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MFM Project

CENTRAL ASIA ASSESSMENT VISIT

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Municipal Finance and Management Project

Central Asia Assessment Visit

**Atyrau, Kazakhstan
Karakol, Kyrgyz Republic**

March 21 through April 15, 1994

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Municipal Finance and Management Project
Trip Report
Central Asia City Assessment
March 21 - April 5, 1994

TABLE OF CONTENTS

| | |
|---|----|
| Executive Summary..... | 3 |
| I. Purpose and Approach of Trip..... | 5 |
| II. City of Atyrau, Kazakhstan | |
| Evaluation according to Selection Criteria..... | 6 |
| Potential MFM Focus..... | 12 |
| Budget | 12 |
| Next Steps | 13 |
| III. City of Karakol, Kyrgyz Republic | |
| Evaluation according to Selection Criteria..... | 14 |
| Potential MFM Focus..... | 21 |
| Budget | 21 |
| Next Steps | 22 |
| ANNEXES | |
| 1. MFM Project Summary..... | 24 |
| 2. City Selection Criteria..... | 25 |
| 3. Annotated Contact List..... | 27 |

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EXECUTIVE SUMMARY

A team led by the AID Project Officer for MFM, Ted Priftis, and accompanied by Juliet Johnson from the RTI MFM Project Management Unit in Washington D.C. traveled to Kazakhstan and the Kyrgyz Republic from March 19 - April 5 to evaluate and recommend two cities for participation in the Municipal Finance and Management program. Following discussions with the USAID/Almaty Mission Director, the USAID/Almaty General Development Officer, the U.S. Ambassador to the Kyrgyz Republic, the team conducted assessments of the city of Atyrau in Kazakhstan and the city of Karakol in the Kyrgyz Republic. The primary criteria for selection was the city's orientation towards democratic and free market reforms and demonstrated need and interest in upgrading its management and finance capacity. Based on their excellent fit with the city selection criteria, the team strongly recommended the inclusion of Atyrau and Karakol as the demonstration cities for the MFM program in Kazakhstan and the Kyrgyz Republic, respectively.

Atyrau is a city and region with vast oil and mineral resources. Because of this natural resource wealth Atyrau is on the verge of becoming an oil boomtown and promises to become a highly visible city, not just in Kazakhstan, but in the NIS and beyond. The key city officials of Atyrau are strong proponents of reform, especially with regard to restructuring the economy but also in terms of overhauling the bureaucracy. The operations of the city council demonstrate a move towards transparency, such as the advance announcement of council meetings and agenda, public participation at the meetings, broadcast of the proceedings and reportage of results in the local press. The oblast and city administration have facilitated the establishment of twenty five joint ventures in Atyrau including the Chevron-Tengiz oil field development, and the international consortium with rights to extract oil from the Caspian Sea. Other joint ventures are in the areas of construction, fish processing, meat processing, and furniture production. Royalties from foreign investment are being used to purchase different types of technologies to loan to small businessmen in some twenty sectors in Atyrau; and half of Chevron's five year \$50 million "Bonus Fund" is targeted towards upgrading water and sewerage systems and rehabilitating the city's housing infrastructure.

The City of Karakol is led by a dynamic reform oriented Mayor supported by a strong and cohesive senior management team. The Mayor and her staff's commitment to democratic principles, transition to a market economy, and support for entrepreneurship was clearly evident. Karakol has a very active elected city council, with permanent commissions that work closely with the city administration on prioritizing funding of city services and programs. Due in large part to initiative by the city executive and legislature, Karakol was

declared a Free Economic Zone (FEZ) in January of this year. The city administration is interested in creating appropriate tax incentives to lure foreign investors to the zone, but not at the expense of the city's long-term economic and environmental interests. The FEZ/city management would like to attract business in the areas of agricultural processing, warehousing/storage facilities, mineral processing, and tourism. Across the board, all the individuals the team met with expressed the importance of letting formerly state enterprises go bankrupt instead of subsidizing them, in order to build a healthy market economy. They also universally realized the critical role of tax policy in either stimulating or retarding local economic development.

The potential emphases of the MFM program in both cities include: development of a overall management information system, restructuring of municipal service (water, sewer, transport) enterprises, economic development and growth management, and improved financial practices and procedures. The next steps for the MFM program in Central Asia are to a) identify resident advisors; b) conduct MIS and financial assessments in both cities; c) conduct top management study tours; and d) develop a workplan for the life of the project.

I. Purpose of Trip and Approach

A team comprised of the AID Project Officer for the MFM project, Ted Priftis, and Juliet Johnson from RTI's Project Management Unit in Washington D.C. traveled to Kazakhstan and the Kyrgyz Republic to conduct an assessment of candidate cities for participation in the MFM program. The output of the visit was a recommendation of a city from Kazakhstan and a city from the Kyrgyz Republic for implementation of the program based on their fit with established criteria.

The city selection criteria includes a) orientation towards reform; b) degree of local autonomy and authority; c) attitude towards the private sector; d) demonstrated interest in improving municipal management systems; e) potential to serve as a model for other cities in the country; f) potential for positive interface with other foreign assistance programs; and g) ability to contribute logistical support to the project. If possible, the team wished to select a city other than the capital, because the latter's unique features render it a poor model and a disproportionate share of donor resources tend to be concentrated there. These criteria were provided to the USAID/Almaty General Development Officer, Ms. Paula Feeney, in advance of the visit by the AID/RTI team. Based on the criteria and their knowledge of municipalities in the region, USAID/Almaty, in consultation with the U.S. Embassy in the Kyrgyz Republic, developed a short list of cities to consider for the MFM program in Kazakhstan and the Kyrgyz Republic.

In order to avoid raising the expectations of too many cities, the team decided to visit the best candidates first, i.e. Atyrau in Kazakhstan and Karakol in the Kyrgyz Republic. If these cities proved to be promising sites for the project, the team would conclude the city assessment. However, if either Atyrau or Karakol failed to satisfactorily meet the criteria, the team would evaluate other cities in the region. Sections II and III of this report discuss how Atyrau and Karakol fared against the city selection criteria.

Prior to initiation of the city visits, the team collected background information from other project staff and consultants working in Almaty and Bishkek. Susan Johnson, Director of International Executive Service Corps, briefed the team on the seminar and U.S. study tour they conducted for local government officials in Kazakhstan, and their plans for a similar program for Kyrgyz oblast and municipal officials. Wallace Kaufman, the ICMA advisor in Almaty, gave the team an overview of the municipal government in Kazakhstan and ICMA's housing and shelter activities. The U.S. Peace Corps volunteers in Atyrau provided the team with information regarding the small business development activities implemented by the city and oblast administrations.

