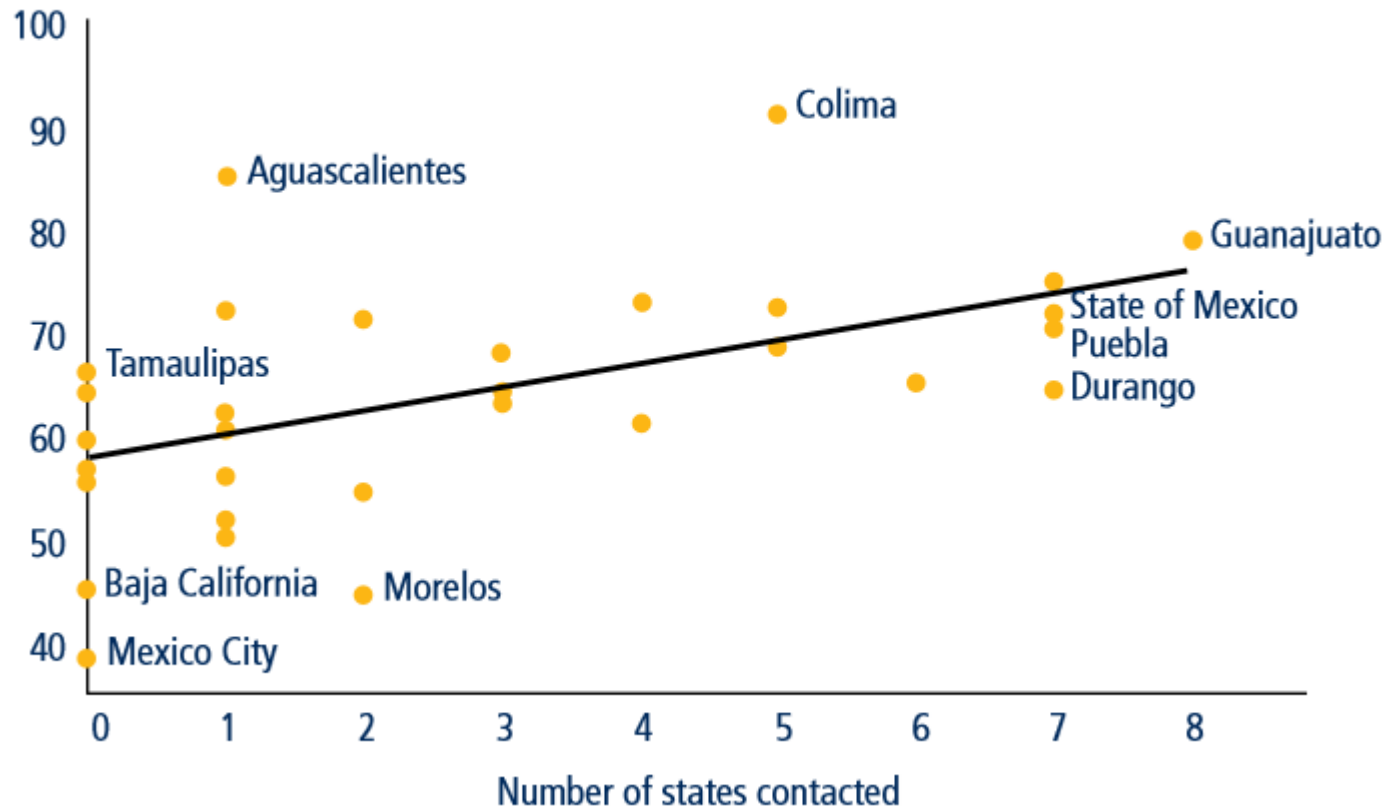


Reforms in Abu Dhabi are already under way...

Leveraging domestic best practices through knowledge exchange

An example from Mexico

Average distance to frontier score for the four areas measured (0–100)

