



USAID | **KAZAKHSTAN**
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KAZAKHSTAN SMALL BUSINESS DEVELOPMENT PROJECT

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KAZAKHSTAN SMALL BUSINESS DEVELOPMENT PROJECT

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I.0 EXECUTIVE SUMMARY

Throughout the world, SMEs (small and medium sized enterprises) are a major factor in economic growth and key to employment generation. The development of the small and medium-size business sector (defined in Kazakhstan as businesses less than 250 employees) is a key element in the transition to a competitive, market economy. In addition to economic benefits, SMEs are vital to the development and sustainability of democracy. In October 2006, The Pragma Corporation began the implementation of a four-year project (I15-C-00-06-00014) co-financed by the United States Agency for International Development (USAID) and Government of Kazakhstan (GOK) entitled the Kazakhstan Small Business Development (KSBD) Project.¹ In this endeavor, the KSBD Project seeks to promote growth of entrepreneurship and competitiveness of SMEs .

The KSBD Project is designed to create conditions whereby entrepreneurs and SMEs are able to access information, knowledge, and skills in order to increase their competitiveness and enable them to grow in size and number .² The World Economic Forum's Global Competitiveness Index indicates that the level of business skills and knowledge is very low in Kazakhstan relative to the other 125 countries in the survey. This creates a serious and growing constraint to the development of both international and domestic competitiveness in Kazakhstan's transitional market economy. Businesses increasingly run up against shortages of adequately skilled and knowledgeable market participants, particularly in the crucial SME sector. KSBD comprises two components for providing SMEs with greater access to knowledge and skills. The first component concerns building the capacity of the GOK to assist the development of SMEs in constructive and non-distorting ways based on best practices from other parts of the world. Specifically, KSBD under this component works to: a) increase the GOK's knowledge of international best practices and lessons learned for designing and implementing SME support programs; and b) transfer capacity to the GOK to procure, manage, and evaluate entrepreneurship development programs.

KSBD works towards these goals by arranging Study Tours, often including both private and public sector representatives, participating in public/private sector Working Groups under the Ministry of Industry and Trade (MIT), inviting international experts to conduct workshops and seminars and providing advisory services to key GOK entities. KSBD has also supported the institutional partnership and technical capacity to enable Kazakhstan to join the Global Entrepreneurship Monitoring (GEM) program based at the London School of Economics. As a result, Kazakhstan became Central Asia's first country to join the GEM Consortium, which seeks to identify research and best practices in entrepreneurship around the world.

The second component aims at leveraging the impact and sustainability of knowledge and skills transfer to SMEs by building the capacity of SME-oriented Business Service Providers (BSPs) comprising local consulting firms and training providers, particularly in the regions of Kazakhstan.

To meet these objectives, KSBD has developed an SME Consultant Certification program and has begun to work with BSPs, extending course curriculum, based on models in the UK and Japan and the international program of the International Council of Management Consultant Institutes (ICMCI). KSBD has recruited through competitive procurement a group of BSPs to pilot implement the courses for this program. KSBD is also supporting the formation of professional associations for consultants and consulting firms. KSBD has also worked with ExxonMobil to create a training partnership with local training providers as a model for additional partnerships with leading foreign and domestic companies in Kazakhstan. During June 2007, KSBD finished its work with ExxonMobil and two partners applied directly to Exxon for continued funding under a training partnership.

¹ Under the bilateral Program for Economic Development (PED)

² Increasing access to information, knowledge and skills falls under USAID's Strategic Objective 1.3 "Improved Environment for the Growth of Small and Medium Enterprises," Intermediate Result 1.3.1 "Increased Opportunity to Acquire Business Information, Knowledge and Skills."

The KSBD Project builds on previous and existing USAID-supported activities in Kazakhstan, while increasing the focus on building the capacity of local and national private and public institutions to foster the growth of SMEs and entrepreneurship on a continuing and sustainable basis. In particular, KSBD works closely with the USAID Business Environment Improvement (BEI) project, also implemented by the Pragma Corporation. KSBD is consistent with the Economic Prosperity and Security section of the State/USAID Strategic Plan as the project contributes to strengthening of the world of global economic growth, development and stability, while expanding opportunities for US businesses and ensuring economic security for the nation.

