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ENDORSEMENT MEMO FOR ACTING DIRECTOR OF U.S. FOREIGN ASSISTANCE HENRIETTA FORE

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SUBJECT: USAID Performance Report on Fiscal Year 2007 for Kazakhstan

The FY2007 USAID Performance Report confirms that the USAID strategy and program activities effectively support the current Mission Strategic Plan. The USAID Program for Economic Development, jointly funded with the Kazakhstan government, is an integral part of the Embassy's efforts to upgrade Kazakhstan's participation in world trade and to distribute better economic benefits throughout the nation, especially by diversifying economic activity beyond extractive industries. The USAID Health program is helping reverse the nation's declining health status, with special focus on controlling diseases that threaten Kazakhstani families and families beyond Kazakhstan's borders. The Democracy program has been carefully laying foundations for democracy, despite a Government resistant to criticism and independent initiatives at the community level.

As the levels of U.S. development assistance to Kazakhstan decline, the importance of the bilateral relationship between the U.S. and Kazakhstan continues to grow. The remaining development assistance funds will help determine:

- whether the Kazakhstan-U.S. Partnership for Economic Development enables Kazakhstan to compete successfully among world economies,
- whether health services begin to reverse the declines in health status, and
- whether the Republic of Kazakhstan opens the way for civil society to lay the foundations for a multi-party democracy.

USAID economic assistance to Kazakhstan has produced 15 years of solid accomplishments. The results include well-functioning financial infrastructure: the Central Bank; financial regulatory institutions and legislation for banks, insurance and pension funds; a housing finance system; widely available credit for small and medium enterprises, and a rapidly growing micro-lending system. Diversification of the economy, beyond extractive industries and to all regions, has been an important goal. The current Partnership for Economic Development, jointly funded by USAID and the Republic of Kazakhstan, supports ten programs that will have long-lasting effects:

- a new generation of accountants trained in internationally recognized accounting methods;
- a new generation of young entrepreneurs, involving 200,000 students and 700 teachers;
- a network of business associations that advocate streamlining government regulation, reducing government obstacles to business;
- a self-sustaining system of lenders for micro-loan borrowers;
- reduced regional disparities through fiscal policies and procedures that distribute central government revenues to regions based on needs;
- improved risk management practices for banks and other financial institutions;
- guidelines and regulations for mergers and acquisitions;
- strengthened audit capability, able to assess government programs for financial integrity and performance;
- reliable statistics on information and communications technology;
- for small businesses, a nationwide network of SME service providers using international best practices;
- Kazakhstani leadership in Central Asia regional processing and marketing of agricultural products;
- Kazakhstani active participation in the regional energy market linking Central Asia and South Asia;
- reform of Kazakhstan's Customs Service to reduce transit times and costs for trade within Central Asia and with Russia, Europe and China, and
- Kazakstan membership in the World Trade Organization.

Kazakhstan's determination to be among the 50 most competitive nations in the world has become a powerful incentive for economic policy reform and government action in partnership with the private sector. Kazakhstan's economic development performance is in line with projections assumed for the phase-out of the USAID assistance within the Economic Growth Objective, with FY2009 being the last year of funding.

The determined U.S. investments in the health sector, beginning in the early nineties, are coming to fruition. Preventive and primary health care strategies introduced through U.S. technical assistance have taken hold and are being incorporated into a \$180 million program financed by the Government and the World Bank. Health sector reform is being built on revenue sharing and decentralized management of resources. At the center, disease control programs for TB, HIV/AIDS and avian influenza are high priority. According to WHO,

Kazakhstan's prevalence rate of multi-drug resistant TB is the highest in the world. Continued U.S. support is essential to maintain these national priorities.

Kazakhstan readily articulates a strategic vision of democracy, founded on strong central leadership that is bolstered by laudatory public opinion. There is hesitation, however, in pursuing tactical measures to encourage civil society -- especially political parties and NGOs active at the community level. Further progress towards democracy must arise from democratic self-reliance in communities. The current USAID democracy programs are well-balanced to develop self-confident demand for democracy throughout the country by: promoting national dialogue on policy, opening up the sources of news and opinion, ensuring vigilant protection of human rights, strengthening all political parties and invigorating judicial reform. This is the steady course needed to increase the demand for good governance throughout Kazakhstan.

The USAID program in Kazakhstan has been crafted with the accumulated experience of 15 successful years, with a steady focus on goals and with growing confidence in relationships with both public and private sector partners. It is a modest investment that has been producing highly valuable results.

**FY 2007 Performance Report Acronym List
Kazakhstan**

Acronym	Definition
AH	Arterial Hypertension
b	Billion
BEI	Business Environment Improvement
BSP	Business Services Provider
CAP	Certified Accounting Practitioner
CAR	Central Asian Republics
CIPA	Certified International Professional Accountant
CPG	Clinical Practice Guidelines
DOTS	Directly Observed Therapy Short-course
EBRD	European Bank for Reconstruction and Development
EC	Expert Councils
ESCM	Electronic Surveillance and Case Management
FETP	Field Epidemiology Training Program
FY	Fiscal Year
GDA	Global Development Alliance
GDP	Gross Domestic Product
GOK	Government of Kazakhstan
ICCPR	International Covenant of Civil and Political Rights
JA	Junior Achievement
IPR	Intellectual Property Rights
KAFP	Kazakhstan Association of Family Practitioners
LBD	Live Birth Definition
MDR	Multi-Drug Resistant
MOF	Ministry of Finance
MIT	Ministry of Industry and Trade
MOH	Ministry of Health
MOU	Memorandum of Understanding
NBK	National Bank of Kazakhstan
NGO	Non-governmental organization
NTC	National TB Center
PED	Program for Economic Development
PHC	Primary Health Care
REMAP	Regional Energy Market Assistance Program
SME	Small and Medium Enterprise
TB	Tuberculosis
US	United States
USAID/CAR	USAID - Central Asian Republics (Mission)
USG	United States Government
WHO	World Health Organization
WTO	World Trade Organization

Kazakhstan 2007 Performance Report

Operating Unit Performance Summary

Soon after independence, Kazakhstan and USAID became partners in Kazakhstan's development, with three purposes: First, Economic growth, diversified beyond energy, providing employment and income throughout the country; second, health services that reverse the national decline in health status, and, third, democracy with vibrant civil society and a multi-party electoral system. Since that time Kazakhstan has developed into an increasingly prosperous country.

In FY 2007, USAID's program strengthened Kazakhstan's role in the world economy: supporting accession to the World Trade Organization, reforming the Customs Service to reduce transit times and costs for trade, promoting participation in regional energy markets, and upgrading a new generation of accountants to international standards. Also, USAID helped diversify the economy through: a network of business associations advocating for streamlined regulation; a self-sustaining, fast growing credit system for mainly female micro-loan borrowers; reduced regional disparities for health and education through fiscal redistribution of resources; and a nationwide net of service providers to small businesses

Through USAID's well-executed pilots and problem-solving with Kazakh health officials, the ingredients for system-wide reform are being built on devolved outcome-based financial management. The reforms undergird a \$300 million health care investment program, planned with the Kazakhstani Government and the World Bank. USAID leads international assistance efforts to control diseases, particularly TB and HIV/AIDs.

In the area of democratic reforms, The Government of Kazakhstan (GOK) has resisted community level civic activity and a competitive political process. Indeed, recent Parliamentary election eliminated opposition parties from the Lower House. The Government's fears of open media also produced relentless intimidation of news sources despite USAID supported legal assistance. In contrast, the Government has welcomed a USAID-sponsored policy dialogue program with civil society groups, including the opposition. Furthermore, USAID and the GOK signed a MOU which provides a means for USAID to restart political party assistance that was suspended in 2006 after the GOK challenged the constitutional legality of providing international assistance to Kazakhstani political parties.

All USAID activities comply with 22 CFR 216.

Program Area Performance \ 1 Peace & Security \ 1.5 Transnational Crime

USAID's only work in this area was under the Trafficking in Persons Element. Other USG agencies focused on prosecution of traffickers and support of the legal system. Focusing only on prevention and protection, USAID's programs have been successful in directly assisting 93 trafficking victims with a range of services, including shelter, psychological and vocational counseling, medical and legal assistance and repatriation.

USAID also continued to support 13 separate hotlines and an NGO support network throughout Kazakhstan. The hotlines averaged 1,000 calls per month. In addition to running the hotlines, the network organized a

wide range of anti- trafficking activities such as youth training, shelter support, round tables, and summer camps.

USAID continued to develop new educational materials which provided information about ways to avoid becoming a victim of trafficking. Through these efforts, there is a high degree of awareness among the population about trafficking. Based on a nationwide survey conducted in fall 2006, 97% of respondents were aware of the risks of trafficking, compared to 89% in 2005.

Program Element Performance \ 1 Peace & Security \ 1.5 Transnational Crime \ 1.5.3 Trafficking-in-Persons and Migrant Smuggling

Kazakhstan was moved from Tier 2 to the Tier 2 Watch List last year on the State Department's Annual Trafficking Report.

Over the past year, USAID assisted 93 victims who were trafficked either for labor or sexual exploitation. USAID also continued to support 13 hotlines and an NGO support network throughout Kazakhstan. The hotlines averaged 1,000 calls per month. In addition to running the hotlines, the NGO network provide a wide range of anti-trafficking activities such as youth training, shelter support, roundtables, and summer camps. USAID also collaborated with local authorities in one region to conduct an anti-trafficking workshop for religious leaders from various faiths.

To further increase awareness, USAID developed an educational movie, "A Long Way Home" which had three stories about trafficking victims. The movie was shown in youth summer camps and in other locations to educate and inform potential victims about the dangers of trafficking. New educational materials were also produced which provided information about ways to avoid becoming a victim of trafficking.

While the Government of Kazakhstan provided some support at the local level for the operation of shelters or for the dissemination of public information materials, more direct support from the Government will be needed before services in this area are sustainable and are able to fully respond to the demand.

Element Indicator Narrative \ 1 Peace & Security \ 1.5 Transnational Crime \ 1.5.3 Trafficking-in-Persons and Migrant Smuggling

Setting targets is inappropriate in this area

Program Area Performance \ 2 Governing Justly & Democratically \ 2.1 Rule of Law and Human Rights

With the Government's adoption of additional measures under the International Covenant on Civil and Political Rights (ICCPR) to protect human rights and the Supreme Court's engagement with USAID on judicial issues, the Human Rights and Rule of Law Program Area continues to show limited progress. More meaningful impact in this area will be dependent upon Government implementation of international human rights commitments, as well as measures to increase the independence of the judiciary.