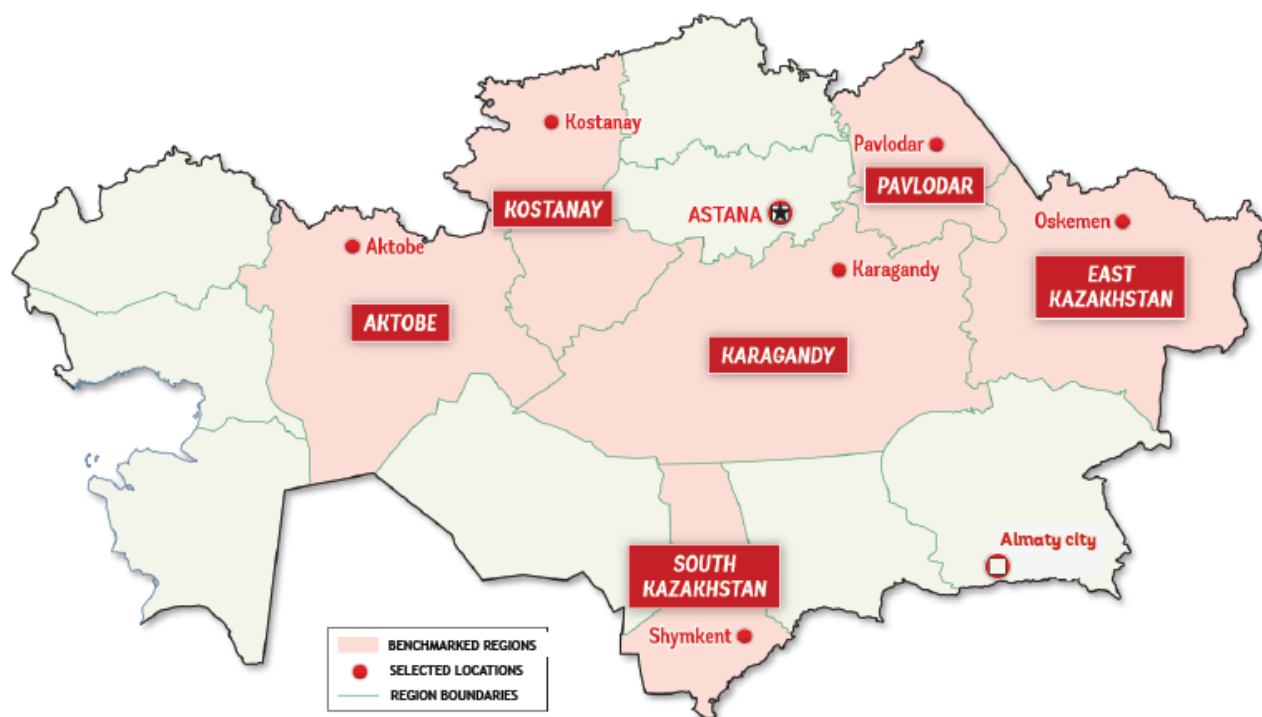


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Doing Business in Kazakhstan 2017

8 locations measured, 4 indicators covered



Starting a business

Dealing with construction permits

Getting electricity

Registering property

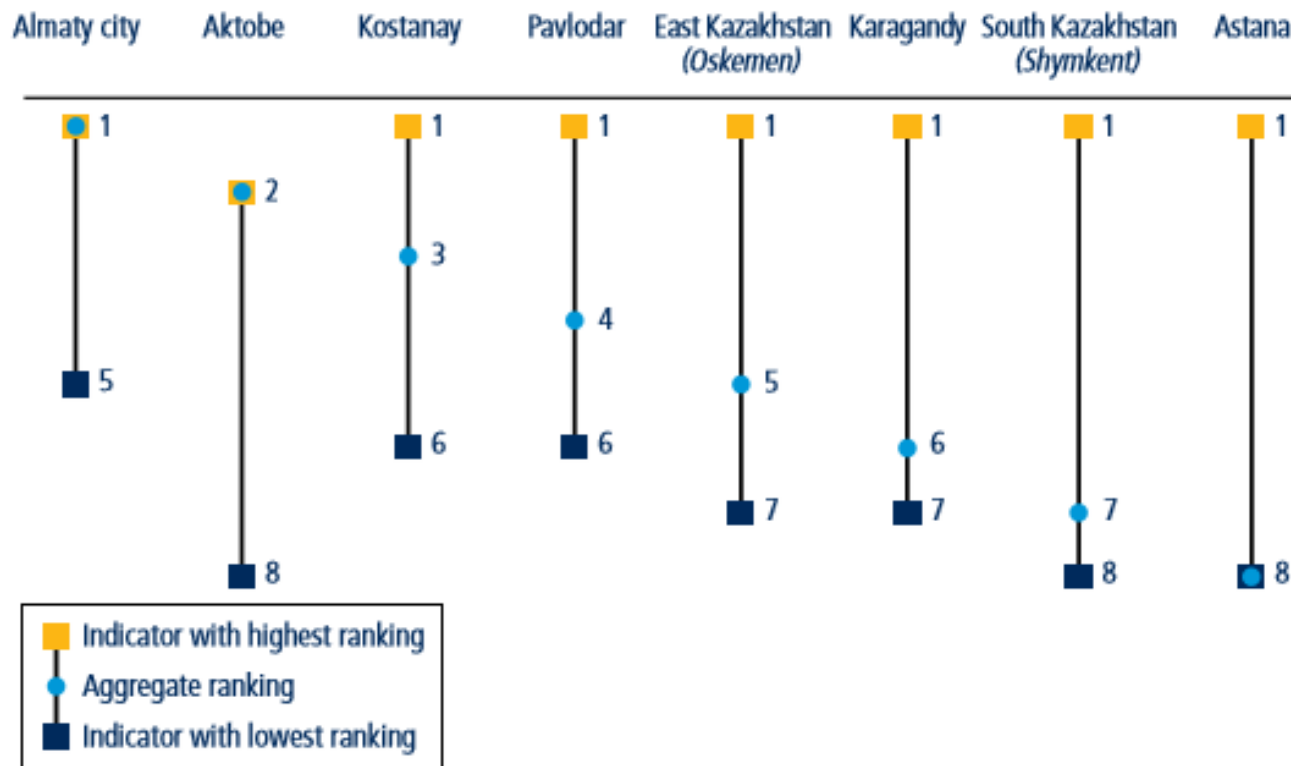
Where is doing business easier in Kazakhstan—and where not?

Main Findings (1/4)

Locations	Aggregate Ranking	Starting a business	Dealing with construction permits	Getting electricity	Registering property
Almaty city	1	5	1	1	1
Aktobe	2	8	5	2	7
Kostanay	3	6	2	3	1
Pavlodar	4	4	6	5	1
East Kazakhstan (Oskemen)	5	7	7	4	1
Karagandy	6	3	3	7	1
South Kazakhstan (Shymkent)	7	2	8	6	1
Astana	8	1	4	8	7