2.0 YEAR I HIGHLIGHTS

Component I: Building GOK capacity to support SMEs

Global Entrepreneurship Monitoring: KSBD secured Kazakhstan's inclusion and reporting in its first international GEM (Global Entrepreneurship Monitoring) entrepreneurship study, which will include Kazakhstan's entrepreneurship data in comparison to roughly 50 other countries, including the United States, Britain, China, Canada, Japan, Ireland, Finland, Norway, Poland, Croatia, etc., primarily those considered the top 50 competitive countries. The international study is being completed by Innovative Eurasia University of Pavlodar, and the survey by Brif Survey Group, both Kazakhstan institutions. During this reporting period the APS (Adult Population Survey) data gathering was completed for all oblasts of Kazakhstan. This work brought KSBD Project into all oblasts of the country. This data has now been forwarded to GEM London Headquarters, and is now being used to begin development of an analysis for Kazakhstan. As well, a final edition of the National Expert Survey has been completed. The National Expert Survey is in the appendix of this report.

KSBD Study Tours: KSBD led and organized two Study Tours – one to Bulgaria and the other to Poland -- for Public and Private Sector leaders to learn about support mechanisms for SMEs based on best International Practices in these countries. Twelve persons paid to attend the Study Tour to Bulgaria, and KSBD paid for two government leaders – a total of fourteen persons attended the event. Eight Kazakh representatives attended the Study Tour to Poland, including high ranking officials from the Prime Minister's Chancellery, Chairman of the Small and Medium Enterprise Fund, and the Ministry of Industry and Trade. As a result of a Study Tour of Ministry of Industry and Trade Officials to a Microfinance Conference, Kazakhstan has formally requested to hold the World Microfinance Conference in 2008, however it has been committed to Mongolia. Kazakhstan is being informed that 2009 is more likely. Furthermore, the study tours have led to action follow-up steps in areas such as outsourcing SME development to the private sector, launching an annual debate on SME activities and policies and organizational sustainability.

Kazakhstan Assessments: Completion of consulting assignment assessments on SME needs as well as an assessment on SMEF (Small and Medium Enterprise Fund), both of which determined that KSBD should link up and provide support and training, and infrastructure development to the Fund. KSBD is now providing support to SMEF through its Study Tours and consulting assignments entering into the second year of activity. Also, KSBD is developed an SME consulting certification program as identified as a necessity for Kazakhstan; this is reported in the component II highlights. Both Assessments are included in the appendix of this report.

Work Groups: KSBD delivered and sat on Work Groups with the Ministry of Industry and Trade and other Ministries in support of SMEs. In addition, regional support SME Work Groups and Forums in Oskemen (Ust-Kamenogorsk), Uralsk, Astana, Artyrau, and Karaganda identified the need for better understanding and communication between the private sector and government in support of SME development. There is a need for a public private sector dialogue on SME development needs for the

country of Kazakhstan, and KSBD will develop this inherent to the policy with SMEF. KSBD has championed 'outsourcing' SME development to the private sector, and sought policy improvement. Institutional Capacity Development: KSBD has begun working with the lead SME development agency for Kazakhstan, the Small and Medium Enterprise Fund (SMEF), following assessment of the institution. SMEF will provide the core structure for SME support in the country upon departure of USAID, and has requested USAID support in developing an SME and Entrepreneurship Policy for Kazakhstan.

Component 2: Building BSP capacity to support SMEs

SME Consultant Certification Program. During the year, KSBD designed and began implementing in four locations (Karaganda, Shymkent, Aktobe and Astana) a certification program for SME consultants, based on models from the UK and Japan and linked to the international Certified Management Consultant (CMC) designation under the International Council of Management Consultant Institutes (ICMCI).

ExxonMobil GDA Training Program: June 2007 was the final month of the Global Development Alliance (GDA) between ExxonMobil/USAID and KSBD. Business Training (BT), during the two-years of the GDA, 2,265 participants in the Astana area received training, of which 80.8% were women. 68 SMEs received consulting assistance from KSBD local consultants. SME clients reporting financial data had average annualized sales increase of 69.7%, and average annualized productivity increases of 109.7%. ExxonMobil is considering funding two grant requests submitted by local training providers with KSBD assistance to continue the training program based on the BE courses.