In Bishkek, the team met first with the U.S. Ambassador for his recommendations of noteworthy cities in the Kyrgyz Republic. U.S. Peace Corps staff also provided background information on several cities under consideration based on their volunteers' experiences. The team met the Project Director for Price Waterhouse's Privatization project regarding the progress of privatization in the country and specifically in the Issyk-kul oblast, and their plans

for the next stage of privatization. The KPMG Advisor to the State Committee of Economics gave the team a very informative overview of the macroeconomic outlook for the Kyrgyz Republic. Following the assessment of Karakol, the team also returned to Bishkek and provided its findings to the U.S. Ambassador.

USAID/Almaty, USAID/Bishkek, the U.S. Peace Corps and Chevron were kind enough to provide the team with considerable logistical assistance in Kazakhstan and the Kyrgyz Republic.

II. City of Atyrau, Kazakhstan

Atyrau has the potential to become one of the most important cities in Kazakhstan, perhaps eventually eclipsing Almaty in terms of economic power. The Atyrau oblast currently has a population of approximately 450,000, and the city of Atyrau, which is the state capital, has 152,000 residents. This population is certain to expand rapidly as the economy of the region takes off. The Atyrau regional economy is 44 percent industrial, of which 70 percent is oil and gas extraction. The region has a wealth of oil resources, approximately 60 oil and gas fields have not even begun to be tapped. Through a joint venture with a Kazakh firm, Chevron is developing the Tengiz oil field, considered one of larger oil deposits in the world. Local residents indicated that another potential oil field, between the Ural and Volga rivers, is 12 times larger than Tengiz and will be tendered in late 1994. Although fish processing is only 11.5 percent of Atyrau's industrial production, the region is the primary producer in the Caspian area of black caviar and other fish delicacies. In addition to industry, construction activities are 34 percent of the regional economy, followed by transport and communication at 11 percent, and agriculture at 8.5 percent.

A. Reform Orientation

Since the Mayor was newly elected and therefore less familiar with the operations of the city administration, the team's primary contact was with the Deputy Mayor, who has served as overall manager of the City of Atyrau for the past four years, and his senior colleagues. The top city management were keenly interested in creating a market economy similar to that which several of them have witnessed in the United States. They "live for the time that there is a true competitive market in the city". They also stated that the most urgent task for the city was to reform the economy from a system of state ownership to one of private ownership. The city management was very eager to stimulate small business development, in fact, the Deputy Mayor would like to start his own business, but has been prevailed upon to stay on in the city administration.

The senior city managers also expressed their irritation with the approach and procedures of their bureaucracy. The Deputy Mayor expressed an interest in developing a client orientation within the city administration. He remarked that he had observed the "customer comes first" mentality in the U.S. and would like to develop that same attitude in

the Atyrau city administration. It should be noted that even in the United States the development of customer-oriented local government is a relatively recent and progressive innovation that has been implemented in a minority of cities.

A new city council was elected in March 1994 in Atyrau. The council is comprised of fifty-five deputies, some of which were nominated by the Mayor, while others ran independent campaigns. The team met with one deputy, who ran the city's largest housing construction company, and a council staff member, who was the manager of the Peace Corps small business center. Both individuals were dynamic entrepreneurs and expressed their personal opinion that the new city council was a progressive body. As evidence of growing transparency in local government, the city council's meetings and agenda are announced a week in advance. Members of the public can attend the council meetings and take the floor if they wish. The proceedings are broadcast on local television and results reported on in the local newspaper.

The team also met with senior oblast administration officials, who had no direct vested interest in the MFM project, yet argued that the City of Atyrau should be chosen because of its orientation towards the west and growing linkages to the international market economy. The city is also committed to developing the necessary infrastructure to facilitate economic development. Overall, it appeared that the city executive and legislature displayed genuine intentions to pursue reform, particularly with regard to the creation of a market economy.

B. Local Authority and Autonomy

In general it seems that the decentralization of power from the central government to municipal governments has not progressed as far in Kazakhstan as it has in other countries of the former Soviet Union. Given this backdrop, Atyrau is in a favorable position to develop greater autonomy and authority from the central government which could serve as a model of the benefits of decentralization to the country's leadership.

First, Atyrau's geographical location as the farthest major city from the capital, will facilitate their autonomy. In the past, Atyrau has had very close ties to Moscow, and officials in the city and oblast expressed their "western" and more "european" outlook compared to other cities in Kazakhstan.

Secondly, Atyrau's authority will grow as a consequence of its significant economic resources. In the past, citizens of Atyrau did not benefit from the mineral resources that were exported from their region, but today there is an oil lobby from Atyrau in Almaty whose intent is to secure a return from the production in their state. Instead of the central government capturing all the benefits from foreign investment, Atyrau is staking claims to its fair share. According to local sources, four of the five councilors to the Prime Minister of Kazakhstan are from Atyrau. It is likely that Atyrau officials in Almaty will protect the city and the region's interests.

As further evidence of their drive for autonomy, the oblast and city administration's are making extensive efforts to develop small businesses in production of food and other consumption articles, so that their economy will be self-sufficient in meeting basic consumption needs.

C. Facilitation of the Private Sector

According to the oblast and city administration, they have attracted and facilitated the establishment of twenty five joint ventures in Atyrau. International oil firms are the primary investors, such as Chevron and Mobil from the U.S., Rich from Great Britain, Statoil from Sweden, and Total from France. While Chevron is developing the nearby Tengiz oil field, the Caspi Shelf consortium of international firms plans to extract oil from the Caspian Sea. There are also joint ventures in the areas of construction, fish processing, meat processing, and furniture production.

The oblast administration is using some of the royalties from foreign investment in oil to purchase different types of technologies to stimulate small business development in twenty sectors in Atyrau. They are purchasing food processing equipment for dairies, bakeries, sugar refineries, meat processing plants, and snack food and pasta companies. They have completed the tenders and are now in the contract phase. Their plan is to loan the equipment to private citizens to assist them in starting new businesses for production of these goods. In the past, the oblast administration had given new equipment to collective farms and met with negative results, thus, their new policy is to loan the equipment to private individuals. The businessmen will have to pay back the oblast administration for the equipment, and if they fail to do so, the oblast will seize it.

The city administration has privatized 70 percent of their residential apartments in Atyrau, and 90 percent of the housing coupons have been distributed to its residents. The city officials in charge of housing construction and maintenance expressed their desire to have private firms, instead of municipal enterprises, service the newly privatized flats. Housing construction is visible all over the city, the head of the city's construction firm said he anticipated a 30 percent increase in residential building in 1994.

The city transportation department director expressed his desire to create a transportation network which would serve foreign businessmen in the manner that they are accustomed to in the west. Likewise, the oblast deputy for economic reform described the administration's plans to establish a business center to service foreign firms. Thus, the team encountered a strong commitment from the city and oblast administration to facilitating the development of the private sector in Atyrau.

D. Evidence of Improving City Management and Finance as a Priority

The top city officials were clearly concerned with the management challenges facing them in the present macroeconomic environment. Since many of them are unfamiliar with

methods for improving their operations, they would rely on the MFM project team to identify possible solutions to their problems. The following is a preliminary discussion of some of the problem areas raised by the city officials. They reacted very positively to ideas and comments on potential ways to address these issues.