Following a year long advocacy campaign by USAID partners, the Government of Kazakhstan adopted the First Optional Protocol to the ICCPR, declarations under Articles 21 and 22 of the Convention Against Torture and the Optional Protocol to the Convention against Torture. Partners also worked with the

Government to allow regular NGO participation in official sessions of governmental human rights commissions. NGOs were also consulted by the Ministry of Justice as legislation was drafted to comply with the ICCPR, including laws on access to justice, freedom of assembly and combating torture.

USAID programs continued to support the Kazakhstani judiciary's incremental modernization efforts, training more than 220 justice sector personnel and providing materials and resources to courts nationwide. To further increase judicial transparency and accountability, USAID helped the judges' association prepare a "roadmap" to revise the judicial code of ethics. USAID also expanded a judicial mentorship program to support newly appointed judges. In one of the most promising developments, USAID completed a pilot program that supported the installation of a video court recording system, which allowed for the production of verbatim transcripts of court proceedings. Based on the results of this program, the judiciary has expressed interest in expanding the system to other courts.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.1 Rule of Law and Human Rights \ 2.1.3 Justice System

Over the past year, USAID has continued to support the Kazakhstani judiciary's modernization efforts, training more than 220 justice sector personnel and providing materials and resources to courts nationwide. To further increase judicial transparency and accountability, USAID helped the judges' association prepare a "roadmap" to revise the judicial code of ethics as well as a draft revised code. The judges' association had not adopted this code of ethics by the end of the year.

USAID also expanded a judicial mentorship program providing young judges with much needed support, as more than half of Kazakhstan's judges have less than four years of experience. USAID helped educate judges on the new jury trial procedure through an innovative one hour film. Most importantly, USAID completed a successful 12-month pilot project that supported the installation of video court recording equipment. This equipment allows for the production of a verbatim court transcript, which is important both for documenting court proceedings as well as preparing for appeals. Over 93% of all court personnel who used the equipment were in favor of a country-wide expansion of this technology.

Through local-level advocacy campaigns, the procedures for accessing court facilities were improved in the city of Almaty. Authorities posted information explaining the appeals procedures, and guaranteed access to court for citizens even without a summons for a trial or a special pass. To improve responsiveness, a special citizens' reception desk was also established in several Almaty courts.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.1 Rule of Law and Human Rights \ 2.1.4 Human Rights

Through strengthened partnerships with local human rights organizations, USAID programs successfully engaged with the Government on a range of human rights policy issues. Work in this area slightly exceeded expectations, with five public advocacy campaigns on human rights issues being supported under USAID programs. By year end, three of the five campaigns had resulted in legislative or procedural changes.

One of the most significant outcomes was the Government's adoption of additional measures under the International Covenant on Civil and Political Rights (ICCPR) to protect human rights. Following a year long advocacy campaign by USAID partners, the Government of Kazakhstan adopted the First Optional Protocol to the ICCPR, declarations under Articles 21 and 22 of the

Convention Against Torture and the Optional Protocol to the Convention against Torture. Once ratified by Parliament, implementing these international commitments will require the establishment of a system of regular monitoring visits to closed facilities by independent international and national bodies.

In addition, for the first time, local NGOs were able to regularly participate in official sessions of governmental human rights commissions. NGOs were also consulted by the Ministry of Justice as legislation was drafted to comply with the ICCPR, including laws on access to justice, freedom of assembly and combating torture. Local partners submitted draft laws on access to information and freedom of assembly to the Parliament for discussion; these laws are expected to be formally considered in fall 2008.

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.1 Rule of Law and Human Rights \ 2.1.3 Justice System

The FY 2008 target is set up to reflect new project's parameters. During the FY 2007 Operational Plan, USAID did not anticipate the project in this area. The number for 2008 is also lower because the new program is now focused on creating transparency through a court recording system, thus the number of judicial personnel trained will be lower than in 2007 which had four separate components. Although the numbers are smaller, the results will be more focused, and contribute to a greater overall achievement.

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.1 Rule of Law and Human Rights \ 2.1.4 Human Rights

USAID supported five campaigns in FY 2007, exceeding expectations. These five campaigns covered access to information, access to courts, combating torture through the ratification and implementation of the Optional Protocol to the Convention against Torture, freedom of assembly and ratification and implementation of the Optional Protocols to the International Covenant of Civil and Political Rights (ICCPR). Three of the five campaigns already have resulted in legislative or policy changes.

Program Area Performance \ 2 Governing Justly & Democratically \ 2.3 Political Competition and Consensus-Building

Because of a governmental interpretation of the constitution that lead to a complete suspension of direct political party assistance until the end of the fiscal year, USAID's programs did not have any measurable impact in this area. Snap parliamentary elections resulting in a one-party legislature further limited the development of a multi-party representative political system.

With the resolution of governmental concerns on USAID political party assistance in August 2007, USAID plans to restart work in this area in FY 2008.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.3 Political Competition and Consensus-Building \ 2.3.2 Elections and Political Processes

USAID began a new program in this area in June 2007, which supported domestic election monitoring on election day during the August 2007 parliamentary elections. The snap parliamentary elections - which

were called in June following the May 2007 adoption of a new constitution - resulted in a one-party legislative body. The governmental ruling party controls the parliament, as no opposition parties were able to meet the threshold to receive a seat.

Through an initiative jointly funded with the British Government, USAID worked with a domestic monitoring coalition to train and field 1,900 short-term observers and 200 mobile observers for the parliamentary elections. The domestic monitoring group released an interim report as well as a preliminary statement on the election process. The organization also coordinated post-election activities, including posting of election protocols on its website. The domestic monitoring group found that the elections were neither free nor fair. Despite the organization's efforts, the impact of its observation reports was limited due to the Central Election Commission's refusal to publish precinct by precinct reports on election results. However, the observation effort was successful in engaging over 2,000 individuals in nonpartisan activities and in promoting the rights of citizens to participate in government.

Other activities in this area were still being developed by the end of the fiscal year.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.3 Political Competition and Consensus-Building \ 2.3.3 Political Parties

Based on concerns by the Government of Kazakhstan with the constitutional legality of providing assistance to political parties, USAID suspended all programs in this area in May 2006. USAID continued to fund the local offices and staff of partners working in this area throughout FY 2007, although no activities were conducted.

In August 2007, USAID and the Government of Kazakhstan signed a memorandum of understanding which provided a means for political party programming to restart. By the end of the fiscal year, USAID was waiting for partner organizations to develop their plans for activities in this area.

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.3 Political Competition and Consensus-Building \ 2.3.3 Political Parties

Because of a governmental interpretation that foreign assistance to political parties violated the Kazakhstani Constitution, USAID work in this area was suspended in FY 2007. This issue was resolved in August 2007 through the signing of a Memorandum of Understanding with the Government of Kazakhstan that allows for the resumption of assistance. However, no training was provided before the end of the fiscal year. USAID expects to provide assistance during FY 2008.

Program Area Performance \ 2 Governing Justly & Democratically \ 2.4 Civil Society

With the adoption of constitutional changes allowing for direct governmental financing of NGOs, one of the major barriers to continued civil society growth was removed. USAID programs also worked on other second-generation civil society development issues, such as providing effective financial incentives for private sector contributions to NGOs. Even without these incentives in place, USAID local civil society

partners were successful in capturing nearly \$1 million in private sector funding over the last year.

One year after completing its assistance, a USAID-supported network of intermediate support organizations continued to provide services on a sustainable basis to its civil society clients. As the Government increasingly seeks out civil society organizations as partners on policy reform, service delivery and technical analyses, USAID programs are focusing on developing more advanced skills among local and national level NGOs.

Despite the lack of concrete progress on reforming media legislation, USAID programs helped position local organizations to better advocate for their interests. After initially adversarial relationships with the Government, these organizations were able to constructively engage on the most important policy issues.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.4 Civil Society \ 2.4.1 Civic Participation

When the Government of Kazakhstan adopted Amendments to the Constitution in May 2007, based on extensive technical analyses and advocacy efforts by USAID partners, the Government removed a constitutional provision that forbade state financing to public associations. This had previously been interpreted by the Government to prohibit governmental financial support to NGOs, which was a significant limiting factor in NGO growth in a number of sectors.

In addition to this significant policy change, USAID also provided commentary on other legislation that would support increased civil society development, such as provisions of the tax code to support corporate philanthropy and a draft law on patronage and sponsorship. USAID achievements in this area slightly exceeded expectations, with three positive modifications to enabling legislation or regulations for civil society operation. Through ongoing consultations and the development of a referral system to qualified lawyers, USAID helped local organizations comply with regulations in this area.

To promote increased civic awareness of and participation in national-level governance reforms, USAID started a new program focused on civil society and governmental dialogue. With the launch of a public-private advisory council and the selection of the highest priority themes (which were the rule of law and decentralization), this program was well positioned by the end of the year to constructively engage in this area. Because this program did not get underway until close to the end of the fiscal year, USAID did not support any civil society organizations which were engaged in advocacy or watchdog functions.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.4 Civil Society \ 2.4.2 Media Freedom and Freedom of Information

To promote a more supportive environment for the operation of commercial media, USAID conducted a number of events on the draft media law, legal education of journalists, and the potential to liberalize media legislation and find effective models for state engagement with the media, to include de-criminalization of libel and de-monopolization of the media industry. Despite promising and unprecedented engagement between the Government and media organizations on media legislation and operations during FY 2007, by the end of the year, the Government developed a media law that did not address the most significant issues.

Through a range of residencies, technical training programs, and intensive consultations, journalists who were assisted through USAID programs increased both the quality and volume of their reporting. Because

most citizens receive information through television, USAID particularly emphasized assistance for local broadcasters. With the launch of a satellite broadcasting capacity in March 2007 covering all of Central Asia, USAID helped increase access to informational programming from the region and other sources.

Because approximately half of the content is produced by partner television stations Central Asia, the satellite program provided both an impetus for improving local journalistic skills as well as a more effective means for distributing programming. Eight local stations are rebroadcasting programming from the satellite, reaching a potential audience of 3.8 million viewers. Another two million households own satellite dishes oriented towards the signal as well. The programming in the Kazakh language and from Kazakh sources was particularly well-received. In FY 2008, USAID will focus more intensively on documenting the reach and impact of the satellite program.

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.4 Civil Society \ 2.4.2 Media Freedom and Freedom of Information

Activities in this area in Kazakhstan were postponed due to the parliamentary elections that took place in August 2007. All government and parliamentary counterparts were busy with the elections and hardly had any time to work on media legislation issues.

