Motivation and Objective

- Frequent disputes of Kyrgyz Government with foreign investors. Example: Centerra Gold Inc, the largest gold concession operator
- Absence of national mineral sector development and fiscal policies
- The research is a comparative economic analysis of gold mining fiscal framework of the Kyrgyz Republic.

Methodology

Using project figures of the Kumtor Gold Deposit, the Licensing, Concession and Newly Designed Mineral Taxation Regimes are compared based on calculations of the following:
- NPV (cost/benefit analysis), pre-tax and post-tax cash flow analysis in all three fiscal regimes, calculation of Tax Delta and Effective Tax Rate (ETR). Internationally competitive levels of ETR are in between of 40 percent and 50 percent
- Deterministic method including Sensitivity analysis with construction of Tornado Charts;
- Random Walk AR (1) modelling of Gold Price forecast
- Probabilistic method using Monte Carlo Simulation.

Conclusions

The main finding:
the Concession Taxation Regime has the optimal NPV and ERT among all three gold mining taxation regimes;

Also,
- To attract mining investments Kyrgyz Government shall demonstrate the rule of law with respect to the Kumtor Stability Clause;
- Investors shall manage and mitigate risks of changes of political groups and avoid general wordings in Stability Clause/Agreement.