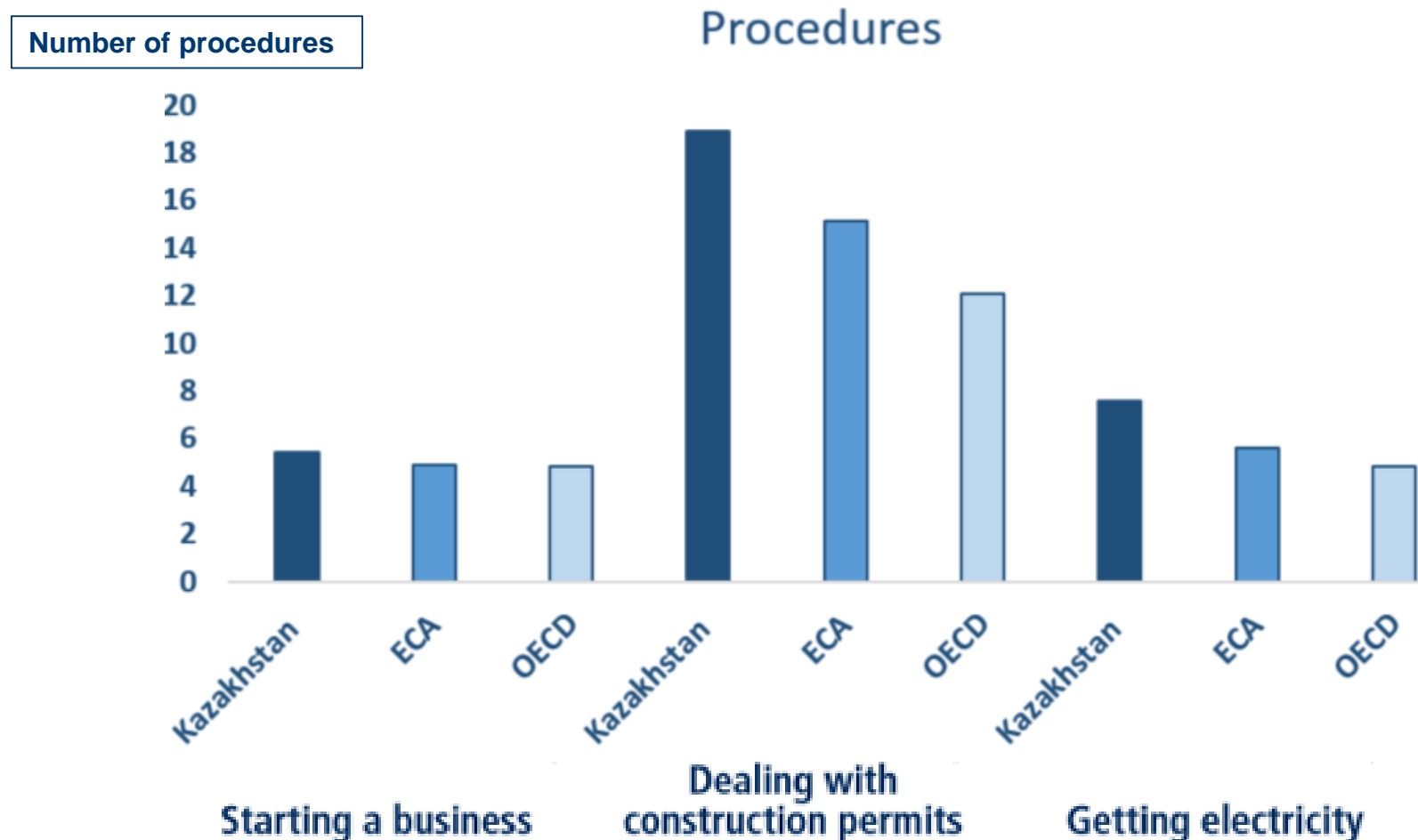
A location's regulatory environment may be more business-friendly in some areas than in others—revealing opportunities for reform

Main Findings (2/4)



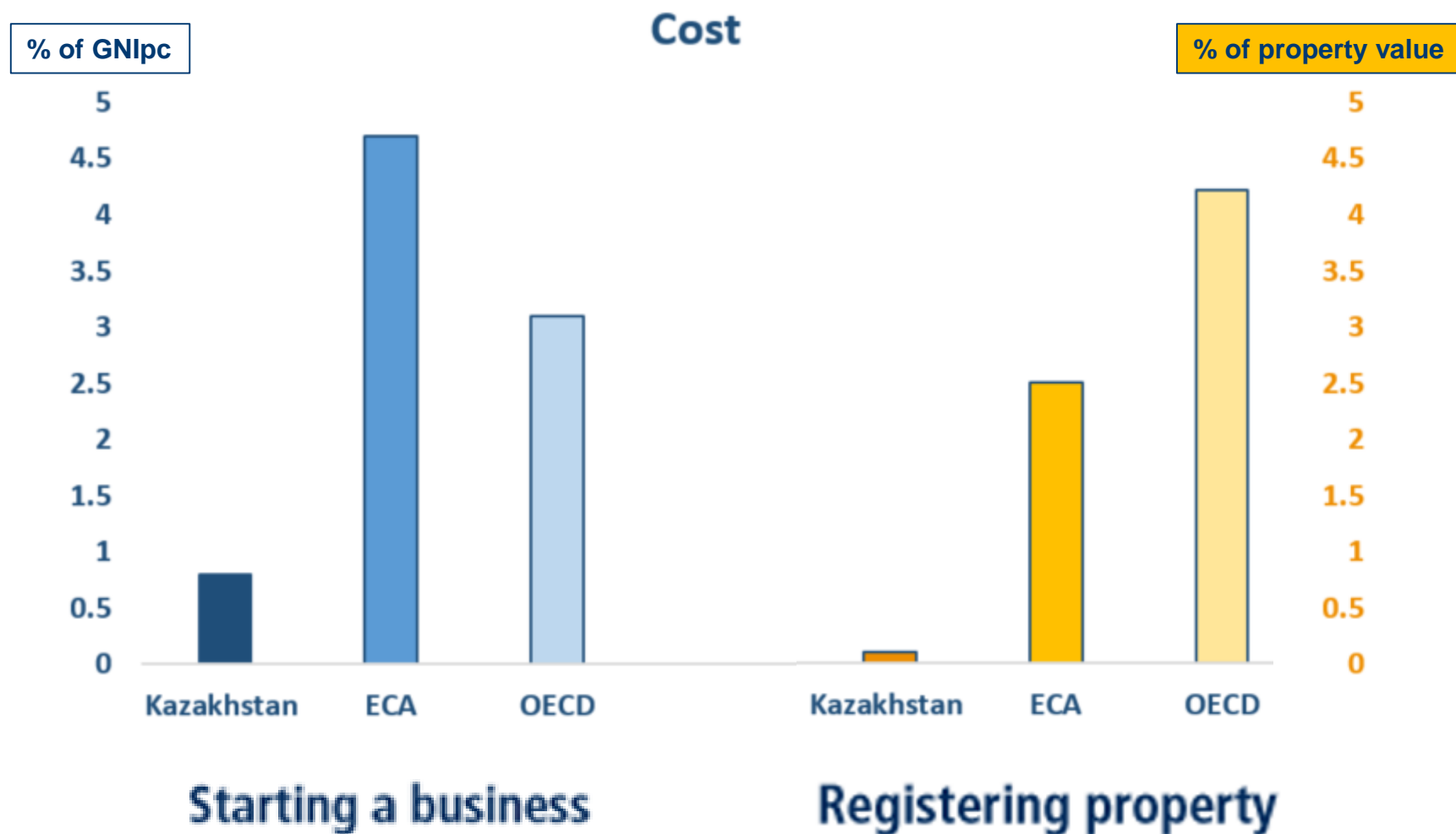
Dealing with business regulation in Kazakhstan is relatively complex