Program Area Performance \ 3 Investing in People \ 3.1 Health

USAID increased prospects for long-term impact by institutionalizing improvements that expand health services and promote health. USAID provided significant assistance in the design of a World Bank project to institutionalize health financing reforms led by the USG over the last ten years. The Government of Kazakhstan (GOK) has tentatively agreed to finance approximately 60% of the \$180 million agreement. Demonstrating a commitment to USAID investments in HIV/AIDS surveillance, the Ministry of Health has also agreed to include funding for HIV/AIDS sentinel surveillance in its 2008 budget. USAID is also making progress in institutionalizing innovations through medical education. USAID supported a partnership between the Kazakhstan Post-Graduate Institute, medical academies and the Kazakhstan Association of Family Physicians to provide continuing education for primary healthcare workers and contribute to training for residents.

To leverage more funds for TB control, USAID assisted the National TB Center with applications for funding from the Global Fund to fight AIDS, TB, and Malaria and for pediatric doses of TB drugs from the Global Drug Facility. Both applications were approved with a value of over \$10 million.

Institution-building in the public and private sectors is also required to move Kazakhstan from a “developing” to “transforming” country. USAID provided capacity building and expert advice, training over 1,100 people on health topics. USAID integrated health themes during training events to make better use of scarce resources: HIV/AIDS prevention and family planning counseling were integrated into antenatal training, which also included sessions on universal precautions to prevent infection and new interventions to reduce the need for blood products.

USAID strengthened public sector capacity to develop norms in line with international standards, another foreign assistance objective for developing countries. USAID developed clinical guidelines and pilot projects on birthing practices proven to improve health. These innovations reduced post-partum hemorrhage and use of blood transfusions and increased newborn Apgar scores in project sites.

Nevertheless, challenges persist. WHO released a report this year noting Kazakhstan has the highest Multi-Drug Resistant (MDR) TB rates in the world. The GOK needs to devote more resources to affect the systematic changes required to successfully treat MDR patients and prevent further drug resistance.

Program Element Performance \ 3 Investing in People \ 3.1 Health \ 3.1.1 HIV/AIDS

In response to a pediatric HIV/AIDS outbreak in Shymkent, USAID funded assistance for local staff in preparation of outbreak investigation findings. USAID assisted national counterparts with proficiency testing, including training on the use of international proficiency tests and dried blood spots, which showed 82 to 100% correct results. USAID also financed a blood safety study completed in Pavlodar that revealed low sensitivity of screening for hepatitis C and syphilis; this indicates a need to improve quality control measures for blood screening in this region.

USAID expanded support for national sentinel surveillance to include HIV/AIDS among prisoners, and, in concert with the World Bank, supported a conference to disseminate these study results, including the finding that showed an increase in HIV/AIDS prevalence among prisoners. Demonstrating a commitment to continue the investment USAID has made in HIV/AIDS surveillance, the government plans to include funding for HIV/AIDS sentinel surveillance in its 2008 budget.

Over 19,000 young people received information on HIV/AIDS and STIs (sexually transmitted infections) during trainings and outreach events. Training was carried out for more than 50 trainers-of-trainers and 741 peer educators working with at-risk youth. Eleven training sessions prepared 100 outreach workers to carry out HIV/AIDS prevention among prostitutes.

A series of events were organized in universities of Almaty to mark World AIDS Day. USAID provided assistance in conducting workshops and conferences about the HIV/AIDS situation in Kazakhstan, with a focus on stigma and discrimination related to HIV. 24 trainings dedicated to the World AIDS Day were conducted for sex workers in selected hotels, saunas and private apartments.

HIV/AIDS prevention was integrated into training on effective perinatal care standards in 53 maternity/post-partum departments, post-abortion departments, and primary health care facilities. The training also included sessions on universal precautions to prevent infection and new interventions to reduce post-partum hemorrhage and the subsequent need for blood products.

The Government of Kazakhstan demonstrated their continued commitment in this area by amending a law in May 2007 that will help ensure free and confidential services for people living with HIV/AIDS.

USAID evaluated its primary HIV/AIDS partner. Recommendations focused on management issues that the partner is now addressing.

Program Element Performance \ 3 Investing in People \ 3.1 Health \ 3.1.2 Tuberculosis

With USAID assistance, the Ministry of Health (MOH) moved closer to developing reliable TB referral mechanisms between civilian outpatient and penitentiary systems. More specific regulations on collaboration between civilian and prison sectors will be included in national guidelines on TB control in 2008. USAID supported another regulation passed in FY 2007 that moves the TB system under the

Ministry's sanitary-epidemiologic service department and introduces revised reporting forms. A further regulation was passed to direct MOH staff on how to manage multi-drug resistant TB (MDR-TB). USAID financed an MDR-TB control program piloted in the Almaty region that was adopted for use at the national level. Finally, USAID assisted the National TB Center (NTC) to develop a five-year TB control strategy.

USAID provided national experts with TB drug management logistics training, as the government decided to decentralize drug procurement. To integrate the World Health Organization's Directly Observed Treatment Short-course program (DOTS) at all levels of medical education, operational research was conducted on the level of DOTS institutionalization in undergraduate medical education, and a list of recommendations on improving practical skills at the undergraduate level was developed.

USAID provided technical assistance to implement and expand a computer-based TB electronic surveillance and case management system (ESCM), which provides decision-makers with key data to make informed decisions about TB policy. USAID also supported the MOH in expanding its diagnostic capacity by providing laboratory staff with quality assurance training, and procured and distributed 14 computers to pilot TB ESCM in the Almaty region.

To leverage further funds for TB control, USAID provided the NTC with technical assistance in drafting an application for Global Fund to fight AIDS, TB, and Malaria funding. USAID also aided the NTC in its application to the Global Drug Facility to receive pediatric doses of TB drugs; the application was approved for a three-year supply.

USAID's primary TB partner underwent a midterm evaluation this year. Recommendations included: transferring a more prominent programming role to governments, and maximizing coordination with other donors and partners. The partner has responded by training MOH staff to strategically plan and manage its TB program, and by utilizing many fora available with other donors and partners to harmonize TB programming.

Program Element Performance \ 3 Investing in People \ 3.1 Health \ 3.1.5 Other Public Health Threats

USAID made significant progress in improving health management systems for primary health care (PHC) and public health management. Thanks to USAID's work in previous years, Kazakhstan's regulatory framework supports a health financing system based on pooling of funds at the oblast (regional) level, which increases equity and efficiency. While the Government of Kazakhstan has committed to this system, periodic political shifts necessitate continued policy work. This year USAID engaged in extensive dialogue to preserve oblast-level pooling, developed a law to consolidate the health financing system, and provided significant assistance in the design of a World Bank project to institutionalize health financing reforms led by the USG over the last ten years. USAID supported national implementation of the single-payer system, conducting regional seminars in each oblast; refining the case-based hospital payment system; introducing a per-capita payment system for PHC with a performance-based element; and improving health information systems. Twenty-six percent of the population is now covered by USAID-supported health financing systems, exceeding the target. Sixty-three percent of PHC providers and 56% of hospital staff are paid under these financing systems.

USAID introduced family medicine to physicians and nurses through the Kazakhstan Association of Family Practitioners (KAFFP), promoting evidence-based medicine and new clinical practice guidelines (CPGs).

Through the Drug Information Center, USAID disseminated information on rational drug use and supported

an outpatient drug benefit. USAID also supported implementation of a new arterial hypertension (AH) CPG by linking direction and information dissemination from the Republican Cardiology Institute with a quality improvement process supported by KAFP. AH quality improvement processes were initially introduced in six pilot sites and are now being scaled up to cover three additional oblasts. A composite measure of screening for hypertension, provider diagnostic practices, patient education, and blood pressure under control increased from 28% in 2006 to 45% in 2007.

The Field Epidemiology Training Program (FETP) trained 5 epidemiologists, and supported program graduates to investigate five outbreaks of infectious diseases, including the highly visible outbreak of pediatric HIV/AIDS in Shymkent. The Ministry of Health demonstrated its faith in the FETP by immediately acting on recommendations.

Program Element Performance \ 3 Investing in People \ 3.1 Health \ 3.1.6 Maternal and Child Health

USAID contributed to increase Ministry of Health (MOH) and National Maternal and Child Center ownership and support for safe motherhood activities. Implementation in initial pilot facilities continues and scale-up is in process having reached four of sixteen oblasts and the two major cities in Kazakhstan - Almaty and Astana. Activities in Astana city are part of a Global Development Alliance with Exxon Mobil. A policy dialogue on safe motherhood has changed over the last year and is substantially more constructive. As the result of project interventions, percent of expectant mothers attending pre-birth classes in select pilot sites increased from less than 2% in 2006 to 21% in 2007; and percent of women giving birth with a partner in select pilot sites increased from 9% in 2006 to 27% in 2007. Post partum hemorrhage and use of blood transfusions reduced as the result of increased active management of labor; and newborn Apgar scores improved as the result of use of less unnecessary medication.

The introduction and strengthening of family medicine continues to contribute to improving child health services. The Kazakhstan Post-Graduate Institute and Medical Academies undertook a public/private partnership with the NGO Kazakhstan Association of Family Physicians to provide continuing medical education for 750 primary healthcare workers and contribute to training for 344 residents.

USAID trained 57 trainers in World Health Organization-recommended live birth definition (LBD) from 14 Kazakhstan oblasts to support the MOH while Kazakhstan transitions to the new criteria. These trained medical staff members will train other medical staff members in their home oblasts to use the new criteria for registering infant and newborn births and deaths. Starting in January 2008, the government is going to adopt LBD nationwide.

Program Element Performance \ 3 Investing in People \ 3.1 Health \ 3.1.7 Family Planning and Reproductive Health

USAID continued to make strides in increasing access to quality family planning services for Kazakh women. Through the health reform program and a Global Development Alliance with Organon Pharmaceutical Company, USAID introduced and strengthened post-partum and post-abortion family planning services in eighteen maternity wards, nineteen post-abortion wards, and fifteen primary health care sites in the cities of Astana and Almaty, and in the region of Karaganda. Health education and community outreach on family planning and safe motherhood was conducted in the same locations, linked to the service delivery activities. USAID supported the Red Apple hotline to disseminate reproductive health information

throughout the country. In addition to exceeding the target for the number of service delivery sites providing family planning counseling or services, USAID observed an impressive impact-level result from these activities: the percentage of women in project sites adopting modern methods of family planning after having an abortion increased dramatically from 33% in 2006 to 71% in 2007. The Government of Kazakhstan has demonstrated a commitment to promoting reproductive health through two laws supporting citizens' rights to reproductive health services. However, little substantive support is provided by the Ministry of Health to enable health districts to procure contraceptives or provide family planning services.

Element Indicator Narrative \ 3 Investing in People \ 3.1 Health \ 3.1.1 HIV/AIDS

USAID overachieved its target in the “number of individuals reached through community outreach that promotes HIV/AIDS prevention through other behavior change beyond abstinence and/or being faithful” for two reasons: (1) activities intended to end during FY 2006 were extended to the FY 2007 time period, and (2) Kazakhstan experienced a higher-than-expected migration of commercial sex workers from other countries during FY 2007, and this unanticipated population was also included in USAID's HIV prevention activities.