BSP association development. KSBD continued working with a local senior consultant to plan the development of a consulting association. KSBD sponsored visits by the consultant in regional centers to meet with consultants and explain the plan to form associations and the need for the consultant certification program. KSBD sent a delegation from Kazakhstan to attend the biennial ICMCI Congress in Dublin to meet with other consulting associations, particularly from Eastern Europe and the former Soviet Union, and to discuss implementation of the consultant certification program.

3.0 TECHNICAL IMPLEMENTATION

3.1 Component 1: Transfer Capacity to the GOK to implement SME assistance Programs: Create increased international experience and best practices incorporated into GOK sponsored business advisory and finance programs; Improve the accuracy, quality and application of data related to SMEs and entrepreneurship.

3.1.1. KSBD Competitiveness Forum with USAID/RCI and GOK Prime Minister

On April 17th, USAID's Regional Competitiveness Initiative and USAID's Kazakhstan Small Business Development Project jointly organized and held a Forum entitled "Economic Growth and

Competitiveness" at the Intercontinental Hotel in Astana, Kazakhstan. The event was opened by His Excellency Prime Minister of the Republic of Kazakhstan, Karim Massimov, and The Honorable Ambassador of the United States of America to Kazakhstan, John Ordway.

During the forum, representatives of the World Economic Forum (WEF) Ms. Ciara Browne and Dr. Margareta Drzeniek explained the 2006 world competitiveness ratings, a system which is completed



US Ambassador to Kazakhstan John Ordway and Kazakhstan Prime-Minister Karim Massimov opened the forum for participants including Ministers, Vice Ministers and NGO and private sector specialists.

annually by the World Economic Forum and supported by USAID. Kazakhstan is currently rated 56 in the world ranking of 125 competitive countries. Representatives of a number of ministries were in attendance and discussed with international experts, brought to Kazakhstan courtesy of USAID, the practical approaches to improving Kazakhstan's competitiveness by focusing on areas of improvement such as, but not limited to, innovation, health, education, judicial independence as well as business sophistication and efficiency. An integral current initiative of the Kazakh government is to shift its economy away from such a strong dependence on the mineral extracting sector, and by focusing on overall competitiveness improvement, the country can seek to strengthen its small and medium business sector which will be a source of new jobs and opportunities in the regions and an overall better quality of life for its citizens.

Key findings of the Forum include:

1. It is important to understand where government can facilitate private sector competitiveness. Equally important is to ensure that government does not do anything that would impede progress of the private sector. It then comes down to government creating policy which supports private sector development.
2. Kazakhstan has an opportunity to learn from the best practices of other countries, what has been effective and worked, and what can be lessons learned/drawn from other countries. This will allow Kazakhstan to select a path which can be most effective in terms of the development of its private sector and ultimately lead toward overall improvement.
3. The World Economic Forum rating is valuable as a benchmark to understand where Kazakhstan can focus on improvement. By understanding those individual areas where ratings indicate there may need to be a stronger focus, Kazakhstan can then target improvement on its overall competitiveness.

The event was considered a high level success, as it brought World Economic Forum specialists to assess Kazakhstan's competitiveness ranking, it also brought together representatives of both the public and private sector to discuss how to resolve issues in relation to improving Kazakhstan's competitiveness. The detailed findings of the event Work Groups (Breakout Sessions) have been documented and submitted to the GOK and is being discussed in over-arching Work Groups and part of discussion and education on KSBD Study Tours.

3.1.2 Global Entrepreneurship Monitor (GEM)

The Global Entrepreneurship Monitor (GEM) is the pre-eminent global survey of entrepreneurial activity. GEM surveys are conducted on an annual basis and are currently implemented in over 40 middle and high-income countries. Participation in the GEM program will enable the Government of Kazakhstan (GOK) and KSBD project stakeholders to benchmark Kazakhstan entrepreneurial and SME activity against international models and provide direction on GOK policy decisions for the ongoing development of the Kazakhstan SME sector.

The Global Entrepreneurship Monitor (GEM) is a not-for-profit academic research consortium with a goal to make high quality international research data on entrepreneurial activity readily available to as wide an audience as possible. GEM is the largest single study of entrepreneurial activity in



KSBD's Patrick Perner explains the importance of the GEM Adult Population Survey to the Kazakhstan Media, noting Kazakhstan's acceptance into the International GEM Consortium. The event was widely covered in the national news.

the world. It was expanded from a comparison of 10 countries in 1999 to 42 countries in 2006.