Main Findings (3/4)



Dealing with business regulation in Kazakhstan is inexpensive

Main Findings (4/4)

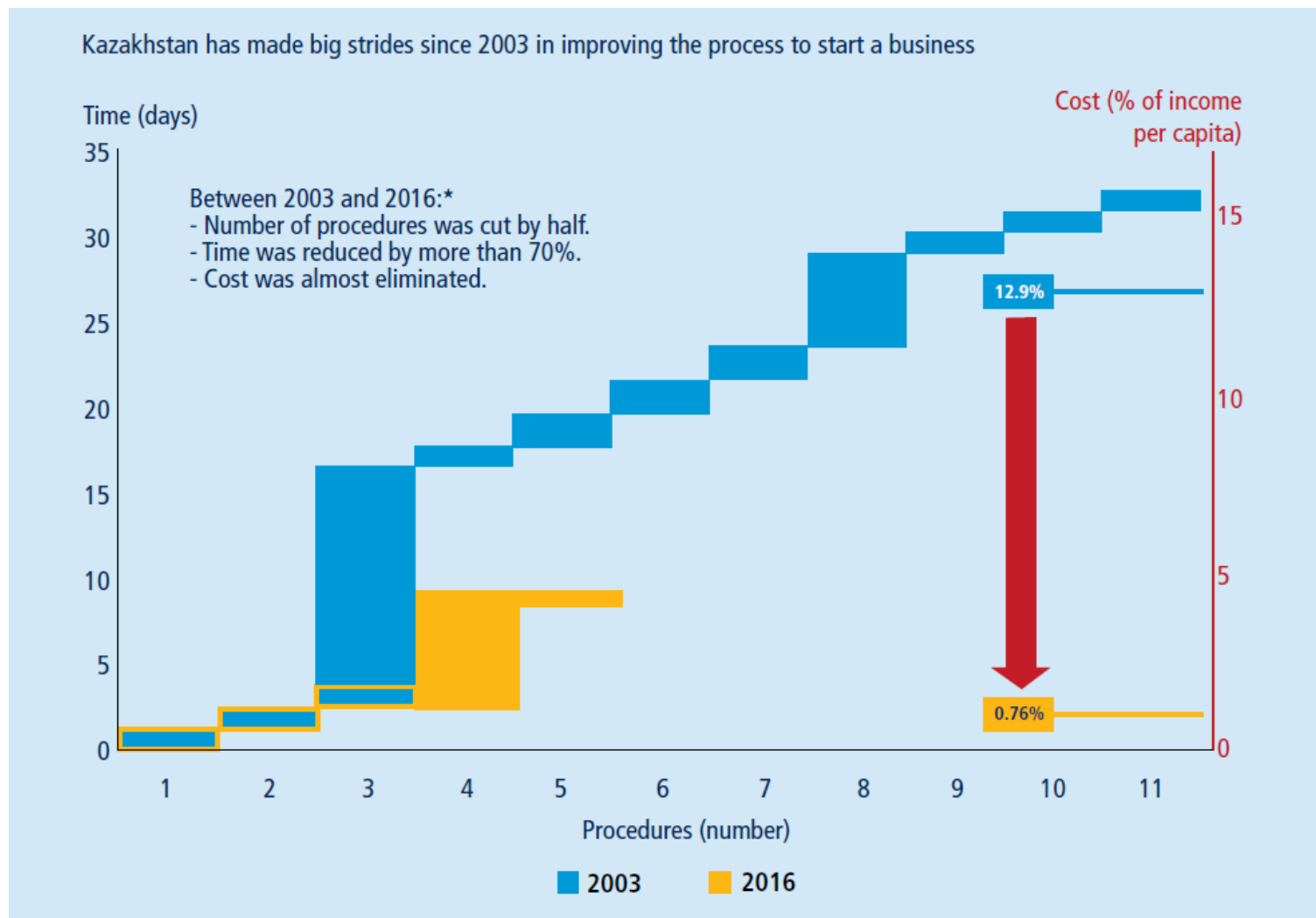


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Kazakhstan has made big strides since 2003 in improving the process to start a business