1. Improving Management of Expenditures

The municipal government has no discretionary power in affecting the size of their budget. Tax rates are established at the republic level, and user fees for services are set at the oblast level. The federal budget is formed first, a percentage of the revenues are distributed to the oblast, which then allocates a portion of funds to the local government. The revenue sharing rates have changed frequently, and the city government has minimal authority in negotiating their share with the oblast.

On the expenditure side the City of Atyrau has relatively greater authority. At present, more than half of their budget is dedicated to education; followed by health, housing, and transportation. Each of these departments provides the finance department with expenditure forecasts, which are verified and monitored manually. The city managers and finance directors would like a management information system that integrated the finance department with each of the other city departments, so that they could more efficiently control city expenditures. The project could also introduce other practices and procedures to assist in expenditure control, such as procurement, personnel and auditing. All of these potential MFM interventions were of great interest to the city administration.

2. Revenue Analysis and Administration

One of the city's most serious problems is lack of revenues. As a branch of the federal agency, the city tax inspectorate collects the major taxes on behalf of the federal government, but they still work very closely with the city finance department. There are some forty three federal taxes, and the four major sources of revenue for the city budget are the enterprise income tax, personal income tax, excise tax and "pre-profit" tax. Revenues from local taxes and fees are minimal. Tax evasion is also widespread because of the excessive number and high rates of taxes placed on businesses and residents.

Since the tax inspectorate provides the city's senior management with critical information on revenues, they were keenly interested in establishing a computer network that would link the two agencies. Such a system could be installed under the MFM project, and operational staff trained in the preparation of revenue forecasts and tax impact analyses for the city's decision makers.

3. Restructuring Municipal Enterprises

In meetings with the Deputy Mayor, Finance Director, and Directors of municipal service enterprises, they bemoaned the poor financial condition of the municipal

service enterprises. They would like to have the authority, which is currently in the hands of the oblast to set and raise tariffs, and it is one of the issues which will be discussed by the city council in the next session. They are also interested in the possibilities of divestiture and the development of utility regulatory and oversight mechanisms.

In theory, the municipal water and sewer enterprise is subsidizing service provision to government establishments in the education and health sectors with income from commercial enterprises. However, the municipal water and sewer enterprise director said that industrial enterprises owe them approximately 2 million tengi (\$100,000). The director does not know the true cost of providing water to different consumer groups, but states that the rates for households, government institutions, and commercial enterprises are too low. Because revenues are dedicated to maintaining operations, there are no monies for investment in capital projects.

The city transportation department oversees two bus enterprises, three truck enterprises and one taxi enterprise. Only the taxi enterprise collects a fee that covers costs. The bus fare is 10 kopeks, but the cost per ride is 1 tengi 20 kopeks. Thus, their revenues cover less than 10 percent of the cost of the main form of passenger transport in the city.

4. Economic Development and Growth Management

The city of Atyrau is on the verge of becoming a boomtown and its leaders have expressed concern that the economic benefits are not captured exclusively by the central government and/or foreign investors. Top city officials who participate in negotiations with foreign investors require technical assistance and training in evaluation of investment proposals and methods of protecting the city's interest.

The city management recognizes that the city's economic growth must be accompanied by sound land use and infrastructure planning, and environmental protection regulation. Much of the city's utility infrastructure is in decline, for example, there is a great need to rehabilitate the water supply system, 50,000 cubic meters of sewage goes uncollected per day, and last year two nearby districts were flooded by the Caspian Sea. In spite of Atyrau's oil resources, foreign firms will be reluctant to invest in the city if their operations cannot be supported by current levels of infrastructure. There is also a large amount of undeveloped land in Atyrau and many squatter type settlements are being demolished to make way for new development. While construction was underway in many parts of the city, it is largely unregulated. For these reasons, another area of desired assistance is in economic development, growth management, and land use planning.

E. City as a Model

Atyrau is unique in terms of its natural resource wealth and its closer proximity to Moscow as opposed to Almaty. Precisely because of these special features Atyrau will become a highly visible city, not just in Kazakhstan but in the NIS and perhaps beyond.

Thus, the management procedures and finance systems that will be introduced under the MFM project will receive widespread coverage. Since the project interventions in the city would be focused on improvement of basic operations, they could be replicated to other cities even those that do not enjoy the same natural resources. But it is significant that these core public administration and finance techniques will be widely disseminated if they originate in Atyrau.

F. Potential Interface with other Foreign Assistance Programs

If implemented in Atyrau, the MFM project would be complementary to existing donor programs and U.S. investment. The MFM project could assist the city in managing the infrastructure necessary for business development, and strategic planning for economic development. The U.S. Peace Corps has founded a Business Center to promote small business development in the Atyrau region. A Peace Corps volunteer and the Kazakh manager of the center are working on promotion of agro-processing ventures, they will provide assistance in developing a business plan, leads on financing, and management guidance. Another Peace Corps volunteer, a mineral economist, is working with a geo-technical institute to improve their organizational management and marketing of their research to interested oil firms.

A major U.S. firm, Chevron, is expected to make a \$1.6 billion investment in the nearby Tengiz oil fields over the next five years, and over the life of the project investment could reach up to US\$ 20 billion. As part of their agreement with the Government of Kazakhstan, Chevron has created a \$50 million dollar "Bonus Fund" for development of the Atyrau region. Twenty-five million is targeted towards upgrading water and sewage systems and the housing stock of the city and region. With the oblast administration, Chevron reviews proposals for using the infrastructure monies. For example, a water treatment plant was recently built under the auspices of this fund. The other half of the Bonus Fund is set aside for health services, pharmaceuticals, and education. Project Hope is implementing the health activities on behalf of Chevron. Their program has five components, including: cardiology, emergency care, tuberculosis, maternal and child health care, and biomedical engineering. In addition to the eight million provided by Chevron for these programs, Project Hope is contributing \$3.1 million of its own resources.

As a project which would provide guidance on management of city resources and stimulation of economic development, the MFM program is a natural counterpart to these efforts in building social and physical infrastructure and promotion of small businesses. In fact, the MFM program could bring an integrating framework for these activities.

G. City's Ability to Provide Logistical Support

Overall the city demonstrated an eagerness and ability to meet the local resource contribution requirements. The city showed the team potential office space and housing options for the resident advisor. The Deputy Mayor also indicated that they could provide a

bilingual secretary and the official transportation. The city would designate a full time project counterpart and establish an advisory committee.

Potential MFM Focus

Across the board, the city management expressed that their most urgent problem was an inability to efficiently monitor and control expenditures and forecast revenues. They expressed a need for a management information system that would link the finance operation to the departments with the largest expenditures (health, education, social welfare), and the tax inspectorate as the source for timely revenue collection data. Such a system could be installed under the MFM project, and staff trained in areas such as revenue forecasting, tax impact analysis, and internal auditing. Secondly, key city officials would like to have the authority to set tariffs for public utilities and restructure the municipal service enterprises which are presently highly subsidized. The MFM project could assist these enterprises in developing systems for accurate service cost accounting, training staff in techniques of tariff design and improving fee collection procedures, and studying alternative forms of divestiture. Lastly, given the city's deteriorating infrastructure stock and vast areas of undeveloped land, the city's economic growth must be guided by effective land use planning and infrastructure development. The MFM project could provide technical expertise and training in growth management and capital finance.