The target for “number of individuals trained in the provision of laboratory-related activities” was not met because the USAID implementing partner did not sign its agreement with the Central Asian AIDS Control Program to expand laboratory training activities on quality assurance until the end of FY 2007; the first training is planned for November 2007. This target has been changed for FY 2008, as the implementing partner has indicated in its annual work plan.

Element Indicator Narrative \ 3 Investing in People \ 3.1 Health \ 3.1.5 Other Public Health Threats

In “number of people covered by USG-supported health financing arrangements,” the term “covered” refers to those benefiting from the primary health care, hospital, and public health financing systems. USAID overshot its target during FY 2007 because the target was set too low.

In “number of people trained in research with USG assistance,” USAID's implementing partner had counted all students (5) in its Applied Epidemiology Training Program, whether they were in their first or second year of the two-year program. Therefore, the target for FY 2008 has been changed to reflect that a total of six students should be undergoing training during FY 2008.

Element Indicator Narrative \ 3 Investing in People \ 3.1 Health \ 3.1.6 Maternal and Child Health

In “number of people trained in maternal/newborn health through USG-supported programs,” the target set by USAID for FY 2007 was too low. The target was changed for FY 2008 as implementing partners are winding down activities against this indicator.

Program Area Performance \ 4 Economic Growth \ 4.1 Macroeconomic Foundation for Growth

Kazakhstan continued to experience strong economic performance in 2007, with first half Gross Domestic Product (GDP) growth of 10.2%, although the impact of global economic instability is likely to affect second-half performance. Average monthly wages are up by nearly 30% in 2007, and unemployment continues to be low and stable, although there continue to be significant variations between rural and urban areas and among regions. Inflationary pressures have continued to grow both from global market sources

and as a result of rapid domestic income growth. The challenges of containing inflation and ensuring growth will increase as the impact of recent global economic disturbances continues. At the same time, the impact of long-term USAID support to strengthen the key institutions implementing economic reforms will help to encourage sound economic policies and institutional capacity to promote broad-based growth and improve the government's ability to develop and manage economic policies to support steady growth, improve social benefits, and diversify the economy.

US economic policy assistance worked to increase transparency of government budgeting and execution, including for intergovernmental finance, and provide key support to regulatory institutions for public sector audit and for more effective competition policy. Key budget achievements included extending use of performance indicators and implementation of an improved general-purpose inter-governmental transfer methodology. Support to the newly established Competition Protection Committee focused on international best practice in competition law, analysis, enforcement, and agency organization and independence, including in relation to sector regulation. Overall support continued to enhance the sustainability of economic reform by helping key institutions to improve their ability to develop and manage economic policies to support steady growth, to improve social benefits and to diversify the economy that relies heavily on oil income.

Program Element Performance \ 4 Economic Growth \ 4.1 Macroeconomic Foundation for Growth \ 4.1.1 Fiscal policy

Economic policy assistance in FY2007 worked to increase transparency of government budgeting and execution, enhance efficiency of public expenditures, improve program formulation and evaluation, and streamline intergovernmental finance. Key regulatory institutional support strengthened public sector audits and improved enforcement of effective competition policy. USAID's support helped the Government develop and use performance indicators, including those based on international best practice in the areas of health, education and housing. USAID assistance also played a key role in getting the Ministry of Finance to adopt public sector accounting standards -- including the Strategy and Action Plan for the adoption of cash standards as a key step in transition to IPSAS-accrual accounting and reporting. The Government also adopted a formula-based inter-governmental transfer methodology modelled on international best practices in management of state assets -- including privatization, dividend policy, and performance evaluation.

Support to the newly established Competition Protection Committee focused on cultivating international best practices in competition law, analysis, enforcement, agency organization and independence. Assistance strengthened public audit capacity at the Accounts Committee, improving financial audits, performance audits, fraud detection and prevention. Overall support continued to enhance the sustainability of Kazakhstan's economic reform efforts by helping key institutions improve their ability to develop and manage economic policies to support steady growth, to improve social benefits, and to diversify an economic that heavily relies on oil income.

Program Area Performance \ 4 Economic Growth \ 4.2 Trade and Investment

Despite stated commitment and some efforts to improve the business environment, Kazakhstan fell from next-to-last place in the world in the Doing Business ranking on Trading Across Borders in 2006 - 177th place - to 178th place in 2007. This activity began work only in August its ability to help improve the situation was quite limited in FY 2007, but the basic objectives are to: promote public and private sector efforts to participate effectively in international trade and investment agreements and institutions; implement

international agreements; and take full advantage of changing trade and investment conditions to generate economic growth and increase investment. The priority focus of trade liberalization support is to help Kazakhstan in its effort to accede to the World Trade Organization (WTO), while priority trade facilitation activities will work to reduce barriers to trade, transport, transit, custom clearance and border crossing through mechanisms that promote international standards.

Most of the limited activities in Kazakhstan in FY 07 were geared to start-up and work planning, but accelerated start-up on WTO accession advising was initiated with the Ministry of Industry and Trade (MIT) and by end September the project had already delivered nine technical reports on priority WTO accession issues identified by the WTO Accessions Department of MIT, including: analysis of draft amendments to the Customs Code related to ex officio action and intellectual property rights (IPR) enforcement at the border; qualitative analysis of the potential impact of enactment of period of data exclusivity; a trade IPR compliance analysis; WTO conformity assessments of the laws on trademarks, service marks, and appellations of origin and on copyright and related rights; a WTO valuation agreement compliance review; an assessment of the legal regime on registration and circulation of genetically modified food; and an assessment of the seed registration system in regard to biotech requirements. These inputs will improve the quality of Kazakhstan's negotiating process.

Program Element Performance \ 4 Economic Growth \ 4.2 Trade and Investment \ 4.2.1 Trade and Investment Enabling Environment

This new four-year regional activity, which began its work only in August 2007, is designed to help Kazakhstan strengthen its competitiveness by improving conditions for cross-border trade and transit and to support its efforts to accede to the World Trade Organization (WTO). Priority focus of will be Trade Liberalization, in particular developing and implementing trade policies and ensuring proper domestic conditions to support the country's accession to the WTO; and on actions supporting Trade Facilitation, that will reduce the barriers to trade, transport, transit, custom clearance and border crossing with mechanisms consistent with international standards. Support provides both the Kazakhstan Government and the private sector with enhanced abilities and expanded opportunities to capitalize on the advantages of increased regional and global economic integration, which strengthen competitiveness and stimulate investment.

Direct in-country activities in Kazakhstan commenced only in August and focused on key planning to ensure effective commitment of key counterparts. While most activities were geared to start-up logistics and work planning, accelerated start-up on WTO accession advising was initiated with the Ministry of Industry and Trade (MIT) on August 2nd and by the end of FY 07 the project had delivered nine technical reports on specific priority WTO accession issues identified by the WTO Department of the MIT and its related Center for Trade Policy Development which included: analysis of draft amendments to the Customs Code on ex officio action and intellectual property rights (IPR) enforcement at the border; qualitative analysis of potential impact of enactment of period of data exclusivity; a trade IPR compliance analysis; WTO conformity assessments of the laws on trademarks, service marks, and appellations of origin and on copyright and related rights; a WTO valuation agreement compliance review; an assessment of the legal regime on registration and circulation of genetically modified food; and an assessment of the seed registration system in regard to biotech requirements.

Element Indicator Narrative \ 4 Economic Growth \ 4.2 Trade and Investment \ 4.2.1 Trade and Investment Enabling Environment

Due to extended negotiations with the Government of Kazakhstan under the jointly funded Program for Economic Development, the project for this element only started in August of 2007, so the number of possible opportunities for training were limited this fiscal year.

Program Area Performance \ 4 Economic Growth \ 4.3 Financial Sector

Kazakhstan's banking sector is developing rapidly and extending to the region, and while economic growth remained strong, inflationary pressures have intensified with consumer price inflation for January - October 2007 at 13.4%, compared to 6.6% for the same period in 2006. The challenges for containing inflation and managing exchange rates to check possible over-reliance on oil revenues have become more serious as oil prices remain high, the dollar weakens, and global credit market turmoil limits liquidity for Kazakhstan banks. Assets of the National Oil Fund stood at \$18.7 b in September and the National Bank of Kazakhstan (NBK) reduced reserves by 10% (\$2 b.) in response to the need for increased liquidity. Commercial bank lending had grown rapidly in the first half of 2007, and while recent market turbulence has slowed growth, the overall results to date of the banking sector's response to these problems have emphasized more strengths than weaknesses. USAID activities which have complemented this growth include capacity building at the NBK on monetary policy and inflation management and on accounting methodologies for complex financial instruments, as well as support to the Financial Services Agency to strengthen its capacity to supervise banking risks through consolidated supervision and prudential normatives for banking conglomerates.

A modern, professional accounting profession in Kazakhstan provides the foundation for broad-based economic growth and investment and implementing reliable accounting practices is important to reduce the scope for such ills as corruption, tax fraud, and money laundering. Achievements of the Russian-language Certified Accounting Practitioner (CAP) and Certified International Professional Accountant (CIPA) training, examination, and certification program are essential to this effort. As of Oct. 1 in Kazakhstan, nearly 3,800 accountants had qualified for the international CAP/CIPA certification, including 993 new accountants in FY 2007. Kazakhstan continues to make significant progress in adopting international standards of accounting and auditing; progress which is strengthened by trained and qualified auditors and accountants able to prepare and analyze financial statements consistent with international norms.

Program Element Performance \ 4 Economic Growth \ 4.3 Financial Sector \ 4.3.1 Financial Sector Enabling Environment

Financial sector reform is fundamental to create a modern market economy and Kazakhstan's banking sector is developing rapidly and extending to the region. However, while financial sector growth has been strong, corporate governance remains weak. Reforming the accounting profession continues to be a key factor to support economic growth, as modern accounting is vital to attracting both foreign and domestic investment and more broadly implementing reliable accounting practices strengthens corporate governance. Key financial policy achievements in FY 07 included: assistance to the National Bank of Kazakhstan (NBK) improving core skills to model monetary policy and inflation; training for the NBK on accounting methodologies for complex financial instruments; capacity strengthening at the Financial Services Agency (FGS) on banking risks, consolidated supervision, and on prudential normatives for banking conglomerates.