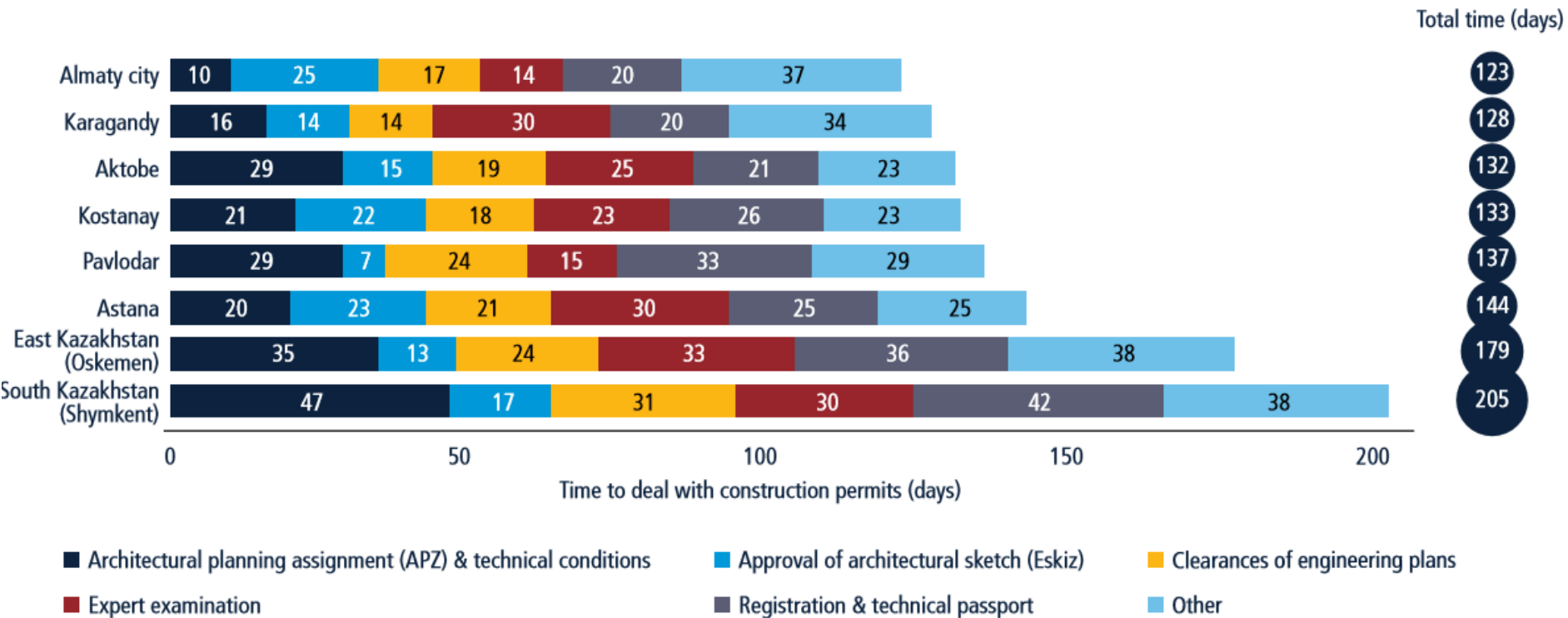
Starting a business (1/2)



Good practices indentified	In Astana most new firms register their business directly through the e-government (egov) portal rather than going to a Government for Citizens center or seeking the assistance of a third party. This makes starting a business less procedurally complex in Astana than in the other locations. Moreover, since there is no fee for business registration, all eight Kazakhstani locations would rank among the 20% of economies globally with the most affordable business entry.	
What can be improved?	Relevant institutions and stakeholders	
	National	Local
Develop a communication strategy to publicize reforms	Ministry of Justice	Department of Justice; Entrepreneurs Service Centers
Enhance the egov portal with additional services	Government for Citizens state corporation; Ministry of Information and Communication; Public Services Development Department	Local banks; local insurance companies
Allow simultaneous company and value added tax (VAT) registration and abolish the need to visit a notary	Ministry of Finance	State Revenue Committees

The architectural planning assignment and technical conditions are the main drivers of the variation in time for dealing with construction permits

Dealing with construction permits (1/2)



