

Data Sheet

USAID Mission:	Kazakhstan
Program Title:	Small and Medium Sized Enterprise Program
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	115-0131
Status:	Continuing
Planned FY 2005 Obligation:	\$9,100,000 FSA
Prior Year Unobligated:	\$3,060,000 FSA
Proposed FY 2006 Obligation:	\$8,827,000 FSA
Year of Initial Obligation:	2001
Estimated Year of Final Obligation:	2007

Summary: USAID's program to improve the environment for the growth of small and medium enterprises (SMEs) includes training and technical assistance to increase opportunities to acquire business information, knowledge, and skills; support for more responsive financial institutions, instruments, and markets; and assistance to improve the implementation of laws and regulations.

Inputs, Outputs, Activities:

FY 2005 Program: Enhance Participation in Global Trade and Investment: (\$895,000 FSA). USAID's Trade Facilitation and Investment Activity will continue working with business associations and the Government to improve the business environment. The project will form partnerships with associations in eight new cities to train staff in administrative and advocacy skills, and to transfer methodologies for reducing investment constraints. The project will work with the GOK to prepare for World Trade Organization (WTO) accession by bringing Kazakhstan's laws and regulations into compliance with WTO requirements and assisting in removal of trade barriers. Principal contractor/grantee: Pragma Corporation (prime).

Improve Economic Policy and Governance (\$1,939,000 FSA, \$1,011,000 FSA carryover). USAID will assist the Ministry of Economy and Budget Planning (MEBP) to strengthen program budgeting at MEBP and line ministries. Work with the Accounts Committee will continue to bring public audit to international standards over the next six years. Continued support to Parliament will strengthen economic and policy analysis and extend the Fiscal Analysis Unit's services to both the Senate and Majilis. Limited assistance will be provided to the Ministry of Finance in the areas of tax policy and administration. USAID advisors will work with the Statistics Agency to improve quality and analysis of SME data. Assistance will be provided to Kazakhstan's Development Fund to prepare sound investment strategies. Principal contractor/grantee: TBD (prime).

Improve Private Sector Growth (\$2,960,000 FSA). USAID's Enterprise Development Project (EDP) will expand opportunities for businesses to grow and become more competitive. As a result, client firms' sales and productivity will increase. The project will continue to support the Certified International Professional Accountant training/testing/certification program. Principal contractor/grantee: Pragma Corporation (prime).

Enhance the Financial Sector's Contribution to Economic Growth (\$1,775,000 FSA, \$34,000 FSA carryover). USAID's Financial Sector Initiative will end this year. It is expected that the national mortgage guarantee fund will be fully operational and the credit bureau will begin issuing reports. Legislation on securitization will be completed, allowing increased access to finance for investment. USAID will continue support to the Small Enterprise Assistance Fund to make equity investments to promising local businesses. USAID will provide technical assistance and funds for on-lending to microfinance institutions to help them strengthen their capacity to provide financial services to the poor. Support for improved corporate governance will help develop securities markets and solidify Kazakhstan's leadership in the provision of financial services. Principal contractors/grantees: Pragma Corporation (prime), Small Enterprise Assistance Fund (prime), Agricultural Cooperative Development International/Volunteers for Overseas Cooperative Assistance (ACDI/VOCA) (prime), TBD.

Expand and Improve Access to Economic and Social Infrastructure (schools and higher education institutions) (\$1,531,000 FSA, \$2,015,000 FSA carryover). USAID will continue strengthening business and economics programs in higher education institutions. USAID will make business and economics programs more responsive to the needs of businesses and the economy, create sustainable faculty development and advocacy mechanisms, and help move educational institutions towards international standards. In partnership with Junior Achievement Worldwide (JA), USAID will provide business and economics courses to 235,000 students at 900 schools and build administrative capacity in the JA local chapters. Principal contractors/grantees: JA (prime), TBD.

FY 2006 Program: Enhance Participation in Global Trade and Investment (\$1,192,000 FSA). Kazakhstan is expected to achieve World Trade Organization (WTO) accession by 2006, and the project will deliver post-accession training and technical advice. USAID will continue strengthening advocacy capacity of business associations. Principal contractor/grantee: Pragma Corporation (prime).

Improve Economic Policy and Governance (\$1,132,000 FSA). USAID will work with the Anti-Monopoly Agency to implement regulations and guidelines designed to remedy unfair competitive practices. Principal contractor/grantee: TBD.

Improve Private Sector Growth (\$3,505,000 FSA). Support will be provided to expand opportunities for businesses to grow and become more competitive. Principal contractor/grantee: Pragma Corporation (prime) or TBD.

Enhance the Financial Sector's Contribution to Economic Growth (\$1,967,000 FSA). Assistance will be provided to the Financial Supervision Agency to strengthen consolidated supervision and to the National Bank to strengthen monetary management. USAID will continue providing support to build the capacity of microfinance institutions and improve corporate government practices. Principal contractors/grantees: TBD (prime), ACDI/VOCA (prime), TBD.

Expand and Improve Access to Economic and Social Infrastructure (\$1,031,000 FSA). The program will continue strengthening economics and business programs in secondary and higher education institutions. Principal contractors/grantees: JA (prime), TBD.

Performance and Results: USAID's program supports strengthening SMEs' competitiveness and supports policy and legal changes to improve the business environment. In FY 2004, mortgage lending surpassed \$564 million; this is up from \$200 million in the previous year. USAID technical assistance aided the issuance of \$160 million in mortgage backed securities, helping meet the demand of privatized pension funds to diversify their portfolios and enabling lending institutions to expand their mortgage portfolios. As a result of USAID-funded loan officers training implemented by the EBRD, the outstanding loan portfolio of participating banks grew by 90% to \$236 million, and the number of outstanding loans grew by 17,334 to 44,517. The USAID-supported Quality Management Center (QMC) now provides services to 57 clients; eight were fully ISO 9001 certified. This service resulted in a major oil consortium's agreement to fund QMC's services for 27 clients at a cost of \$5,000 per client. With the assistance of our business advisors, 103 trade deals worth more than \$41 million were completed during the past year. By program's end, SMEs will be more competitive and reforms in the regulatory and legal environment will help foster their further development. Entrepreneurs will have greater access to credit and modern business skills to start up and run successful businesses. Kazakhstan will have acceded to the WTO and have a compliant technical standards regime. There will be greater economic diversification and decreased disparity between urban and rural areas. Business associations will be effective voices for policy change and capable of providing quality services to members. There will be a transparent budgeting and spending process, where government is accountable to the public. Kazakhstan will have capacity to conduct sound economic policy and the Financial Supervision Agency will be an effective regulator of the financial sector.

US Financing in Thousands of Dollars

Kazakhstan

115-0131 Small and Medium Sized Enterprise Program	FSA
Through September 30, 2003	
Obligations	28,415
Expenditures	15,657
Unliquidated	12,758
Fiscal Year 2004	
Obligations	10,349
Expenditures	14,482
Through September 30, 2004	
Obligations	38,764
Expenditures	30,139
Unliquidated	8,625
Prior Year Unobligated Funds	
Obligations	3,060
Planned Fiscal Year 2005 NOA	
Obligations	9,100
Total Planned Fiscal Year 2005	
Obligations	12,160
Proposed Fiscal Year 2006 NOA	
Obligations	8,827
Future Obligations	8,600
Est. Total Cost	68,351