Support to strengthen private sector accounting continued through the Russian-language Certified Accounting Practitioner (CAP) and Certified International Professional Accountant (CIPA) training, examination, and certification program. As of Oct. 1 a total of 3,798 accountants in Kazakhstan had

qualified for the internationally recognized CAP/CIPA certification, including 993 new accountants in FY 2007. The accountants trained will implement reliable accounting practices helping to promote effective financial management, transparency, accountability and professional values, principles and ethics. The target for 2007 was only 93% met as a substantial increase in fees over the period (by 33% to over \$100 per exam) that could not be predicted or controlled by the project was one of the reasons for shortfall. Adverse publicity by the Ministry of Finance (MOF) regarding recognition of the CAP/CIPA certification and how it related to a new accreditation policy also created confusion and led to participants postponing exams. To address these challenges in 2008, the project will continue to engage the MOF to reduce confusion and monitor closely the exam fees charged by the Kazakhstan branch of the CIPA Exam Network.

Element Indicator Narrative \ 4 Economic Growth \ 4.3 Financial Sector \ 4.3.1 Financial Sector Enabling Environment

The target for FY 2007 was only 93% met. A substantial 33% increase in fees over the period (to over \$100 per exam) that could not be predicted or controlled by the project was one of the reasons for the shortfall. Additionally, there was adverse publicity by the Ministry of Finance (MOF) regarding recognition of the CAP/CIPA certification through their new accreditation policy of accounting certification programs. This confusion led to participants postponing taking exams. To address these challenges in 2008, the project will continue to engage the MOF to reduce confusion and monitor closely the exam fee charged by the Kazakhstan branch of the CIPA Examination Network.

Program Area Performance \ 4 Economic Growth \ 4.4 Infrastructure

USAID's support for improving Kazakhstan's infrastructure has focused on the Regional Energy Market Assistance Program (REMAP). This program has achieved several important milestones. REMAP organized a Regional Market Design workshop in Almaty in which senior energy officials from Kazakhstan reviewed international electricity market models to identify characteristics of a proposed Central Asian electricity market conducive to cross-border electricity trade. Kazakh regulators participated in other workshops, including the Energy Regulators Association Conference on Energy Regulation and Investment in Istanbul and a follow-up regional Central Asia Regulatory workshop. A July study tour to a U.S. electricity market operator, provided Government of Kazakhstan specialists, from the Ministry of Energy and Mineral resources, the Competition Protection Committee, the Kazakhstan Electricity Grid Operating Company and the Kazakhstan Market Operator on Electricity and Capacity the opportunity to learn how a progressive electric power energy market operates. REMAP is providing technical assistance to Grid Operating Company on the development of a regional Power System Planning Model based on country-specific models of transmission companies in CAR countries. The program promoted a common understanding of the need for improving Power System Planning Model and countries are moving forward with the installation of improved software, provided by REMAP.

REMAP organized a trip by Kazakhstan Market Operator specialists visit Tajikistan and Kyrgyzstan to outline how the Kazakh trading system works. As a result of this trip, an MOU was signed between Operator and the national energy companies of Kyrgyzstan and Tajikistan. REMAP provided training for Kyrgyzstan and Tajikistan staff and is providing direct technical assistance to identify and eliminate legal, administrative and institutional constraints to cross-border electricity trade.

A USAID GDA with the Eurasia Foundation and the AES Corporation facilitated the designed and implemented of Masters of Science degree program in Environmental Management and Engineering at the

Eurasia National University in Astana. Nine students were graduated in July 2007 and ten more will complete the program in July 2008.

Program Element Performance \ 4 Economic Growth \ 4.4 Infrastructure \ 4.4.1 Modern Energy Services

USAID's Regional Energy Market Assistance Program (REMAP) has achieved several important milestones in Kazakhstan. REMAP organized a Regional Market Design workshop in Almaty in which senior energy officials from Kazakhstan reviewed international electricity market models to identify characteristics of a proposed Central Asian electricity market conducive to cross border electricity trade. Kazakh regulators participated in other workshops, including the Energy Regulators Association Conference on Energy Regulation and Investment in Istanbul and a follow-up regional Central Asia Regulatory workshop. A July study tour to a U.S. electricity market operator, provided Government of Kazakhstan specialists, from the Ministry of Energy and Mineral resources, the Competition Protection Committee, the Kazakhstan Electricity Grid Operating Company and the Kazakhstan Market Operator on Electricity and Capacity the opportunity to learn how a progressive electric power energy market operates. REMAP is providing technical assistance to the Grid Operating Company on the development of a regional Power System Planning Model based on country-specific models of transmission companies in CAR countries. The program promoted a common understanding of the need for improving Power System Planning Model and countries are moving forward with the installation of improved software, provided by REMAP.

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A USAID GDA with the Eurasia Foundation and the AES Corporation facilitated the designed and implemented of Masters of Science degree program in Environmental Management and Engineering at the Eurasia National University in Astana. Nine students were graduated in July 2007 and ten more will complete the program in July 2008. On the down side, due to disagreements on legal issues with Kazkommertsbank, it was decided to terminate a \$15 million Development Credit Authority agreement.

Element Indicator Narrative \ 4 Economic Growth \ 4.4 Infrastructure \ 4.4.1 Modern Energy Services

The performance exceeded the targeted level due to project emphasis on capacity building through training, workshops, seminars, study tours and forums.

Program Area Performance \ 4 Economic Growth \ 4.5 Agriculture

Kazakhstan plays a key role in the development of Central Asia's agricultural economy, as it is a higher income target market for regional products.

Kazakhstan's economic growth dwarfs the other four countries of Central Asia. The food industry has grown at nearly double digit rates since 2001 in response to increasing domestic demand for higher value food products as well as Russian and Chinese export demand. This growth offers substantial market opportunities for the other four countries. USAID agricultural development assistance in Kazakhstan is focusing on increasing Central Asia regional agricultural productivity through market-driven production,

organization, and private agribusiness development and having Kazakhstan serve as an export destination or trans-shipment route to other markets such as Russia. This goal is being achieved through five integrated objectives: increasing market-driven agricultural production; developing key market-linking agribusinesses; developing local market and marketing information; improving the policy and regulatory environment; and mobilizing access to credit.

The new regional Aglinks project started operations in September 2007. Aglinks in Kazakhstan is undertaking market research on specific wholesale and retail opportunities that have potential for other Central Asian countries; assisting companies to source high quality products from the other four countries; will support trial shipments to Kazakhstan from regional wholesalers and retailers; will provide assistance to Kazakhstan entrepreneurs interested in investing in wholesaling, processing, and other key linking businesses in the region; and will provide assistance to reduce barriers to agricultural trade in Kazakhstan, with special emphasis on customs, transit fees, and marketing restrictions imposed at terminal markets. Expected impact and results of the project include increased export growth for targeted fruits, vegetables, and horticulture products; improved quality standards; trade network development; and increased investment in the agricultural sector.

The Farmer-to-Farmer program deployed 22 volunteers for 443 days. The program introduced modern artificial insemination techniques and new genetic materials to increase cattle fertility rates by over 22 percent. Improved herds and herd management, new crop production practices and better processing resulted in increased profits for more than 50 farms.

Program Element Performance \ 4 Economic Growth \ 4.5 Agriculture \ 4.5.1 Agricultural Enabling Environment

Agriculture and agribusiness remain vital to the economies of Central Asia, including Kazakhstan. Farmers and agribusinesses continue to rebuild from the severe dislocations created by the break-up of the Soviet Union. Many small and medium-scale producers and enterprises innovate, invest, and improve their competitive position in spite of a harsh operating environment of bureaucratic impediments, ill-defined property rights, corruption, and the absence of many state input supply and market outlet systems.

In Central Asia, many agricultural policies remain outdated and do not support market-based businesses and economies. Despite the region's historical role in providing agricultural products to Russia and former Soviet republics, traders now struggle to move goods across borders and are unable to tap into international trade networks. Policies that affect the ability to produce to market demands and specifications relate to land tenure, government-directed crop quotas, business regulations, taxes, infrastructure, and lack of access to credit, and local, regional, and international customs issues and trade barriers. Many policies discourage transparent transactions, making the region one of the most difficult in which to do business because of excessive documentation requirements, unclear and lengthy processes, and non-transparent fees.

The USAID/CAR AgLinks project began operations in August 2007 and will operate in all five Central Asian countries, including Kazakhstan. In Kazakhstan the agriculture policy component will focus on expanding access to the booming local market and facilitating transit to other expanding markets, particularly Russia. AgLinks will build upon prior USG investments in agriculture and use team members' relationships with rural communities, the private sector, and government to increase awareness of the issues and help strengthen the capacity of farmer and agribusiness groups, universities, and others to advocate for

critical policy and enabling environment improvements.

Program Element Performance \ 4 Economic Growth \ 4.5 Agriculture \ 4.5.2 Agricultural Sector Productivity

In order to improve agricultural sector productivity, USAID established the Sustainable Dairy GDA which targets small and medium-sized dairy farms in Kazakhstan. Dairy products are a large part of the typical Central Asian diet and account for a significant percentage of protein and caloric intake. Unfortunately, dairy productivity has generally stagnated at extremely low levels for the small and recently-privatized farming operations in the region. This project will create opportunities for local SMEs to supply appropriate technology and equipment to farmers, serve to improve natural resource management and environmental quality from agriculture, foster competitive dairy markets, and improve livelihoods in rural areas.

The process of establishing a working and profitable demonstration site for the Sustainable Dairy GDA is underway. However, the schedule for completing implementation of the site has been slower than expected due to the fact that the original farm chosen as the demonstration farm pulled out of the project in April 2007 after accepting the offer in February. The late start, combined with continuing delays in getting fencing materials out of Kazakhstan customs has caused substantial project delays during the 2007 grazing season. These delays contributed to the project not meeting its targets.

A grazing plan for the new partner farm, Alipov-T Farm, in cooperation with other project partners was created. A baseline assessment for productivity and profitability at the farm was conducted. It involves recording the current (pre-project) levels of productivity regarding all aspects of the dairy farm business. This includes milk production, calf rearing, herd health, crop yields, feed storage processes, labor productivity, and several measures of farm profitability.

Specific recommendations for improving productivity on the farm were developed. These include changes to the feeding, breeding, milking, and cow raising aspects of the farm. A building was renovated on the farm to house the on-site coordinator, project volunteers, and create a project office and education room. Another farm has been selected as the project's second demonstration site. An initial plan for setting up a grazing system for the heifers has been developed and training has been completed.

Element Indicator Narrative \ 4 Economic Growth \ 4.5 Agriculture \ 4.5.1 Agricultural Enabling Environment

While Aglinks project has a policy component, the approach in Kazakhstan is as an export destination or transshipment location for agricultural products from the other four countries in the region. No agricultural policy analysis is expected for Kazakhstan.