Reform recommendations

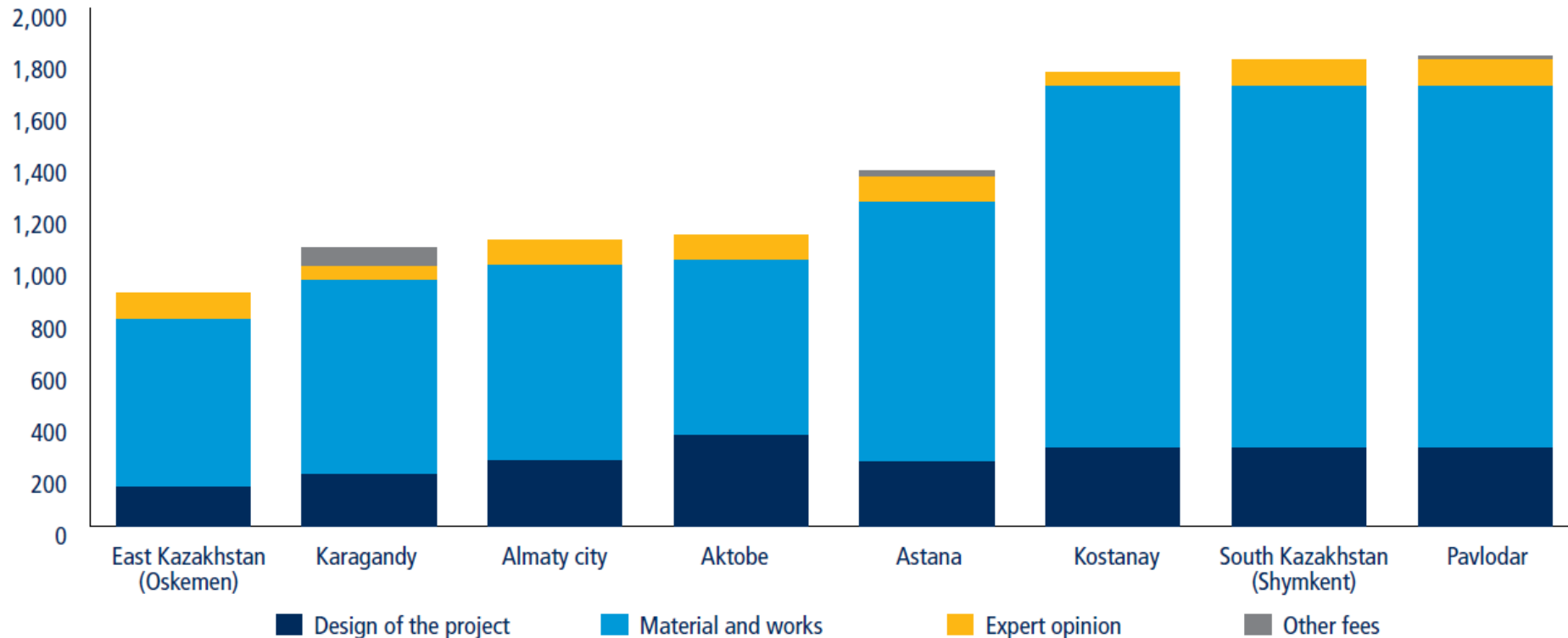
Dealing with construction permits (2/2)

Good practices identified	In Almaty city and Astana the municipal Department of Architecture is a one-stop shop delivering the spatial planning guidelines and utility connection requirements in one package. This reflects effective collaboration between municipal authorities and utilities as well as clearly delineated responsibilities for issuing approvals, clearances and the relevant documents—resulting in a more efficient construction permitting process in these two locations.	
What can be improved?	Relevant institutions and stakeholders	
	National	Local
Expand the scope of online services in construction permitting	Administration of State Architectural and Construction Control (GASK)	Department of Architecture; local branch of the Administration of State Architectural and Construction Control (GASK)
Improve the functionality of the one-stop shops or integrate spatial planning guidelines and utility supply information into online platforms		Department of Architecture; water and sewerage utility companies
Integrate spatial planning guidelines and utility supply information into online platforms		Department of Architecture; water and sewerage utility companies
Streamline project approval requirements	Single-Window Online Platform (epsd.kz)	Department of Architecture; water and sewerage utility companies
Introduce smarter time limits for better compliance	State Expert Examination Agency (Gosexpertiza)	
Enhance risk-based inspection mechanisms	Administration of State Architectural and Construction Control (GASK)	Local branch of the Administration of State Architectural and Construction Control (GASK)
Introduce mandatory insurance requirements to cover structural defects	Ministry of National Economy	
Prevent corruption risks	Administration of State Architectural and Construction Control (GASK)	Department of Architecture; local branch of the Administration of State Architectural and Construction Control (GASK)

Installing a new substation—as required in Kostanay, South Kazakhstan (Shymkent) and Pavlodar—almost doubles the cost of the material and works

Getting electricity (1/2)

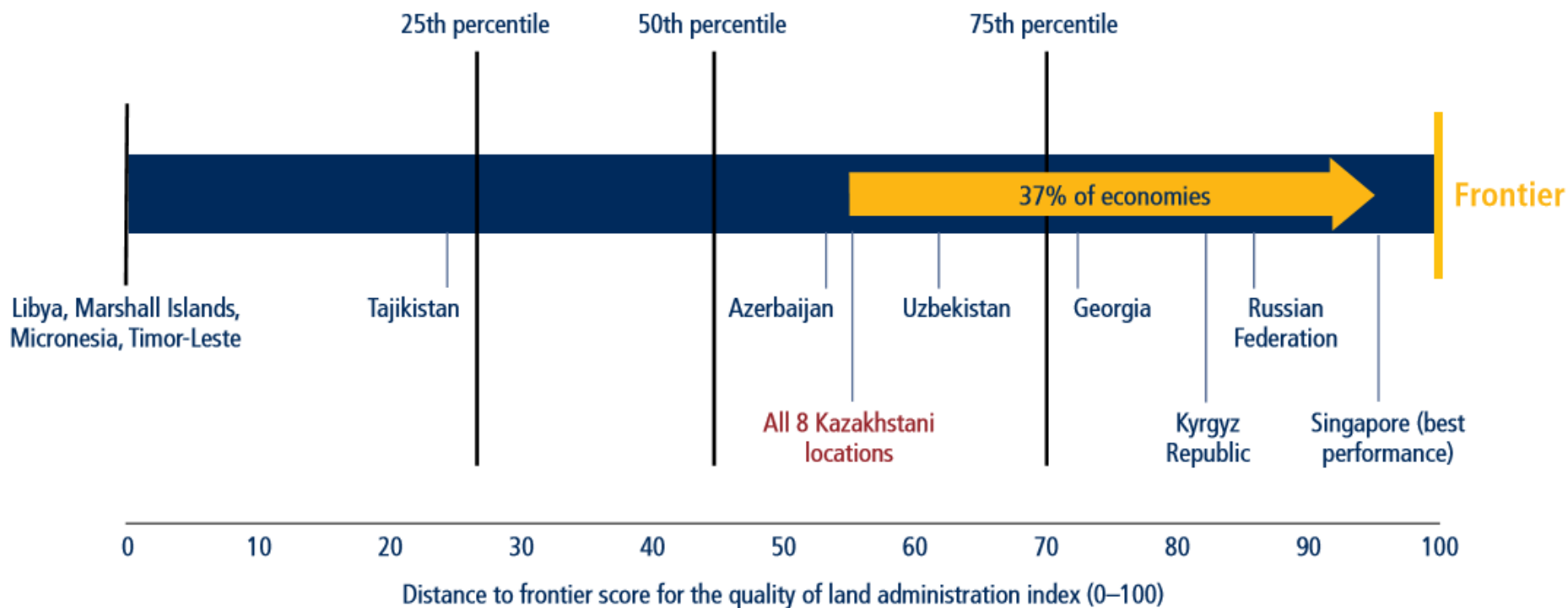
Cost to get electricity
(KZT thousands)