General Budget for the MFM Program in Kazakhstan

City of Atyrau

| | |
|--|--------------------|
| Resident Advisor and Host Country Advisors (3) for eighteen months | \$540,000 |
| Short-term technical assistance | \$ 60,000 |
| Training | \$500,000 |
| Computer Systems | \$700,000 |
| <u>Kazakhstan</u> | |
| Training for other municipal officials (Workshops, seminars, special courses) | \$200,000 |
| TOTAL: | \$2,000,000 |

Next Steps

1. **Resident Advisor Recruitment:** The Resident Advisor for Atyrau must be able to provide the city with advice and guidance related to its unique features. Previous working experience in a city that was a "one company town", especially a city dominated by the oil industry, would be ideal. But most importantly, the Resident Advisor must be a seasoned former U.S. city manager, or a Mayor with extensive operational experience, in a city of relevant size so he can provide a broad range of advice to the city on upgrading its managerial capacity. Secondly, the advisor should have deep technical skills in one of the program areas, such as public administration, finance, utility management, or planning. The RTI Project Management Unit in Washington D.C. will undertake a targeted recruitment effort by drawing on its contacts with professional associations such as the U.S. League of Mayors, National League of Cities, and Government Finance Officers Association to identify potential candidates and U.S. cities similar to Atyrau, such as those in Texas and Louisiana, from which to launch further recruitment efforts. Recruitment of the Advisor will begin immediately, and he/she is targeted to establish residence in Atyrau, at the latest, by July 1994.
2. **Information systems assessment and design:** The MFM project will shortly begin work on developing a base for a management information system needed for efficient processing and analysis of financial data. A two person team, consisting of a municipal finance expert and a systems analyst, will conduct a detailed analysis of data types, sources, and flows within and among city departments. The output of the trip will be the design of an initial computer network installation for the finance department that can be extended as the project progresses. The team will also ascertain the computer skill level of staff in finance and related departments and investigate options for training them in the use of basic computer software, such as wordprocessing and spreadsheets. In Almaty, the team will also determine the availability of U.S. manufactured computer hardware and/or regulations of the Kazakhstan on importation of equipment.
3. **Study tour:** The top city officials of Atyrau, such as the Deputy Mayors, Finance Director, Housing Privatization Director, Tax Inspector, and city council members will attend a highly structured study tour in the U.S. They will visit U.S. cities relevant to the characteristics of Atyrau, such as a city that experienced rapid economic growth fueled by the oil industry, and a city that has successfully dealt with industrial environmental problems. But the most important factor in selection of the U.S. study tour sites will be the cities' management record. The program content will include: customer service orientation, public participation in city decision making, strategic planning, utility operations, budgeting, tax administration, capital financing, growth management and economic development. The study tour will culminate in a work planning session between the city of Atyrau, the MFM Resident Advisor to Atyrau, and other RTI staff, for further specification of the medium and long term technical assistance, training, and systems activities under the project. The study tour will be held in July 1994.

4. Initial network procurement, installation and training: The procurement of the initial computer network will begin following the analysis completed in the systems preparation trip. Training of staff, starting with the finance department, in the use of word processing and spreadsheets, will begin either using existing computers, leased computers, or after the installation of the initial computer network. The systems assessment and design team will evaluate these options. Installation of the network and training is targeted for August-September 1994.

5. Workplan development: After the resident advisor has an in-depth understanding of the way the city of Atyrau's municipal administration functions, and the senior city administration has been exposed to best practice management techniques on the U.S. study tour, the two parties will work together to develop further plans for technical assistance and training, and extension of the systems activities over the life of project.

III. City of Karakol, Kyrgyz Republic

The city of Karakol is the capital of the Issyk-Kul region, famous for its resort Lake Issyk-Kul at the foot of the Tien Shen mountains. Karakol is situated on the ancient Great Silk trading route and was the base for many Russian explorers, including Prezhevsk for whom the city was named until March 1992. The city has a population of 71,000, forty-one percent of whom are Kyrgyz, forty percent are ethnic Russian, and the remainder a mix of Ukrainians, Uzbeks, Tartars, and Ulgurs. The city's economy is based on agricultural processing, food production (dairy and bread enterprises), and other light industries (foot wear, electrical products). Although the city ranks eighth in terms of industrial production in the Kyrgyz Republic, they plan to dramatically improve their position with the formation of a "Free Economic Zone" in Karakol. Karakol's natural beauty is also an attraction for tourists from throughout the former Soviet Union, and the city plans to become a magnet for international tourists interested in adventure activities, such as hunting, skiing, rock climbing, etc. The city's top notch management team is sure to maximize Karakol's great potential.

A. Reform Orientation

As evidence of the city's reform orientation, Karakol was recently designated a Free Economic Zone (FEZ) as a result of their own initiative. The city council was the originator of the idea, it was supported by the city and oblast administration, and all three parties developed the necessary legislation. They claim that the FEZ regulations are seen as a model for the Kyrgyz Republic and other countries of the former Soviet Union.

The close working relationship between the city administration and the city council was readily apparent during the team's visit to Karakol. The chairman of the city council played a major role in the team's discussions with the city executives about the city's problems and priorities. The seventy deputies on the city council were elected in March 1990 for a term of five years. The council holds one to four sessions per year, depending on the

number of issues that arise requiring deliberation. However, during the year there are permanent commissions established to study and prepare resolutions related to economic development; budget formulation; health and education; legal and human rights protection; and transportation, energy and industry. The sessions themselves are not more than a day, because most of the issues have already been negotiated between the permanent commissions and the city. The city council was described as "very active", particularly on fiscal matters which are always contentious.

The city administration and city council made a special point of their belief in and observance of democratic principles. They half-jokingly argued that their system, where seventy elected deputies overwhelmed the sixteen appointed or career city executive staff was more democratic than the balance of power in U.S. local governments. They also emphasized that even though the Mayor was appointed by the President of the Kyrgyz Republic (in consultation with the Prime Minister), she must be confirmed by the city council by a two-thirds majority, and negative decisions cannot be overruled by the President or Prime Minister.

B. Local Authority and Autonomy

The national law on local self-government establishes the framework for significant local government autonomy and authority in the Kyrgyz Republic. The local administrations are the chief executors of the state's policies on their territory and guarantors of the rights of their citizens. The city is responsible for managing, delivering, and financing the services provided on its territory. Up until last year, the composition of the budget and intergovernmental transfers were dictated by the federal government; today, the city and the oblast negotiate their respective revenue shares and expenditure responsibilities. According to senior officials from the city and the oblast, the two administrations, which are both based in Karakol, treat each other as equal parties in these negotiations. The city administration has greater executing power than the oblast administration, which has more of a coordinating and control function. For the 1994 budget, they mutually agreed that the city would transfer one third of the regulating revenues collected on its territory to the oblast administration, which in turn would manage the city's hospital and other health services with these funds.