Element Indicator Narrative \ 4 Economic Growth \ 4.5 Agriculture \ 4.5.2 Agricultural Sector Productivity

The Sustainable Dairy GDA is a three-year program operating in Kazakhstan. Due to organizational and implementation delays, the program was not able to meet its targets on a number of producers organizations created in the first year. It is expected that the project will facilitate the creation of and render assistance to five agricultural firms through improved pasture and cattle feeding, improved milking practices, and improved reproduction practices.

Program Area Performance \ 4 Economic Growth \ 4.6 Private Sector Competitiveness

Despite numerous constraints to improving the competitiveness of Small and Medium Enterprises, USAID activities have made progress during the period in improving the business enabling environment, in increasing private sector productivity and in developing Kazakhstan's workforce. Effective public-private interface is a key challenge and one which USAID addressed by recommending changes to the law supporting "Expert Councils", recommendations already adopted by the West Kazakhstan Province government and ones which will be considered nationally during the fall 2008 session of parliament. USAID's Business Environment Improvement project also sponsored the law "On Licensing", which eliminates 370 licenses and also cuts the time required to get a license and the documents required during the application process (expected to save businesses \$9 million annually). Likewise USAID support for the adoption of the law "On Procurement" is expected to increase transparency and reduce fees on bids for government contracts from 3% to 1% (estimated savings of \$110 million annually). In order to improve private sector productivity USAID supports the establishment of market-based business development services. During the period, USAID helped launch the first consultant certification program in Kazakhstan, laying the foundation for a two-tiered program "Business Essentials" and "Consulting Essentials". The project is exploring how to best provide incentives to the private sector for expanded course delivery. It has also established a relationship, first through a study tour and then with direct technical assistance, with the \$400 million Government of Kazakhstan (GOK) Small Entrepreneurship Development Fund. Assistance is helping the Fund to restructure and to establish an improved GOK small business development policy. Central Asia Small Enterprise Fund continued to make good progress with equity investments totaling \$2.8 million during the period thus fully committing the fund. Junior Achievement has made good progress under the Workforce Development element. During the the reporting period, 2,202 students (out of total number 226,390) participated in business education courses and 1,024 new teachers were trained (out of total 2,643) at 3,881 schools. Production of techning materials included 9,000 student textbooks and electronic Teaching Guides on "Management of Economics Simulation Exercise", "Banks in Action", "Global Business Ethics" and "Student Company".

Program Element Performance \ 4 Economic Growth \ 4.6 Private Sector Competitiveness \ 4.6.1 Business Enabling Environment

The Business Environment Improvement Project (BEI) supports the Government of Kazakhstan (GoK) and the private sector to engage in an effective dialogue which improves implementation of business-related legal reforms and streamlines administrative process for the benefit of small and medium enterprises. The target of providing assistance to 10 municipalities in regulatory/administrative simplification was exceeded (actual 14). Significant achievements during 2007 include the adoption of the law "On Procurement", which increases overall transparency and reduces fees on government bids from 3% to 1%, saving businesses over \$110 million annually. BEI also supported the adoption of the law "On Licensing", which eliminates 370 licenses and is expected to save businesses over \$9 million annually. BEI's work with public-private "Expert Councils" (EC) included recommending significant improvements to the law supporting them; recommendations on EC will be considered during fall 2008 parliamentary sessions and have already been incorporated by the West Kazakhstan Province government for EC in that province. BEI expects to continue monitoring and advising implementation of these measures during 2008, and will explore opportunities to address inspections reforms. USAID's support for improving the business environment fits within the framework of the Program for Economic Development and is co-financed in partnership with the Government of Kazakhstan (GOK); as such, BEI has enjoyed strong initial host country commitment that

has enabled activities relating to EC, tax process work, and Government service “Public Access Centers” to move forward, though work on these items will continue in 2008. However, recent releases of revised and new World Bank Doing Business Survey data, with changes significantly decreasing Kazakhstan’s rankings, may reduce commitment from the GOK to utilize Doing Business indicators in reforms, and complicate relationships with GOK counterparts.

Program Element Performance \ 4 Economic Growth \ 4.6 Private Sector Competitiveness \ 4.6.2 Private Sector Productivity

Throughout the world, small and medium-sized enterprises (SMEs) are a major factor in economic growth and key to employment generation. The development of the small and medium-sized business sector -- defined in Kazakhstan as businesses less than 250 employees -- is a key element in the transition to a competitive, market economy. Creating the conditions whereby entrepreneurs are able to access information, knowledge, and skills in order to grow and flourish is critical to broad-based economic growth. The goal of the private sector development program in Kazakhstan is to promote growth of entrepreneurship and competitiveness of SMEs. The long term result will include substantial increases in productivity and capacity among SMEs to increase their sales both domestically and in foreign markets as well as increased Government of Kazakhstan capacity to design, manage, and implement development programs.

Kazakhstan’s Small Business Development Project works on improving private sector productivity and is the only program implemented by the USG in this program element. This project coordinates and complements the Business Environment Improvement project which focuses on improving the investment climate for growth and development of the private sector.

To achieve these results USAID assistance is building the capacity of business development services providers who then assist SMEs with a comprehensive set of business training and consulting services on a cost effective and commercially sustainable basis. The business service providers provide a full range of business management and strategic planning assistance to SMEs to improve their productivity. The project focused on developing for the business service providers a set of comprehensive SME courses and a practical tool-kit including SME performance indicators. The courses consist of strategic planning, financial management, marketing, and other business management disciplines. The project also focused on developing an SME consultant certification program based on international models to create cadres of competent and credible consultants. Assistance is also providing support to key Government of Kazakhstan agencies involved in supporting SMEs. The project conducted two study tours for high-level government officials and will work with the counterpart agencies on implementation of international best practices for SME development during the second year.

Program Element Performance \ 4 Economic Growth \ 4.6 Private Sector Competitiveness \ 4.6.3 Workforce Development

USAID supports economic education and workforce development programs for young people through the Junior Achievement (JA) program. USAID assistance is introducing economics and finance basics into secondary school curricula. This training also provides youth with opportunities for entrepreneurship experience through establishment and management of their own businesses. Junior Achievement is collaborating with the Ministry of Education to adapt, translate, and publish economic educational materials into the Kazakh and Russian languages; developing new educational techniques such as electronic simulation exercises, interactive video guides, and online books textbooks; and institutionalizing an

economics curriculum by training secondary school teachers in economics and finance. In FY 2007, more than 2,200 students were exposed to market economics and 1,024 teachers were trained to implement Junior Achievement programs at 3,881 schools. In addition, 9,000 student textbooks were published and electronic teaching guides and economics textbooks were developed and issued. Junior Achievement programs have been integrated into government standards of economic education at secondary schools and were translated into the Kazakh language allowing students to learn about business and economics in their native language. JA also conducted the second National Student Tournament in Economics approved by the Ministry of Education and Science and supported by local businesses, local and foreign universities and governments; 25,600 school students took part in the first round of the competition. The winners of the tournament received scholarships to study business and economics in college.

Element Indicator Narrative \ 4 Economic Growth \ 4.6 Private Sector Competitiveness \ 4.6.2 Private Sector Productivity

During FY 2007, USAID's private sector development program assisted 724 firms to improve their management practices. The program in Kazakhstan is focused on increasing the competitiveness of Small and Medium-sized Enterprises (SMEs) through increased access to business knowledge, skills and information. In FY 2007, most of the assistance (642 firms) comprised of business training provided under a Global Development Alliance (GDA) with ExxonMobil. The project provided additional assistance through direct consulting to 64 more firms under the GDA. During the first year of the program implementation the project shifted its focus to building the capacity of training and consulting Business Service Providers (BSPs) by providing them with a set of Business Essential courses and a Consulting Essentials course based on international models for consultant certification. The project provided training to 24 commercial SMEs and SME consulting and training firms under this new program. In the next year, the project will seek to expand the number of partner BSPs across Kazakhstan and to assist partner BSPs to provide training and consulting directly to SMEs on a commercially sustainable basis. Based on the results achieved in FY 2007, the project expects to assist 800 SMEs and SME consulting and training firms in FY 2008.

Program Area Performance \ 4 Economic Growth \ 4.7 Economic Opportunity

While conditions in urban areas have improved in the last 13 years, rural areas have lagged behind in economic growth. In 2007, USAID's assistance in this area focused on microfinance sector strengthening through institutional capacity building of the Association of Microfinance Organizations of Kazakhstan and building the capacity of a commercial bank to lend to micro and small businesses, including agricultural lending.

Assistance to the Association resulted in successful lobbying for important changes in the microfinance law which will enable microfinance institutions to grow and expand their loan portfolios. The Association also provided highly-demanded training to the microfinance sector in various aspects of microfinance operation. The Association's improved services have enabled it to increase its membership from 45 to 58 institutions. Training and technical assistance to Alliance Bank provided by the EBRD under its downscaling program has helped to grow the bank's outstanding micro and small business loan portfolio to \$24 million through 2,500 loans, up from \$11 million and 1,309 loans in the beginning of the year.

Program Element Performance \ 4 Economic Growth \ 4.7 Economic Opportunity \ 4.7.1 Inclusive Financial Markets

To expand access to financial services in Kazakhstan, USAID continued its support to the microfinance sector but with a new focus on the meso-level of the sector. Specifically, in FY07 USAID provided tailored technical assistance to develop the capacity and sustainability of the Association of Microfinance Organizations of Kazakhstan. Strategic areas of emphasis included financial viability, human resource development, expanding external relations, and service delivery to member micro-finance Institutions (MFIs). As a result of this assistance, the Association adopted good governance practices, improved its lobbying capacity, and offered training opportunities for member and non-member MFIs on business plan structure, MFI business strategies, marketing, operational and financial planning, delinquency management and sustainable interest rate setting.

To improve the existing legal environment for microfinance, the Association successfully lobbied for amendments to the Law on Microcredit Organizations, increasing the maximum loan size and expanding the definition of "microfinance borrower". Additionally, the Association was included in the Microfinance Legislation Working Group of the Ministry of Industry and Trade of Kazakhstan that works to improve the existing legal and regulatory environment for microfinance. Changes in the reporting format of Micro Credit Organizations have been proposed to the Statistics Agency. Finally, the Association conducted extensive negotiations with financial institutions (such as Bank Turan Alem, SocieteGeneral, SAFC, Resmi-Group, and Symbiotics) to assist its members in attracting funding. As a result of these activities the total number of members increased from 45 to 58. The aggregate loan portfolio of the Association's members grew from \$60 million last year to \$102 million in FY07. Also, the Association secured financial support from other donors (World Bank, ICCO, and SEEP), a significant step towards sustainability.