Good practices identified	<p>In Aktobe, Almaty city, Karagandy, Kostanay and South Kazakhstan (Shymkent) the authorization for ground works is issued in four days or less. Among these locations, Almaty city has the easiest process because it can be completed online. In the other locations entrepreneurs must visit the relevant public authority in person to apply for and receive the clearance.</p> <p>Compared with distribution utilities elsewhere in Kazakhstan, the utility in Aktobe is more efficient in issuing the technical conditions for a new connection, conducting the inspection of completed works and issuing the relevant postinspection documents. Its greater efficiency can be attributed to better internal coordination.</p> <p>In Aktobe and Pavlodar there is better coordination between distribution utilities and electricity suppliers. The final step in getting an electricity connection—the issuing and signing of the supply contract and energizing of the connection—takes less time in these two locations than in the others.</p>	
What can be improved?	Relevant institutions and stakeholders	
	National	Local
Improve workflow within distribution utilities and between the utilities and suppliers		Distribution utilities; electricity suppliers
Improve the coordination between distribution utilities, municipal departments and other utilities		Department of Architecture; Department of Communal Services, Passenger Transport and Roads (or equivalent); cadastral authority issuing the scheme of the connection route (where required); ^a distribution utilities; utilities responsible for such services as gas, water, heating and telecommunications
Streamline the approval processes		Department of Architecture; Department of Communal Services, Passenger Transport and Roads (or equivalent); distribution utilities; utilities responsible for such services as gas, water, heating and telecommunications
Further simplify issuance of the clearance for ground works	Administration of State Architectural and Construction Control (GASK)	Department of Architecture; ^b Department of Communal Services, Passenger Transport and Roads (or equivalent); Department of Land Relations (where applicable); local branch of the Administration of State Architectural and Construction Control (GASK)
Streamline inspections of external works		Distribution utilities; private companies responsible for delivering the "expert opinion"

Globally, 37% of economies are closer than Kazakhstan is to the frontier of best practices in the quality of land administration

Registering property (1/2)



Reform recommendations

Registering property (2/2)

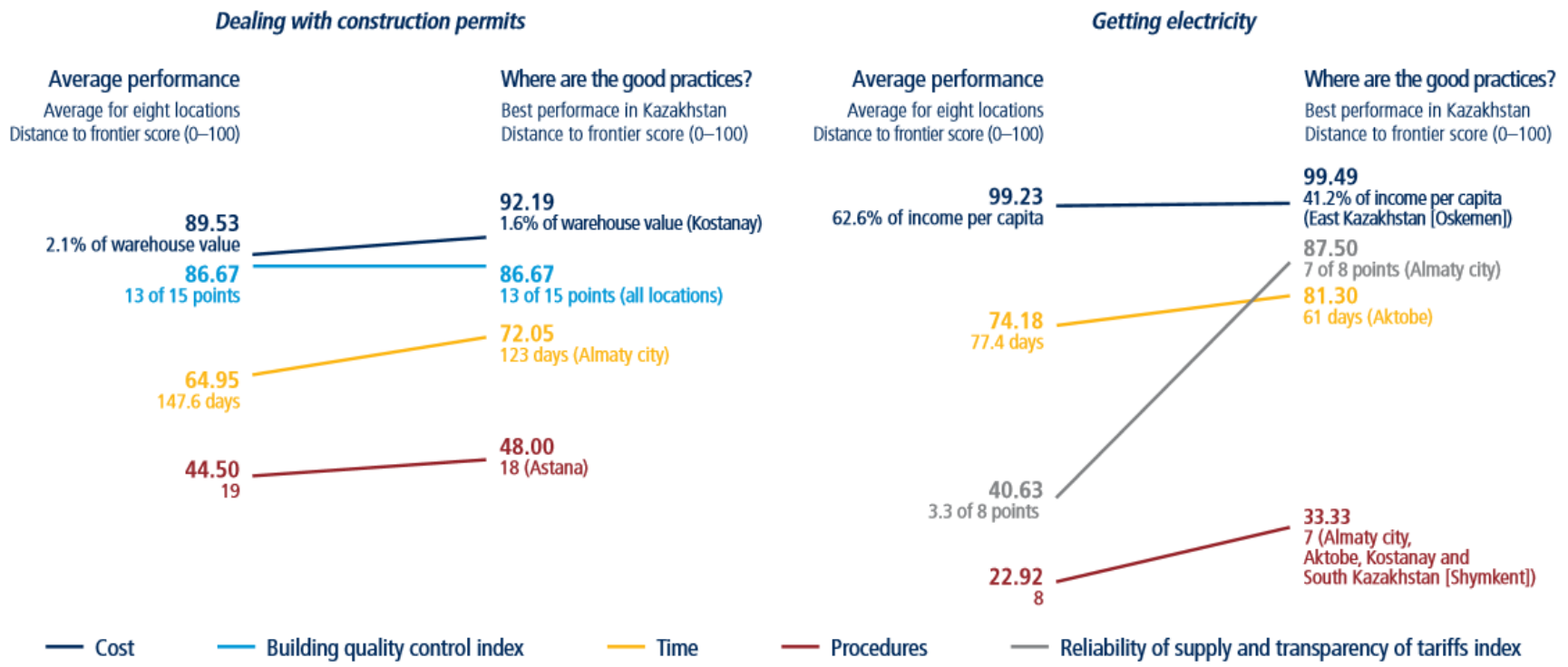
Good practices identified	Six locations—Almaty city, East Kazakhstan (Oskemen), Karagandy, Kostanay, Pavlodar and South Kazakhstan (Shymkent)—outperform their peers on the ease of registering property. The reason is that the Department of Justice in these locations is able to complete property registrations within the legally established time limit. But all eight Kazakhstani locations would rank among the economies with the fastest and least costly processes for registering property, thanks to online services and low property registration fees.	
What can be improved?	Relevant institutions and stakeholders	
	National	Local
Make information on cadastral services publicly available and establish a dedicated complaint mechanism for the cadastre	Department of Automated Information System of the State Land Cadastre and Technical Support; Directorate of Land Cadastre and Technical Survey of Real Estate; Government for Citizens state corporation	Government for Citizens centers; local branch of the Directorate of Land Cadastre and Technical Survey of Real Estate
Make property ownership information publicly available	Government for Citizens state corporation; Ministry of Justice	Department of Justice; Government for Citizens centers
Strengthen the infrastructure of the land administration system	Department of Automated Information System of the State Land Cadastre and Technical Support; Directorate of Land Cadastre and Technical Survey of Real Estate; Government for Citizens state corporation; Ministry of Justice	Department of Justice; Government for Citizens centers; local branch of the Directorate of Land Cadastre and Technical Survey of Real Estate
Establish a state guarantee and make statistics on first-instance land disputes publicly available	Government for Citizens state corporation; Ministry of Justice	Specialized Inter-district Economic Court
Expand geographic coverage	Department of Automated Information System of the State Land Cadastre and Technical Support; Directorate of Land Cadastre and Technical Survey of Real Estate; Government for Citizens state corporation	Local branch of the Directorate of Land Cadastre and Technical Survey of Real Estate