In addition to their rights under the national legislation on local government, the city of Karakol has even more independence because of its Free Economic Zone status. The city/FEZ administration has the authority to develop their own system of taxation, one that will provide incentives to foreign and domestic investors without jeopardizing the city's interests. Today, the city and the FEZ budget are separate, but as enterprises are established on the zone the city and the FEZ budget will become one and the same. At that time, Karakol will become "almost an independent country" according to the city/FEZ management. The Karakol FEZ is also quite distinct from the Issyk-kul oblast.

C. Facilitation of the Private Sector

Enterprises in Karakol face the typical problems of those in the former Soviet Union. The dairy and bread enterprises, and the slaughterhouses were massive inefficient structures designed to serve the needs of a planned economy. Today there is insufficient local demand to soak up the supply. An additional problem is that Kyrgyz enterprises depended on intermediate inputs from enterprises located in other republics of the former Soviet Union, which are now independent countries. Because of the preciousness of foreign exchange, enterprises cannot afford to purchase these inputs from "abroad", and without a domestic source for supplies, many enterprises have been forced to shut down. For example, the electrical products enterprise cannot meet the demand for simple toaster ovens because of lack of intermediate inputs from other countries and they have cut a third of their workforce.

The city administration has undertaken a major initiative to stimulate private sector development in Karakol. In January 1994, the federal legislature signed a resolution that formally established the "Free Economic Zone" (FEZ) in Karakol. The Mayor of the city will serve as the director of the FEZ, and the Vice Mayor is chair of the FEZ development committee and budget. In the immediate future, they see their main task as luring investors to the FEZ.

The city/FEZ administration has a wealth of ideas about the types of private sector activity they would like to attract. First, they believe there is significant potential to develop an agricultural processing industry in Karakol because they are presently transporting local agricultural products back and forth across the country for processing. Furthermore, instead of importing staples like sugar and potatoes, they would like to develop sugar and potato processing plants. Second, the region is rich in ores - coal, graphite, gold, and tin - which could be mined and processed. Third, the natural surroundings offer many opportunities for tourism. There are thermal and mineral sources that could support health resorts, and the exotic wild animals in the region are an attraction for international hunters. The city executives, who are also directing and managing the FEZ, have the authority to create incentives to attract private firms to develop these three potential sectors. They expressed that one of their key interests and priorities is to receive technical assistance in developing a new system of taxation for the FEZ.

Even if the administration can establish significant fiscal incentives to lure foreign investors, their main difficulty in developing the FEZ is the city's relative transportation and communication isolation from the international community. The administration believes that their geographic position between Russia and South Asia, and China and Europe, is favorable for the development of a world class airport. Karakol has not yet commissioned a feasibility study for an airport, but they have attracted some interest in such a project from the United Arab Emirates. The city/FEZ administration is also considering giving the airport development as a concession under the FEZ.

Privatization of state property in the Kyrgyz Republic is entering its second stage. From 1991-1992, the trades and service industries were privatized. In Karakol, 100 percent of the service sector has been privatized, followed by 50 percent of the transportation sector, 48 percent of the agricultural sector; and 27 percent of the industrial sector. On average, 44 percent of state property in Karakol has been privatized, compared to 33 percent for the Issyk-kul oblast as a whole. Since 1993, the focus has shifted to converting medium and large size enterprises into joint-stock companies. This conversion was a preparatory step towards "mass privatization" where the coupons given to the Kyrgyz citizens will be exchanged for reserved shares of stock (25 percent of total) in the joint-stock companies through an auction process. The auctions were scheduled to begin in the Issyk-kul oblast in April 1994, where 60 percent of the citizens have already received their coupons.

The city and oblast privatization experts evinced a progressive attitude on the privatization process. They stated that they wanted to increase the fiscal responsibility of enterprises, specifically that enterprises should assume responsibility for their debts even if it means going bankrupt. They felt that it was important for the enterprises to go into bankruptcy in order to develop a healthy economy. The city tax and budget staff acknowledged that many inefficient enterprises had closed; however, they also pointed out that potentially profitable enterprises were hurt by the high corporate tax burden. They stated that the current tax structure is not in keeping with "the principles of a market economy that taxes should stimulate, not stifle, production." The city administration also repeatedly stated their desire to push economic reform quickly, and to receive technical assistance and training in "post-privatization" or organizational and management methods and technologies for enterprises operating in a free market environment.

D. Evidence of Improving City Management and Finance as a Priority

As an example of the city management team's effectiveness, they presented the team with a list of potential foci for the MFM project in the event that Karakol was selected as a participating city.

1. Improving City Management

The top priority expressed by the Mayor and her senior staff was improving overall city management and governance. First, as the country transitions from a centralized to a decentralized system, the city needs to define municipal property and service responsibility. Second, because the city will also be a free economic zone, the administration wants to determine how to combine and coordinate institutions and departments that have a municipal and/or FEZ function. Third, the city council may have to develop new laws on local governance related to the FEZ administration.

In addition to the policy and laws related to the general management scheme, the city administration requested computer systems to support the overall framework. They stated that one of their top priorities was the "creation of a unified computer network for coordinating

the operations of the department of economy and finance, tax inspectorate, employment center, social and culture department, police department, education department, and health department". They need computer hardware and software "configured on the basis of each department's specialization, and training of staff, from the top levels (city administrators and managers) to employees in "departments, subdepartments and subdivisions".

2. Improving Financial Management

The Mayor and the budget and tax staff outlined their priorities related to improving the city's financial management. The Karakol city budget for 1994 is 18.7 million soms (approximately \$1.6 million). Forty-one percent of their expenditures are for social protection (such as allowances to large families and bread subsidies), twenty-seven percent for education, sixteen percent for health services, and eleven percent for "public economy" (housing maintenance, street repair, and coal subsidies). The city administration shares the proceeds from the following major regulating revenues with the oblast administration. Fifty-four percent of the city's budget was derived from their seventy percent share of Value Added Tax collections. The city is entitled to eighty percent of the revenues from taxes on bank profits, and this source was twenty-one percent of the city's budget. Half of the revenues from the personal income tax goes to the city, and comprised thirteen percent of their budget. Sixty-four percent of the corporate income tax revenues remain with the city, which makes up ten percent of the budget. Lastly, the city is entitled to half of the revenues from excise taxes, but this source only contributed three percent to the city budget. The tax inspectorate estimates that about forty percent of taxes assessed are avoided, primarily because the tax burden is so high.