GEM focuses on three main objectives:

1. To measure differences in the level of entrepreneurial activity between countries.
2. To uncover factors determining the levels of entrepreneurial activity.
3. To identify policies that may enhance the level of entrepreneurial activity.

GEM's contribution to the knowledge and understanding of the entrepreneurial process is unique since no other data set exists that can provide consistent cross-country information and measurements of entrepreneurial activity in a global context. More information on GEM can be found at www.gemconsortium.org.

Through KSBD, Kazakhstan has become accepted into the GEM consortium and under KSBD's guidance, is now completing a series of steps which will be combined to complete the GEM analysis on the next year. The Innovative Eurasia University InEU (Pavlodar) is implementing GEM with assistance provided by KSBD and its GEM statistics consultant Dr. Alex Liu. Presently KSBD has completed collation of the data from the APS (Adult Population Survey) however the report will not be completed – per GEM guidelines – until February 2008.

KSBD however has completed the NES (National Expert Survey) and found the following results. Kazakh experts were offered to evaluate 9 factors according to a 5 point scale including: Financial Support, Government Policies, Government Programs, Education & Training, R&D Transfer, Commercial & Professional Infrastructure, Market Openness, Access to Physical Infrastructure, Cultural & Social Norms. The highest scores given by experts were to Cultural & Social Norms (3.26), Access to Physical Infrastructure (3.18) and Government Programs (2.99). The conclusion is that Kazakh experts considered that the current social and cultural norms accepted within Kazakhstan indeed do enable entrepreneurship, and entrepreneurship as a whole is regarded as a respectable occupation. Furthermore attention is paid to developing entrepreneurship in Kazakhstan. It is considered that there is no difficulty in obtaining access to infrastructure (transport, communication, etc.) and efficient programs supporting entrepreneurship.

Within the NES, experts also evaluated the issues of Commercial & Professional Infrastructure (2.67) and Financial Support (2.39) and found them in a slightly worse position as noted by the point scale. Experts noted that in spite of the fact that there are some drawbacks existing in some areas, others are noted to satisfy the current demand and quality of entrepreneurs including banking services (money transfer, account operations etc.), legal and consulting services. The lowest score was given with reference to Government Policies (1.47). Experts included current drawbacks of current government policy issues such as business registration, tax policy, private property protection and support of new firms' growth by the government. Other areas such as R&D Transfer (1.75), Market Openness (1.99) and Education & Training (2.18) received low scores. Market openness was determined by our Kazakh experts as an acute problem, as well as Education, which meanwhile, unfortunately, limit entrepreneurship development in Kazakhstan. This information is being passed to the Government of Kazakhstan to assist them in formulating policy and strong institutional support to SMEs. The full GEM National Expert Survey report is in the Appendix.

3.1.2.1 Republic of Kazakhstan formally accepted into GEM (Global Entrepreneurship Monitoring) Consortium

During November 2006, USAID's Kazakhstan Small Business Development Project issued a tender to select a Kazakh university to receive training in Global Entrepreneurship Monitoring (GEM) practices. GEM (www.gemconsortium.org) is the largest single study of entrepreneurial activity in the world and has been expanded from a comparison of 10 countries in 1999 to 42 countries in 2006. GEM surveys are conducted on an annual basis, and are currently implemented in over 40 middle and high income countries. Based on

the tender, the Innovative Eurasia University (IEU Pavlodar) was selected to participate in the London training of GEM techniques and procedures which took place during the first part of January, 2007. As a result, USAID's Kazakhstan Small Business Development Project sent (IEU) university representatives, and Ms. Guzal Baimuldinova and Ms. Zhanat Altaibayeva to London for training and they learned GEM statistical techniques. Due to their representation and performance at the meeting, on January 13th, Kazakhstan was notified that it has been accepted into the GEM consortium and during the course of this year, IEU will be performing a GEM statistical analysis of entrepreneurial development in the country of Kazakhstan which will allow for SME (small and medium enterprise)



GEM Kazakhstan Coordinator and the Head of the Auditing and Accounting Department of the Innovative Eurasia University (Pavlodar) Ms. Zhanat Altaibayeva (right) poses with another country GEM consortium member.

comparison to other highly competitive countries in the world. This new success is particularly noteworthy as Kazakhstan's goal is to become one of the top 50 competitive countries in the world. It should be further be noted, that as a result of KSBD assistance, Kazakhstan has been successfully included in GEM in its first year 2007; it is particularly noteworthy as it is highly difficult to achieve this success, and should be further noted that Russia was not included in 2006 during its first year of GEM.