Assistance provided to commercial banks under a joint downscaling program with EBRD has been limited to one bank (Alliance Bank) and was completed in May 2007. In May the outstanding SME portfolio of Alliance Bank amounted to \$24 million and 2,500 loans (up from \$11 million and 1,309 loans at the beginning of the year). The management of the bank has committed to continuing and increasing the SME lending activities of the bank.

Element Indicator Narrative \ 4 Economic Growth \ 4.7 Economic Opportunity \ 4.7.1 Inclusive Financial Markets

Only 95% of the target was met due to delays in collecting information from assisted microfinance institutions. The target comprises clients of members in the Association of Microfinance Organizations of Kazakhstan and institutions under the EBRD loan program. With the closure of the EBRD loan program this year, targets for 2008 were adjusted downward to only reflect the results of the CAMFA microfinance association development activity.

Key Issue Performance \ Local Organization Capacity Development

USAID assisted local capacity development by supporting seven local NGOs working on Trafficking in Persons and three local NGOs working in Civil Society. The success of both programs has been due to these dynamic local organizations that have successfully negotiated agreements with the Government of Kazakhstan to enhance the effectiveness of their programs.

In the area of health reform, assistance was provided in development of the application to the 7th Round of Global Fund to fight AIDS, TB and Malaria, further strengthening of HIV surveillance system, coordination and management of TB control issues.

In the area of economic growth a number of initiatives involve public-private partnerships with local organizations, governments, and private businesses. For example, the Central Asia Microfinance Alliance supports institutional capacity strengthening and financial sustainability of the Association of Microfinance Organizations of Kazakhstan. The Business Environment Improvement project (BEI) works at the national and local levels to create effective public-private dialogue for business policy reform. The BEI project works with and strengthens local business associations to help them become effective advocates for a better investment and policy environment for small businesses.

Key Issue Performance \ Trafficking in Persons

The Ministry of Interior signed a memorandum of understanding (MOU) with USAID's partner on counter trafficking measures. This MOU is now used for local police procedures and assistance to trafficking victims, and provides significant victim protection through a protocol that must be followed for all trafficking victims. Over the past year through a variety of programs, USAID assisted 178 trafficking victims. USAID also continued to support 13 hotlines and an NGO support network throughout Kazakhstan. The hotlines averaged 1,000 calls per month. In addition to running the hotlines, the NGO network provide a wide range of anti-trafficking activities such as youth training, shelter support, roundtables, and summer camps. USAID also collaborated with local authorities in one region to conduct a one-day anti-trafficking workshop for religious leaders from various faiths.

Key Issue Performance \ Anti-Corruption

USAID supports judiciary's modernization efforts, training more than 220 justice sector personnel and providing materials and resources to courts. To further increase transparency and accountability, USAID helped the judges' association prepare a "roadmap" to revise the judicial code of ethics and also a draft revised code. USAID also completed a successful pilot project related to the installation of video court recording equipment.

In the area of economic growth, 2007 reform events included: adoption of the law "On Procurement", which increased transparency and reduced fees on government bids from 3% to 1%, estimated to save business over \$110 million annually; and of the law "On Licensing" which eliminated 370 licenses, requires recording and publication of procurement deliberations and prohibits local governments from creating their own licenses -- which is expected to save businesses over \$9 million annually. Consultations to the Chairman of the Competition Protection Committee sectoral regulation work with the Accounts Committee strengthened capacity for financial and performance auditing, including fraud detection and prevention.

Health provider payment systems were developed using pre-determined rates for health services, solidifying payment systems with Kazakh partners and thus improving transparency and empowering health care consumers.

Key Issue Performance \ Microenterprise

In Kazakhstan the Mission supported capacity building of the Kazakhstan Microfinance Association. The project helped the Association lobby for improvements in the microfinance law and conduct training for

member and non-member microfinance institutions on subjects such as business planning, micro-finance Institution (MFI) business strategies, marketing, operational and financial planning, delinquency management and sustainable interest rate setting. The goal of this program is to support long-term development and expansion of the microfinance sector through establishment of a sustainable sector association providing demand-driven services to its members. A strong microfinance association will potentially encourage the sector growth, thereby enabling greater access to financial services by the underserved population of microenterprises.

Key Issue Performance \ Trade Capacity Building

Assistance in Kazakhstan for trade capacity building takes three forms. First, the new regional trade project started in late FY 2007 will support Kazakhstan in its effort to accede to the World Trade Organization (WTO). Initial work includes analysis of IPR and TRIPS compliance, aspects of technical barriers to trade and sanitary and phyto-sanitary standards, and draft procedures related to ex-officio Customs action and IPR enforcement at the border. Priority trade facilitation activities will work to streamline transport, transit, customs and border crossing through mechanisms linked to international standards. Secondly, activities promoting economic policy reform have improved stability of fiscal, monetary, and exchange rate policies and supported effective financial sector development and competition regulation. Third, assistance for business environment improvement has worked to reduce or eliminate subsidies and price controls in trade, encouraged development of business support services, developed business information in general including for firms engaged in export and import, and worked to improve implementation of commercial legislation.

Key Issue Performance \ Clean Energy

Kazakhstan has vast clean energy resources, but many rural areas face frequent blackouts, and even some urban areas facing power shortages and possible brown outs. Clearly there is a question of how current electricity generation and distribution assets are managed and how fast new power generation and distribution assets can be built. In both areas there is a large role for private sector investment and utilization of asset management techniques.

Central Asian countries are relatively small yet have a shared history and certain shared infrastructure. Moreover, further development of the electricity sector in Central Asia is closely related to water/energy sharing issues and the agricultural regime.

There are good opportunities for expanding electricity production utilizing hydro energy resources to meet future electricity demands in the region and adjoining countries like Afghanistan and South Asia. The economic valuation of water as a commodity and that improving the efficient use of water for both electricity and agriculture are critical. The Regional Energy Markets Assistance Program (REMAP) has been pro-actively addressing these issues through its workshops, seminars, discussion forums, training and capacity building efforts, and FY2007 activities in Kazakhstan were aimed at achieving the goal of regional cooperation in clean energy resources.

Key Issue Performance \ Applied Research

USAID sponsored the U.S. Centers for Disease Control and Prevention to conduct an investigation of an HIV outbreak among children in Skymkent and a blood safety study in Pavlodar. The Kazakh Ministry of Health implemented recommendations outlined in the report from the Shymkent investigation. Also with USAID funding this year, the Centers for Disease Control investigated two large food-borne infectious

disease outbreaks, an outbreak of Congo-Crimean Hemorrhagic Fever, suspected diphtheria cases in Ust Kaman, and an outbreak of Hepatitis A in Uralsk. Two additional studies looked at the relationship between Hepatitis A vaccination and jaundice in newborns and associations between mortality rates and blood transfusion among patients hospitalized in Taraz, Kazakhstan.

Key Issue Performance \ Community Mobilization/Participation

Small grants were awarded to increase community knowledge and skills related to TB control. A National Communication Strategy was designed with USAID assistance to improve knowledge, attitudes and practices related to TB, targeting the general public, TB patients, and doctors. The NGOs from eight oblasts that received training in FY 2006 developed eleven proposals to the World Bank's Central Asia AIDS Program with technical assistance from USAID. The second round of training activities on organizational development for civil society organizations and communities will take place in December 2007.

Key Issue Performance \ Public-Private Partnerships

USAID economic growth programs are working in partnership with a number of organizations in Kazakhstan. The biggest partnership arrangement is the Program for Economic Development (PED) whereby USAID and the Government of Kazakhstan have entered into an innovative agreement to jointly fund USAID's economic growth activities in the country. The GOK's contribution to the four-year \$40 million cost-share partnership rises from 25% in the first year to 50% in the final year. The PED supports implementation of a wide variety of USAID's economic growth activities aimed at promoting broad-based economic growth and development. A successful partnership between associations of microfinance institutions and the government facilitated through the CAMFA project led to improvement of the existing legal environment for microfinance. The association successfully lobbied for amendments to the Law on Microcredit Organizations which increased the maximum loan size and expanded the definition of borrowers in microfinance. The Certified International Professional Accountant alliance and examination network supports professional accounting associations to promote international accounting standards, training, and certification programs.

Key Issue Performance \ Civil Society

A USAID-supported network of intermediate support organizations continued to provide services on a sustainable basis to its civil society clients. As the Government increasingly seeks out civil society organizations as partners on policy reform, service delivery and technical analyses, USAID programs are focusing on developing more advanced skills among local and national level NGOs.

Key Issue Performance \ Development Research

USAID conducted a rapid evaluation of the situation regarding HIV testing and treatment in Temirtau, examining clients' reasons for not initiating or for stopping anti-retroviral treatment, and other difficulties experienced with the treatment. The results of this study will be used to design interventions to improve the uptake of and adherence to anti-retroviral treatment in the region.

USAID sponsored a survey in the USAID-funded Youth Power Center in Almaty. Results showed high rates of sexual activity and low rates of condom use during last sex with any kind of partner in both districts

served by the Center. Almost a quarter of vulnerable youth reported personally knowing someone who has ever injected heroin, opiates or any other drugs. Study results will be used as a baseline to demonstrate the effectiveness of the Center's activities.

USAID's program to address tuberculosis (TB) conducted an assessment of TB policy in Kazakhstan this year; subsequent development of policy papers and abstracts is ongoing.

Operational research is ongoing to better inform local counterparts on problems confronting TB control efforts. The results of these studies are used to affect systematic changes and to provide policy makers the tools they need to make management decisions for their projects. Training materials used for information, education and communication on TB issues were also pre-tested during this time.

1 Peace & Security - Kazakhstan

1.5 Transnational Crime\1.5.3 Trafficking-in-Persons and Migrant Smuggling

Number of people in host country trained on TIP related issues with USG assistance

					Number of women					Number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
22,615	-	16,700	-	16,000	12,496	-	10,720	-	10,000	10,119	-	5,980	-	6,000

1.5 Transnational Crime\1.5.3 Trafficking-in-Persons and Migrant Smuggling

Number of TIP victims assisted by USG programs

					Number of women					Number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
95	-	93	-	-	78	-	69	-	-	17	-	24	-	-

46 chars

Setting targets is inappropriate in this area

1.5.3 Trafficking-in-Persons and Migrant Smuggling narrative (no more than 1500 characters)

2 Governing Justly & Democratically - Kazakhstan

2.1 Rule of Law and Human Rights\2.1.3 Justice System

Number of Justice Sector Personnel that Received USG Training

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	312	-	75	-	-	161	-	38	-	-	151	-	37

**515
chars**

2.1.3 Justice System narrative (no more than 1500 characters)

The FY 2008 target is set up to reflect new project's parameters. During the FY 2007 Operational Plan, USAID did not anticipate the project in this area. The number for 2008 is also lower because the new program is now focused on creating transparency through a court recording system, thus the number of judicial personnel trained will be lower than in 2007 which had four separate components. Although the numbers are smaller, the results will be more focused, and contribute to a greater overall achievement.