The city budget is prepared by the city administration, namely the fourteen person staff in the economy and finance department, and then it is debated and adopted by the city council. However, because of the high inflation rate, the city budget may be adjusted up to ten times per year. The formulation of the budget and the frequent adjustments are extremely time consuming for the budget and finance staff because their main "tool" is the abacus. They would like to establish a "system of dynamic information" so that they could concentrate on revenue forecasting, broken down by enterprise; expenditure forecasting for departments, particularly health and education; and payroll projections. The tax inspectorate has two computers, but they are dedicated to a special program for land tax. The tax inspectorate staff stated that they would like to be able to provide projections of the revenue potential of each type of tax to the finance department.

3. Economic Development and City Planning

Within the limits of the MFM project scope of work, the city administration would appreciate assistance in the development of the Free Economic Zone. Their needs include technical assistance and training in: the design of the FEZ tax policy and incentive system for domestic and foreign investors; operation of enterprises according to free market principles; and creation, promotion and regulation of the tourism industry.

While the city administration is eager to stimulate their economic growth, they are also concerned with managing it effectively. Because Karakol's primary resource is its natural surroundings, they want to begin planning land use and establishing zoning and environmental protection laws so that the anticipated commercial development in the Free Economic Zone does not go unregulated and ruin their economic base. The city management staff requested technical assistance in "computerizing the city planning process", installation of a geographic information system, and training of appropriate staff in the city planning, design and environment department.

4. Restructuring Municipal Services

Another priority stated by the city executive team was "reforming the system of city infrastructure management: heating, water, sewerage, and transport". There are currently national discussions regarding the transfer of financial responsibility for these municipal services to the city. The Mayor and her top staff are concerned about this development because they presently could not bear the financial burden. The federal government gives significant subsidies for the heating system, and if these were revoked, the city would be unable to provide sufficient heat to its residents in the winter. The cost-recovery (operations and maintenance) rate for both the water enterprise and the transportation enterprise is approximately 70 percent. Presently, all tariffs are set at the federal level, but if responsibility for financing is transferred to the local government, the federal government will give them the right to set tariffs. The city would appreciate assistance on analyzing the cost of providing these services and the design of appropriate user fees.

In addition to the ongoing operations and maintenance costs for infrastructure, the city is faced with considerable capital investment requirements, particularly considering that they want to establish an infrastructure that will meet the needs of international firms in the Free Economic Zone. The city's heating networks are in crisis, most pipes were laid more than thirty years ago and need to be replaced. Similarly, because of the aging water system, the city has done a feasibility study for a new water system that will cost approximately \$1.75 million. The city's sewage canals only cover the central and eastern part of the city, and it will cost approximately \$900,000 to extend the system to the western part of the city. A proposed hydropower station would run another \$1 million. In terms of public transportation, the city has conducted a feasibility study for the development of a trolley bus system, but do not have the financing to go forward. The city estimates that they need twenty eight to thirty-two buses, or three times their current fleet, to meet local transportation demand. Formerly, the sources for buses and related equipment were Ukraine and Russia, but now these linkages are broken.

E. City as a Model

Karakol is the third largest city in the Kyrgyz Republic, after the capital, Bishkek, and Osh in the southern part of the country. Because capital cities have special problems and challenges, project interventions in Bishkek would have little relevance to other cities in the Kyrgyz Republic. Osh would also serve as a poor model for other Kyrgyz cities, because of its extreme transport isolation and the remote possibility that the city may become part of Uzbekistan. By contrast, Karakol is representative of medium sized cities in the country. But unlike other Kyrgyz cities, its visibility as the country's largest tourist attraction will allow for dissemination of project innovations.

Karakol's status as a Free Economic Zone gives it significant authority and autonomy to develop their own tax and budget policies. Their independent fiscal administration means that the MFM project could, for example, implement model user fees or budget procedures, which if successful, would serve as justification for changing national, state or local laws for dissemination of these interventions in other cities. Just as Karakol will be a model for promotion of free enterprise, they have the unique potential to serve as a model for municipal finance and management innovations.

F. Interface with other Foreign Assistance Programs

Thus far the vast majority of international assistance to the Kyrgyz Republic is based in Bishkek. The U.S. Peace Corps is the only international program that has a physical presence in Karakol, with two volunteers teaching English in the local school. In the next year, the Peace Corps is planning to place two small business development volunteers in Karakol as well. Under its privatization project, Price Waterhouse is working with the Issyk-kul oblast to run auctions of state property in the region. Although to date the international presence is limited in Karakol, the city exemplifies the kind of site where international resources could be successfully focused in a complementary manner. The city administration listed as priorities several areas which are not in the scope of the MFM project, namely privatization, business management, eco-tourism, and development of a banking and insurance industry. Thus we foresee that other AID projects and other international donor projects could provide the requested technical assistance and training in these areas to the Karakol city administration.

G. City's Ability to Provide Logistical Support

The city confirmed that they would be able to provide the required logistical support under the MFM project. They indicated that the RTI resident advisor's probable project counterpart would be the Vice Mayor, but he/she would also have substantial interaction with the Deputy Mayor for City Administration (equivalent to a U.S. city manager) and the Deputy Mayor for Economy and Finance. The advisory committee would likely be chaired by the Mayor and in addition to the city executive staff, would also include the chairman of the city council. Given their scarce budgetary resources, the city was concerned about their ability to

secure the often expensive services of a bilingual secretary for the RTI resident advisor, but they pledged to make their best effort. The advisor's office space would be in the city administration building.

Potential MFM Focus

The MFM project is an excellent vehicle for developing solutions for many of the city's expressed problems. First, the city is interested in creating an overarching information network that would link the finance department, tax inspectorate, social welfare department, health department, education department, and employment department, such that the city decision makers had instant access to critical information. The MFM project could also target the finance department and tax inspectorate for training and technical assistance in revenue and expenditure analysis and forecasting. Second, the city would like assistance in economic development and growth management. The MFM could provide assistance to the city in creating a tax framework and management system for the Free Economic Zone and stimulating the development of the tourism industry. The project could also introduce land use planning techniques and systems to the city planning departments. Third, given the city's interests in reducing public subsidies and increasing their stock of capital infrastructure, the MFM project could work with the city to improve the management of municipal services, reform the utility rate structure, and adopt capital budgeting and infrastructure planning techniques.

General Budget for the MFM Program in Kyrgyz Republic

City of Karakol

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|---|-----------|
| Resident Advisor and Host Country Advisors (3) for eighteen months | \$540,000 |
| Short-term technical assistance | \$ 60,000 |
| Training | \$500,000 |
| Computer Systems | \$700,000 |

Kyrgyz Republic

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| Training for other municipal officials (Workshops, seminars, special courses) | \$200,000 |
| TOTAL: | \$2,000,000 |

Next Steps

1. **Recruitment of Resident Advisor:** It is critical that the Resident Advisor for Karakol can meet the specific technical assistance requirements of the city. First and foremost, the Resident Advisor must be a seasoned former U.S. city manager, or a Mayor with extensive operational experience, in a city of relevant size so he can provide a broad range of advice to the city on upgrading its managerial/administrative capacity. Previous working experience in a city where tourism was a significant source of income is also desired. Secondly, the advisor should have deep technical skills in one of the program areas, such as public administration, finance, or planning. The RTI Project Management Unit in Washington D.C. will undertake a targeted recruitment effort by drawing on its contacts with professional associations such as the U.S. League of Mayors, National League of Cities, and Government Finance Officers Association to identify potential candidates and U.S. cities similar to Karakol from which to launch further recruitment efforts. Recruitment of the Advisor will begin immediately, and he/she is targeted to establish residence in Karakol in June or July 1994, depending on the timing of the study tour.