3.1.3. Institutional Capacity Development: SMEF (Small and Medium Enterprise Fund)

This is the institution tasked by Government of Kazakhstan on the development of the small and medium enterprise sector for the country. During this year, Stephen Moody, a Pragma Senior Consultant, conducted an assessment of the Small and Medium Enterprise Fund (SMEF) to advise whether KSBD should work with SMEF. In summary, it was concluded that SMEF would greatly benefit from KSBD support, that this would be good for the government of Kazakhstan to receive this assistance, particularly in the area of SME institutional development. KSBD during this period has begun to develop the chairman into an 'agent of change' and as a champion for 'outsourcing' government SME services to the private sector through Study Tour attendance. This has led to impact as the chairman has discussed with the Prime Minister that microfinance activities could be holistically outsourced to local banks and institutions and not necessarily internal to a Government of Kazakhstan institution. In addition, the chairman (Mr. Gosmin Amrin) has discussed with both USAID and KSBD the development of a new SME policy for the country of Kazakhstan. It is expected that KSBD would work with GOK, and in particular SMEF, on the development of this policy.

3.1.4 Work Groups:

During this year, KSBD has worked on Work Groups and added value by broadening the discussion and from these discussions, activities such as our Study Tours have been formulated to meet the needs of Kazakhstan. Examples of these groups include SME Finance, SMEF Advisory Board, SME Business Policy and Entrepreneurship.

3.1.4.1 Small and Medium Enterprise Fund (SMEF) Work Group

USAID's Kazakhstan Small Business Development Project now sits the Advisory Board for the SMEF (Small and Medium Enterprise Fund), through its GOK KSBD Advisor (Krassen Stanchev). The purpose of this board is to provide direction and assistance in Fund activities, as well as become a means for implementing change into the institution. As a direct result, SMEF is now participating in the KSBD Study Tour to Bulgaria in the area of SME Credit, and also to the Study Tour to Poland to learn best practices in terms of SME support institutions (Polish Agency for Enterprise Development). As a result of this work, the SMEF

Chairman has asked direct assistance to USAID and KSBD in formulating an SME Policy for the country of Kazakhstan. This will be accomplished during year 2, and is a macro level achievement.

3.1.4.2 Ministry of Industry and Trade (MIT) Work Group – SME Policy Advice

In addition to continuous, frequent working-level contact with GOK counterparts, the KSBD project has continued to participated in Work Groups covering coordination of economic development efforts and discussion of policy advice, planning, and best practices. Three such Work Groups were on SME lending (Members are Ministry of Industry and Trade – chairing and coordination; Ministry of Agriculture – MOA, Ministry of Finance – MOF, the Central Bank of Kazakhstan – NBK, the Tax Authority, Associations of Micro-Lending Institutions – AMFOK, etc.). GOK KSBD Advisor (Krassen Stanchev) convinced GOK to create this Work Group on SME Policy Advice, as noted has been formulated above. Following our Competitiveness Conference, the GOK KSBD Advisor convinced ministry officials that the legal ban on micro-lending institutions operating as joint stock companies limited growth prospects and fund raising potential of the institutions, and as a direct result, it was decided to proceed with lifting the ban in question which will now have macro level impact and can be considered an institutional success of the project. Both of these results, in particular, the creation of the Work Group on SME Policy, and the change on micro-lending are to be noted as macro level institutional achievements made by GOK as a result of KSBD assistance. In addition, the new thrust to formulate an SME and Entrepreneurship Policy for Kazakhstan, by working with KSBD, is expected to add macro level impact.