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With good practices to be found within Kazakhstan, locations can learn from one another—especially in two regulatory areas

The way forward



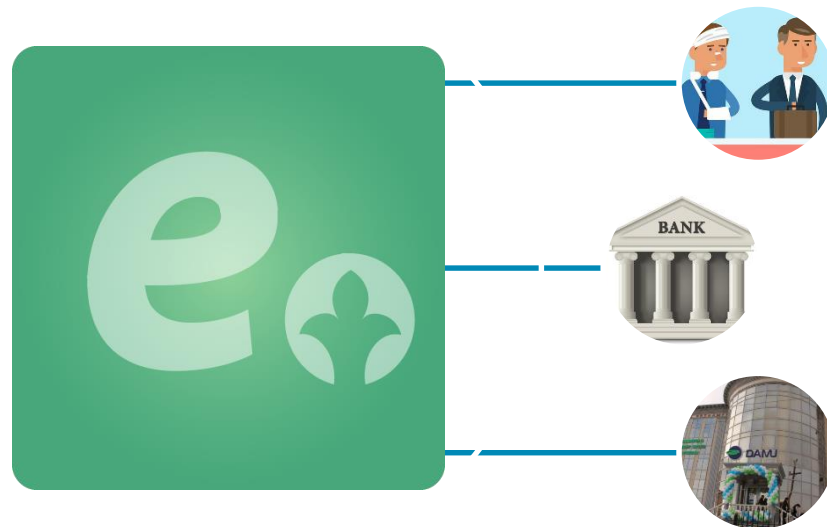
Addressing cross-cutting issues

The way forward

Need for **closer coordination** across municipal departments, as well as between municipal departments and the other institutions involved



Make better use of **online platforms** to reduce regulatory burdens



THANK YOU!

Questions



www.doingbusiness.org/kazakhstan

The screenshot shows the 'DOING BUSINESS' website. At the top, it says 'THE WORLD BANK' and 'Measuring Business Regulations'. Below this is a navigation bar with links like DATA, RANKINGS, REPORTS, SUBNATIONAL, METHODOLOGY, RESEARCH, BUSINESS REFORMS, LAW LIBRARY, CONTRIBUTORS, ABOUT, and MEDIA. The main content area features a 'Doing Business 2017' section with a list of key findings: New Zealand is first on ease of doing business among 190 economies; Entrepreneurs in 137 economies saw improvements in regulatory framework; Paying taxes topic now includes postfiling processes—such as tax refunds, tax audits and administrative tax appeals; and Doing Business adds gender dimension in three of the 10 topics included in the ease of doing business ranking: starting a business, registering property and enforcing contracts. To the right of this section is a 'Explore Economy Data' sidebar with dropdown menus for 'Select an economy' and 'Select a topic', and a section for 'OTHER OPTIONS' with links to 'Get all data' and 'Economy rankings / DTF'. Below the main content area are sections for 'RECENT PUBLICATIONS' (featuring 'Doing Business 2017: Equal Opportunity for All'), 'SUBNATIONAL REPORTS' (featuring 'Doing Business in Mexico 2016'), 'HIGHLIGHTS' (listing methodology updates and increased coverage), and 'RELATED DATASETS' (listing benchmarking public procurement, enabling the business of agriculture, and enterprise surveys).



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