2. **Information systems assessment and design:** The MFM project will shortly begin to build an integrated management information system for the City of Karakol. A two person team, consisting of a municipal finance expert and a systems analyst, will conduct an information systems assessment and design in May 1994. The scope of work is to perform an in-depth analysis of the existing financial information types, sources, and flows, between the finance, tax, and management departments of the city. Based on the information needs of the senior city executives, the primary output of the assignment will be a design for a core management information network that can be extended as the project progresses. The team will also assess the computer skill level of the operational staff in each of these departments and investigate options for training operational staff in basic computer software. In Bishkek, the team will also determine the availability of U.S. manufactured computer hardware and/or regulations of the Kyrgyz Republic on importation of equipment.

3. **Study Tour:** While the network procurement is underway, the top city officials will attend an observation and study tour to U.S. municipalities which have successfully dealt with some of the same issues that are important to the city of Karakol. For example, the Karakol management team would visit a city that promoted adventure type tourism, a city that had successfully created an industrial park, and a city known for well planned and managed growth. Study tour program topics will include strategic use of management information systems, budgeting, public-private partnerships, and tax policy and incentives for economic development. The study tour will culminate in a work planning session between the city of Karakol, the MFM Resident Advisor to Karakol, and other RTI staff, for further specification of the medium and long term technical assistance, training, and systems activities under the project. The study tour will be held in June or July 1994, depending on the timing of hiring and mobilizing the Resident Advisor.

4. **Systems Procurement, Installation and Training:** The systems procurement will be initiated immediately after the design of the core management information network. Training of staff on basic computer software (word processing, Quattro Pro) may begin prior to systems installation, depending on the local computer training options. Otherwise, computer training will begin after the installation of the initial computer network in August-September, 1994.

5. **Workplan Development:** After the resident advisor is thoroughly knowledgeable about the city of Karakol's existing operations, and the top management has been exposed to possible solutions through the U.S. study tour, the two parties will work together to develop further plans for technical assistance, training, and systems activities for the life of project.

ANNEX
MUNICIPAL FINANCE AND MANAGEMENT PROJECT
Summary Description

The Municipal Financial Management (MFM) Project is funded by the United States Agency for International Development (USAID) and is being carried out by a consortium of US organizations led by the Research Triangle Institute (RTI).

The purpose of the MFM project has three parts:

- (1) Introduce cities in the former Soviet Union to the best available techniques and systems for municipal management and finance in the context of democratic local governance and a free market economic system.
- (2) Install the necessary computer based systems (hardware and software) to carry out this kind of local municipal management and governance; and
- (3) Establish and conduct training programs locally and in the United States to orient our counterparts to the techniques and skills needed to make the systems work.

The MFM program will be implemented in eight cities in the former Soviet Union: Moscow, Nizhny Novgorod, and Vladivostok in Russia; Kharkiv, Lviv and Ternopil in Ukraine; Atyrau in Kazakhstan and Karakol in the Kyrgyz Republic.

The program of technical assistance, training activities and computer system development is being carried out by a consortium of U.S. organizations led by the Research Triangle Institute (RTI). The field operations are supervised by an RTI project management team in Washington and supported by a consortium of outstanding U.S. institutions. RTI will place senior U.S. municipal managers as long-term advisors in the selected cities. RTI will manage the computer systems design, installation component in cooperation with leading U.S. firms in this field: American Management Systems, Andersen Consulting and Price Waterhouse. Additional training and technical expertise will also be provided by Georgia State University, Management Systems International, the Lincoln Institute of Land Policy, the University of North Carolina, University of Pittsburgh, Government Finance Group and the International Association of Assessing Officers.

The project calls for close collaboration and teamwork between Americans and counterparts in each of the municipalities participating in the project. It is hoped that the management and finance systems developed in each of the participating cities and the training programs will help other cities in the respective country develop more effective and democratic approaches to their management and governance.

ANNEX
City Selection Criteria

A. REFORM ORIENTED LOCAL GOVERNMENT WITH DYNAMIC AND PROGRESSIVE LEADERS (INCREASINGLY DEMOCRATIC SOCIETY AND FREE MARKET ORIENTATION.)

PRIVATIZATION OF STATE OWNED ENTERPRISES UNDER LOCAL CONTROL

PRIVATIZATION OF GOVERNMENT SERVICES

LIFTING PRICE CONTROLS AND RESTRICTIONS

SETTING PRICES FOR SERVICES AT COST

LOCAL GOVERNMENT COLLABORATION WITH AND SUPPORT OF THE PRIVATE SECTOR

LOCAL PARTICIPATION SUCH AS ELECTIONS, LOCAL REFERENDUMS AND INCREASINGLY TRANSPARENT PROCEDURES FOR THINGS LIKE LOCAL PLANNING AND ACTIONS. ARE THERE ANY MECHANISMS FOR LOCAL INPUT, SUCH AS PUBLIC POSTINGS, LOCAL RADIO, ETC..?

RELATIVE INDEPENDENCE OF LOCAL NEWS MEDIA.

B. A RELATIVELY HIGH DEGREE OF LOCAL AUTONOMY AND AUTHORITY.

DO WE HAVE EVIDENCE OF DE FACTO LOCAL AUTHORITY OR AUTONOMY OR DOES THIS JURISDICTION STILL BEHOLDEN TO HIGHER LEVELS OF GOVERNMENT OR TO MILITARY AUTHORITIES.?

C. DOES THE CITY ADMINISTRATION' HAVE A FACILITATIVE OR SUPPORTIVE ATTITUDE TOWARDS THE PRIVATE SECTOR OR DOES IT TRY TO RESTRAIN IT.

ACTIONS BEING TAKEN TO PRIVATIZE MARKET -- LAND, HOUSING STOCK, BUSINESSES, SHOPS, ETC. WHAT IS THE CITY'S RECORD ON THESE THINGS.? IS THE PACE OF THESE ACTIONS ACCELERATING.?

ARE THERE STILL UNREASONABLE RESTRICTIONS ON LOCAL PRIVATE ENTERPRISE.? WHAT IS THE CITY DOING ABOUT THOSE THAT ARE UNDER THE CITY'S CONTROL?

D. FINANCIAL MANAGEMENT SYSTEMS AND POLICIES ARE A PRIORITY FOR THE CITY LEADERSHIP.

ACTIONS BEING TAKEN TO IMPROVE THE QUALITY OF THESE SYSTEMS (RATIONALIZING SYSTEM, COMPUTERIZATION, TRAINING OF STAFF, ETC.).