3.1.4.3 MIT Coordination Council (Work Group) on Issues of Entrepreneurship (CCIE)

KSBD participates in the MIT Entrepreneurship Coordination Council Working Group, focusing on conclusions of the activities of expert councils, issues of entrepreneurship on central and local executive levels, and implementation of the Private Entrepreneurship Law (PEL). CCIE is the only high-level, joint business-government Work Group on SME policy issues which is chaired by an MIT minister. Sessions are irregular, however with KSBD involvement, CCIE is expected to mature into an inter-ministerial and government-to-business Work Group body to coordinate policies with private sector led economic development; this will be the KSBD thrust during year 2. The most recent roundtable committed work for KSBD on the PEL (Private Entrepreneurship Law), with focus on an assessment and recommendations. Dr. Krassen Stanchev assessed Kazakhstan's Private Entrepreneurship Law (adopted January 2006 -- amended July 2006 -- influencing multiple policy changes) and its implementation. The Report has been presented at a Working Group Council Session on July 31, 2007 with Minister Orazbakov and as a result of this work, we now expect that this report will trigger policy reforms and or requests for further assistance oriented to better assisting development of the SME sector.

3.1.5 USAID Usage of Best International Practices Builds Regional Leader of Central Asia

During September 4th and 6th, 2007, USAID's Kazakhstan Small Business Development (KSBD) and Business Environment Improvement (BEI) Projects teamed together with the Forum of Entrepreneurs and CIPE (Center for International Private Enterprise) to organize trainings focused on the challenges of lobbying for SME development, practice and purpose, building coalitions, and establishing a dialogue between the public and private sector for economic improvement. The seminars were a result of a Study Tour to Poland funded by the United States Agency for International Development organized through KSBD during July 2007 whereby the Kazakhstan delegation became interested in learning from the Polish experience within this field of lobbying for SME improvement. For these events, KSBD sponsored Unilob Poland Director Mirek Zielinski, courtesy of USAID funding, who spoke on the importance of SME Development and Lobbying in the cities of Astana and Almaty. Associations from Tajikistan and Kyrgystan attended the event in Almaty thereby maximizing impact and leveraging USAID funding, and bringing further value to the discussion from a regional Central Asia perspective. Furthermore, attendees learned the value and purpose of developing an SME (Small and Medium Enterprise) Annual Report and how this information can be

gleaned to enhance and develop direction for a national SME and economic improvement strategy. As a result of the training, the GOK (Government of Kazakhstan) Small and Medium Enterprise Fund (SMEF) Chairman has discussed with Kazakhstan's Prime Minister the need for a SME Annual Report with a goal that it be developed and implemented for Kazakhstan. In so doing, Kazakhstan will once again be employing 'best international practices' in the field of SME Development from countries such as Poland, Bulgaria, Slovenia and the United States under the direction and guidance of USAID specialists. Kazakhstan is now planning a conference with President Nazarbayev, in which KSBD will take part, and primary discussion will be on the Annual SME Report.

3.1.6 Public Private Sector Study Tours

KSBD has designed, formulated, organized and implemented a number of focused study tours which have added to increasing the impact through broader discussions on issues such as 'outsourcing SME services to the private sector', 'SME lending' and 'SME Development Institutions.'

3.1.6.1 KSBD and CEED Bulgaria Lead and Facilitate Kazakhstan Officials Study Tour To Tap Into Bulgaria's Best International Practices



Four members of the KSBD Kazakhstan Study Tour delegation meet with the Bulgarian Deputy Minister to discuss methodologies to enhance SME development for Kazakhstan. Mr. Shalkar Zhulsupov, Chairman of the Association of Microfinance Organizations is front/right.

During May 30th to June 4th, CEED Bulgaria (Center for Entrepreneurship and Executive Development) and KSBD organized and implemented a Study Tour for two senior Kazakhstan government officials to Sofia, Bulgaria to attend the World Microfinance Conference. Participants included senior public officials of the Government of Kazakhstan from the Ministry of Industry and Trade Economics Department (MITED), Mr. Zharkin Zhengaziev, and the Prime Minister Chancellery representative, Ms. Kaunush Akparova. However as a