2.1 Rule of Law and Human Rights\2.1.4 Human Rights

Number of public advocacy campaigns on human rights supported by USG

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
3	3	5	-	-

**495
chars**

2.1.4 Human Rights narrative (no more than 1500 characters)

USAID supported five campaigns in FY 2007, exceeding expectations. These five campaigns covered access to information, access to courts, combating torture through the ratification and implementation of the Optional Protocol to the Convention against Torture, freedom of assembly and ratification and implementation of the Optional Protocols to the International Covenant of Civil and Political Rights (ICCPR). Three of the five campaigns already have resulted in legislative or policy changes.

2.1 Rule of Law and Human Rights\2.1.5 Program Support (Rule of Law)

Number of monitoring plans

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1	1	1	1	1

1 chars

2.1.5 Program Support (Rule of Law) narrative (no more than 1500 characters)

2.3 Political Competition and Consensus-Building\2.3.3 Political Parties

Number of Individuals who Receive USG-Assisted Political Party Training

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	-	-	40	-	-	-	-	15	-	-	-	-	25

469
chars

2.3.3 Political Parties narrative (no more than 1500 characters)

Because of a governmental interpretation that foreign assistance to political parties violated the Kazakhstani Constitution, USAID work in this area was suspended in FY 2007. This issue was resolved in August 2007 through the signing of a Memorandum of Understanding with the Government of Kazakhstan that allows for the resumption of assistance. However, no training was provided before the end of the fiscal year. USAID expects to provide assistance during FY 2008.

2.3 Political Competition and Consensus-Building\2.3.4 Program Support (Political Competition)

Number of monitoring plans

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	1	1	1	1	

1 chars

2.3.4 Program Support (Political Competition) narrative (no more than 1500 characters)

2.4 Civil Society\2.4.1 Civic Participation

Number of Positive Modifications to Enabling Legislation/Regulation for Civil Society

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	-	-	5	-	3

2.4 Civil Society\2.4.1 Civic Participation

Number of USG Assisted Civil Society Organizations that engage in advocacy and

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	-	-	31	-	30

1 chars

2.4.1 Civic Participation narrative (no more than 1500 characters)

2.4 Civil Society/2.4.2 Media Freedom and Freedom of Information

Number of Positive Modifications to Enabling Legislation/ Regulations for Media Drafted with

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	-	-	-	-	2

256

2.4.2 Media Freedom and Freedom of Information narrative (no more than 1500 characters)

chars

Activities in this area in Kazakhstan were postponed due to the parliamentary elections that took place in August 2007. All government and parliamentary counterparts were busy with the elections and hardly had any time to work on media legislation issues.

2.4 Civil Society/2.4.3 Program Support (Civil Society)

Number of monitoring plans

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	1	1	-	1	-

1 chars

2.4.3 Program Support (Civil Society) narrative (no more than 1500 characters)

3 Investing in People - Kazakhstan

3.1 Health\3.1.1 HIV/AIDS

Number of individuals reached through community outreach that promotes HIV/AIDS prevention through other behavior change beyond abstinence and/or being faithful

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
42,461	20,500	26,227	15,000	15,000	23,317	10,450	17,243	7,750	7,750	19,144	10,050	8,984	7,250	7,250

3.1 Health\3.1.1 HIV/AIDS

Number of individuals trained in the provision of laboratory-related activities

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
18	20	-	20	12

988

chars

3.1.1 HIV/AIDS narrative (no more than 1500 characters)

USAID overachieved its target in the "number of individuals reached through community outreach that promotes HIV/AIDS prevention through other behavior change beyond abstinence and/or being faithful" for two reasons: (1) activities intended to end during FY 2006 were extended to the FY 2007 time period, and (2) Kazakhstan experienced a higher-than-expected migration of commercial sex workers from other countries during FY 2007, and this unanticipated population was also included in USAID's HIV prevention activities.

The target for "number of individuals trained in the provision of laboratory-related activities" was not met because the USAID implementing partner did not sign its agreement with the Central Asian AIDS Control Program to expand laboratory training activities on quality assurance until the end of FY 2007; the first training is planned for November 2007. This target has been changed for FY 2008, as the implementing partner has indicated in its annual work plan.

3.1 Health\3.1.5 Other Public Health Threats

Number of people covered by USG-supported health financing arrangements

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1,852,952	3,555,623	4,019,154	10,747,604	10,747,604

Number of people trained in research with USG assistance

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	3	2	5	2	6

657

3.1.5 Other Public Health Threats narrative (no more than 1500 characters)

chars

In "number of people covered by USG-supported health financing arrangements," the term "covered" refers to those benefiting from the primary health care, hospital, and public health financing systems. USAID overshot its target during FY 2007 because the target was set too low.

In "number of people trained in research with USG assistance," USAID's implementing partner had counted all students (5) in its Applied Epidemiology Training Program, whether they were in their first or second year of the two-year program. Therefore, the target for FY 2008 has been changed to reflect that a total of six students should be undergoing training during FY 2008.

3.1 Health\3.1.6 Maternal and Child Health

Number of people trained in maternal/newborn health through USG-supported programs

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	number of women					number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
473	290	492	260	93	-	-	-	-	-	-	-	-	-	-

250

3.1.6 Maternal and Child Health narrative (no more than 1500 characters)

chars

In "number of people trained in maternal/newborn health through USG-supported programs," the target set by USAID for FY 2007 was too low. The target was changed for FY 2008 as implementing partners are winding down activities against this indicator.

4 Economic Growth - Kazakhstan

4.1 Macroeconomic Foundation for Growth4.1.1 Fiscal policy

Number of key personnel in fiscal policy and fiscal administration trained with USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
15	20	20	20	20	-	-	3	-	5	-	-	17	-	15

1 chars

4.1.1 Fiscal policy narrative (no more than 1500 characters)

4.1 Macroeconomic Foundation for Growth4.1.3 Program Support (Macro Econ)

Number of monitoring plans

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1	1	-	1	-

1 chars

4.1.3 Program Support (Macro Econ) narrative (no more than 1500 characters)

Number of participants in trade and investment environment trainings

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	50	20	75	75	-	-	8	-	30	-	-	12	-	45

266

4.2.1 Trade and Investment Enabling Environment narrative (no more than 1500 characters)

chars

Due to extended negotiations with the Government of Kazakhstan under the jointly funded Program for Economic Development, the project for this element only started in August of 2007, so the number of possible opportunities for training were limited this fiscal year.

4.2 Trade and Investment\4.2.3 Program Support (Trade)

Number of monitoring plans

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1	1	-	1	-

1 chars

4.2.3 Program Support (Trade) narrative (no more than 1500 characters)

Number of financial professionals certified in compliance with international accounting standards as a result of USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
820	1,060	991	1,070	1,070	-	-	-	-	-	-	-	-	-	-

682

4.3.1 Financial Sector Enabling Environment narrative (no more than 1500 characters)

chars

The target for FY 2007 was only 93% met. A substantial 33% increase in fees over the period (to over \$100 per exam) that could not be predicted or controlled by the project was one of the reasons for the shortfall. Additionally, there was adverse publicity by the Ministry of Finance (MOF) regarding recognition of the CAP/CIPA certification through their new accreditation policy of accounting certification programs. This confusion led to participants postponing taking exams. To address these challenges in 2008, the project will continue to engage the MOF to reduce confusion and monitor closely the exam fee charged by the Kazakhstan branch of the CIPA Examination Network.

4.3 Financial Sector/4.3.3 Program Support (Financial Sector)

Number of monitoring plans

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1	1	-	1	-

1 chars

4.3.3 Program Support (Financial Sector) narrative (no more than 1500 characters)

Number of people receiving USG supported training in energy related policy and regulatory practices

					Number of women					Number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	30	100	20	50	-	-	-	-	-	-	-	-	-	-

151
chars

4.4.1 Modern Energy Services narrative (no more than 1500 characters)

The performance exceeded the targeted level due to project emphasis on capacity building through training, workshops, seminars, study tours and forums.

4.4 Infrastructure\4.4.4 Program Support (Infrastructure)

Number of monitoring plans

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1	1	-	1	-

1 chars

4.4.4 Program Support (Infrastructure) narrative (no more than 1500 characters)

4.5 Agriculture**4.5.1 Agricultural Enabling Environment**
Number of policy reforms analyzed with USG assistance

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	-	2	-	5	-

260
chars**4.5.1 Agricultural Enabling Environment narrative (no more than 1500 characters)**

While Aglinks project has a policy component, the approach in Kazakhstan is as an export destination or transshipment location for agricultural products from the other four countries in the region. No agricultural policy analysis is expected for Kazakhstan.

4.5 Agriculture**4.5.2 Agricultural Sector Productivity****Number of producers organizations, water users associations, trade and business associations, and**

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	-	3	-	10	5

461
chars**4.5.2 Agricultural Sector Productivity narrative (no more than 1500 characters)**

The Sustainable Dairy GDA is a three-year program operating in Kazakhstan. Due to organizational and implementation delays, the program was not able to meet its targets on a number of producers organizations created in the first year. It is expected that the project will facilitate the creation of and render assistance to five agricultural firms through improved pasture and cattle feeding, improved milking practices, and improved reproduction practices.

4.5 Agriculture\4.5.3 Program Support (Agriculture)

Number of monitoring plans

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	1	1	-	1	-

1 chars

4.5.3 Program Support (Agriculture) narrative (no more than 1500 characters)

4.6 Private Sector Competitiveness\4.6.1 Business Enabling Environment

Number of municipalities receiving USG assistance with regulatory/ administrative simplification

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	5	10	14	20	20

1 chars

4.6.1 Business Enabling Environment narrative (no more than 1500 characters)

4.6 Private Sector Competitiveness\4.6.2 Private Sector Productivity

Number of firms receiving USG assistance to improve their management practices

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	-	500	724	700	800

1330
chars

4.6.2 Private Sector Productivity narrative (no more than 1500 characters)

443

chars

4.7.1 Inclusive Financial Markets narrative (no more than 1500 characters)

Only 95% of the target was met due to delays in collecting information from assisted microfinance institutions. The target comprises clients of members in the Association of Microfinance Organizations of Kazakhstan and institutions under the EBRD loan program. With the closure of the EBRD loan program this year, targets for 2008 were adjusted downward to only reflect the results of the CAMFA microfinance association development activity.

4.7 Economic Opportunity\4.7.5 Program Support (Econ Opportunity)

Number of monitoring plans

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	1	1	-	1	-

1 chars

4.7.5 Program Support (Econ Opportunity) narrative (no more than 1500 characters)