EVIDENCE THAT THE CITY IS MOTIVATED TO IMPROVE THESE SYSTEMS. AND HAS PRIORITIES FOR DOING DO SO OR IS INTERESTED IN DEVELOPING SAME.

E. LIKELIHOOD THAT THE CITY CAN SERVE AS A MODEL FOR OTHER CITIES SUCH THAT MFM INITIATIVES CAN BE REPLICATED IN OTHER MUNICIPALITIES, INCLUDING REPUTATIONAL ASPECT.

STATUS AND REPUTATION OF THE CITY IN THE REGION..

IS THE CITY ENOUGH LIKE OTHERS TO BE RELEVANT OR IS IT A SPECIAL CASE. WHICH WOULD BE A CONSTRAINT TO IT SERVING AS A DEMONSTRATION?

F. OVERLAP WITH OTHER DONOR FUNDED PROGRAMS.

THERE ARE PLUSES AND MINUSES HERE. THE PEACE CORPS SEEMS TO BE A CLEAR ADVANTAGE. HOWEVER IF TOO MANY DONORS ARE INVOLVED THEY CAN DILUTE THE ATTENTION THAT OUR PROGRAM RECEIVES. TRULY COMPLEMENTARY PROGRAMS ARE BETTER THAN OVERLAPPING.

G. SENSE OF ABILITY TO CONTRIBUTE LOCAL RESOURCES TO THE PROJECT.

ANNEX 3

Annotated Contact List Kazakhstan

| Contact | Address | Phone | Fax |
|--|---|--|---|
| William Reyn Archer, M.D Program/ Medical Director Kazakhstan Programs | Project Hope Vladimirskaya St, 99 Avangard Micro Region Atyrau | 7-31222-3-61-22 | |
| Edward W. Birgells Project Development Officer | USAID Region for Central Asia 97A, Furmanov St. Almaty, 480091 | 7-3272-634898 | 7-3272-696490 |
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| Paula Feeney General Development Officer | USAID Regional Mission for C. Asia c/o US Embassy Almaty | 7-3272-631770 | 7-3272-696490 |
| Douglas Francomano Peace Corps Volunteer | Peace Corp Atyrau | 7-31222-3-26-24 | |
| Greg Gleason Co/P Rule of Law Project | Chemonics Chief of Party/ Rule of Law Proj. | 7-3272-339489 | |
| Suzan Johnson Regional Director Kazakhstan & C. Asia | Intl. Executive Service Corps 24, Abai Ave., #5-6 Almaty, 480013 | 7-3272-634032 | 7-3272-506246 |
| Wallace Kaufman Advisor | ICMA | office 7-3272-330243 home 7-3272-611184 | same |

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|---|--------------------------------------|-----------------------------|
| Sanarov Kumar Manager | Small Business Center Atyrau | 7-31222-3-26-24 |
| Oskar Kuzageliev Deputy Mayor | Atyrau City Administration Atyrau | 7-31222-24481 7-31222-22806 |
| Gubashev Klim Deputy Mayor for Economics | Atyrau Oblast Administration | |
| Dzilkibaev Bagitalzar Director Finance Dept. | Atyrau City Administration | |
| Raihan Naurisbekova Deputy Head of Budget Division Finance Dept. | Atyrau City Administration | |
| Irene Sherbakova Head of Administration & Social Welfare Finance Dept. | Atyrau City Administration | |
| Olga Novakovskaya Chief Accountant Finance Dept. | Atyrau City Administration | |
| Altinai Kurmanbaeva Head of Financial Mgmt. Division Finance Dept. | Atyrau City Administration | |
| Gulnara Izbasarova Head of Revenue Forecasting Div. Finance Dept. | Atyrau City Administration | |
| Uzak Ismagulov Director Housing Privatization & City Construction | Atyrau City Administration | |
| Alexander Balakin Director Municipal Water & Sewer Enterprise | Atyrau City Administration | |
| Bezhbenov Saileo Head of Transportation Dept. | Atyrau City Administration | |

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|---|----------------------------|
| Sagima Umarova Deputy Head of City Tax Inspectorate | Atyrau City Administration |
| Saspanov Kairat Deputy Head of City Tax Inspectorate | Atyrau City Administration |
| Erubaev Romazan Head of Small Enterprise Tax Payments Dept. | Atyrau City Administration |
| Sardarova Ornai Head of Joint Venture & Foreign Firm Tax Payments | Atyrau City Administration |
| Koshikpaeva Igul Head of Personal & Corporate Income Tax Payments | Atyrau City Administration |
| Bisenalieva Sanim Head of Shareholding & Limited Liability Companies' Tax Payments | Atyrau City Administration |
| Li Sveta Computer Specialist Tax Inspectorate | Atyrau City Administration |
| Konispava Igul Computer Specialist Tax Inspectorate | Atyrau City Administration |
| Ovcharova Natali Chief Accountant | Atyrau City Administration |
| Kozakova Morzila Head of Tax Calculation Dept. | Atyrau City Administration |
| Minshenina Olga Head of Cooperatives' Tax Payment Department | Atyrau City Administration |
| Zumagaliev Kuanish Tax Inspector | Atyrau City Administration |

Annotated Contact List

Kyrgyz Republic

| Contact | Address | Phone | Fax |
|--|---|---------------------------------------|---------------|
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| Elen Cots | Peace Corps Bishkek | 7-3312-243527 7-3312-225765 (home) | |
| Edward Horwitz Ambassador | US Embassy Bishkek | | |
| John R. Johnson Director | Price Waterhouse Erkinkik Ave. 57 Bishkek 720040 | 7-3312-264534 | |
| Stephen Lewarne | USAID Long-term Advisory Assistance to the State Committee for Economics | 7-3312-247802 | |
| Martin Shapiro | Peace Corps | 7-3312-243321 | 7-3312-213560 |
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| Sergey S. Ryspecov First Vice-Mayor | Karakol City Administration 120 Kalinin St. 722360 Karakol | 7-31922-20522 | 7-31922-25700 |
| Dmitry Kostenko Deputy Mayor for City Administration | Karakol City Administration | | |
| Melis Isaevich Kochukov City Council Chairman | Karakol City Administration | | |

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| Asakeev S. Amanturovich Director Free Economic Zone Fund | Karakol City Administration |
| Muripa Mukanova Head of External Foreign Relations Dept. | Karakol City Administration |
| Balapanova Aygul Head of Budget Dept. | Karakol City Administration |
| Malabaev Malik Deputy Chairman Oblast State Property Fund | Karakol City Administration |
| Abdrakhamanov Kylych City Privatization Specialist | Karakol City Administration |
| Bobskaya Nina Head of City Tax Inspectorate | Karakol City Administration |
| Ludmila Danilova Head of Transport Dept. | Karakol City Administration |
| Smartsev Aleksey Head of Municipal Services Dept. | Karakol City Administration |
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| Imanbekov Amantur Head of Economics Dept. | Karakol Institute of Management Karakol City Administration |
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