result of KSBD organizing the tour, twelve other representatives of Kazakhstan organizations also took part in the Study Tour with fourteen total persons attending under USAID KSBD/CEED facilitation and organization. Participants met directly with senior SME officials of other countries as well as Bulgarian microfinance organizations, and had an opportunity to meet with senior Bulgarian officials in relevant SME institution development offices. The tour also attracted several other GOK and institutional development specialist participants who paid to attend including Mr. Shalkar Zhulsupov, Chairman of the Association of Microfinance Organizations of Kazakhstan, Murat Imankulov, the Association of Microfinance Organizations, and Mr. Gosmin Amrin, the Chairman of the Board of the Government of Kazakhstan's Small and Medium Enterprise Fund. CEED was considered the most appropriate partner to implement following their recent attendance, presentation and overall participation in the USAID Competitiveness Forum in Astana, Kazakhstan as an entity to leverage Bulgaria experience and best practices most relevant to Kazakhstan. CEED facilitated meetings with the Government of Bulgaria (GOB) SME authorities (Economic and Social Department of the Council of Ministers, Enterprise Policies and Development Department of the Ministry of Economy, Bulgarian SME Promotion Agency Microcredit Guarantee Fund Project, and Ministry of Labor and Social Policy), and parallel meetings with various Bulgarian and international microfinance partners including clients of micro-lenders and investors. In speaking with the Government of Bulgaria, Kazakh representatives learned the need for formulating strong SME policy, and in particular obtained an inside view of legal frameworks that support SME development, respective roles that each play such as the Prime

Minister's cabinet in the process, as well as the ministries and the SME Promotion Agency -- an executive arm of the Ministry -- and the SME Advisory Council of Bulgaria. Additionally, participants were able to consider other relevant services such as a National Guarantee Fund, Innovation Fund, the Bulgarian Encouragement Bank all oriented to SME development.

As a direct result of this Study Tour, Kazakhstan has now formally applied to hold the World Microfinance Conference in Almaty, Kazakhstan in June, 2008. The Government of Kazakhstan has sent a formal letter requesting to host the conference pledging 70,000 Euro to the cost of this event; this will be under consideration for 2009. Furthermore, the SMEF Chairman has witnessed how outsourcing finance activities to various institutions can be much more effective than having or creating an internal governmental mechanism. It has also been determined that Kazakhstan will develop a comprehensive SME and entrepreneurship policy in the next quarter. KSBD views this as an additional opportunity for collaboration and synergies for macro success.

3.1.6.2 Kazakhstan Represented At Economic Commission in Geneva



Dr. Aigul Toxanova presents on SME Development in Geneva, Switzerland in representation of Kazakhstan. Based on her presentation, she was asked to return to Geneva and present on Gender and the Shadow Economy.

During June 18-21, Dr. Aigul Toxanova, Director of the Institute of Economic Research, represented Kazakhstan in the United Nations Economic Commission of Europe in an International Conference focused on "Entrepreneurship and Encouraging Enterprise Development" in Geneva, Switzerland. Ms. Toxanova presented Kazakhstan's current status of development of entrepreneurship to the Global Community there, and in her presentation identified how USAID and the Government of Kazakhstan are now working together under the Program for Economic Development (PED) to jointly target assistance to Kazakhstan, highlighting Kazakhstan's recent inclusion into the GEM (Global

Entrepreneurship Monitoring) Consortium as the first Central Asian country to achieve this status through USAID's Kazakhstan Small Business Development Program (KSBD). For Dr. Toxanova's representation of Kazakhstan in Geneva, KSBD leveraged assistance for Kazakhstan in this event by providing technical advice to Dr. Toxanova, while the Economic Commission of Europe funded her travel; this ensured Kazakhstan was represented at the event and noted USAID's contribution to Economic Growth for Kazakhstan. During country discussions, it was noted that Kazakhstan has become the leader of Central Asia and is developing excellent experience with reference to jointly working on Small Business Development in direct cooperation with USAID, as a result of the PED. As a result of Dr. Toxanova's (and subsequently Kazakhstan's) contribution to the discussion on "Entrepreneurship and the Shadow Economy" at this event, Kazakhstan was invited back to Geneva for an International Working Group Meeting focused on "The Gender Aspects of Entrepreneurship and the Shadow Economy" during July 9-10, and the European Commission funded Dr. Toxanova's travel with technical support provided by USAID's KSBD in the development of the presentation. As a result of this work, Kazakhstan was represented at the international level, and discussion focused on entrepreneurship development. These practices are being brought back and discussed in Kazakhstan within Working Groups and public private sector dialogues.

3.1.6.3 USAID's KSBD Project Leads Study Tour to Poland for Kazakhstan Public and Private Sector Leaders

During June 26 to July 4, USAID's Kazakhstan Small Business Development Project (KSBD) organized, led and implemented a Study Tour to Poland for public and private sector leaders in Kazakhstan. The primary objective of the learning experience was to: a) gain an understanding of the origins, institutional challenges for SME support policy (as encountered in Poland), on national and regional levels, b) gain knowledge of government regulatory policy and reforms to improve frameworks, conducive to private sector (SME) led economic growth and prosperity, c) study examples of national, regional and local SME development programs, d) better understand partnership how to develop networks between business and government that address SME interests and national and regional (local) socio-economic development strategies.

Participants of this very special training, funded by USAID through KSBD, included: Dinara Arysbeikova,



KSBD's Dr. Krassen Stanchev leads a discussion for Kazakh Study Tour participants in Poland, discussing Private Sector Led strategies for SME Development.

Department of Entrepreneurship Development for the Ministry of Industry and Trade; Isa Kudabekov, Primary specialist, Department of Entrepreneurship Development for the Ministry of Industry and Trade; Ayana Manasova, Prime Minister's Chancellery Office, Deputy Head for the Industrial and Innovation Department; Eduard Tsoy, Executive Director, Federation for Small and Medium Business Development; Amantay Bekniyazov, Director of Business Fund; Gosman Amrin, Chairman of Board, JSC " Small Entrepreneurship Development Fund"; Munavara Paltasheva, Director, Forum of Entrepreneurship, Candidate of Sciences; Kanat Sultangaziyev, Head, Department for Guarantees and Warranties, JSC " Small Entrepreneurship

Development Fund." Additionally KSBD leveraged assistance as one additional person from the Forum of Entrepreneurs fully paid her costs to attend the Study Tour. Altogether these USAID KSBD Study Tour participants became acquainted with specific knowledge on SME participatory (business-to-government) processes, which lead to pro-private sector growth, competitiveness and reforms, and met and discussed SME development systems with the Polish Agency for Entrepreneurship Development (PAED), Parliamentary Economy Committee, Presidium of the Enterprise Development Committee, and the Nidzica Development Foundation "NIDA" which operates on a regional level. As a result of the study tour, participants identified new needed directions such as the potential development of an SME Annual Report, outsourcing of SME development to the private sector, and the development of regional foundations. It also motivated GOK representatives to call for an SME needs assessment, seek SMEF (Small and Medium Enterprise Fund) reform, and begin to assess the Private Entrepreneurship Law.

3.2 Component 2: Building BSP capacity to assist SMEs:

3.2.1 BSP support program overview

KSBD seeks to implement USAID's strategic objective to create a broad and sustainable model to improve the knowledge and skills of SMEs by working with effective local Business Service Providers (BSPs). KSBD works to provide BSPs with SME-oriented training programs and tools and to vet the competence and credibility of BSP consultants through a consultant certification program. BSPs can then provide the institutional infrastructure to improve the competitiveness of SMEs across Kazakhstan on a commercially sustainable basis.

By the end of the KSBD contract, the KSBD will establish its BSP program in the 14 regions/oblasts as well as Astana and Almaty. To assist in achieving this goal, KSBD seeks partnerships with major domestic and foreign firms operating in Kazakhstan, such as ExxonMobil, with whom KSBD has been working to provide training in the Astana region.

3.2.1 SME Consultant Certification program overview

The future success of SMEs in Kazakhstan depends on improving the knowledge and skills of SME managers and entrepreneurs. The World Economic Forum Global Competitiveness Index indicators related to business knowledge and skills rank Kazakhstan in the bottom third of the 125 countries it surveys. This situation is confirmed by a USAID-financed 2005 survey of businesses in Kazakhstan. Business education in Kazakhstan has still been hardly reformed since the fall of the Soviet Union and business training is underdeveloped, fragmented and too often of low quality.

KSBD's efforts to address the problem of knowledge and skills focuses on building the capacity of BSPs to provide SME-oriented training and tools on a quality-controlled, widespread and cost-effective basis. This capacity-building is the basis for the SME consultant certification program KSBD is designing and implementing in Kazakhstan, to produce capable and credible consultants.

The KSBD certification program is modeled closely on model programs from Japan and the United Kingdom's Institute of Business Consultants (IBC). Based on the IBC's program, KSBD is building the first-level certification tier, called Consulting Essentials, of an eventual 3-tiered program. The final tier will be compatible with the global Certified Management Consultant (CMC) designation under the aegis of the International Council of Management Consultant Institutes (ICMCI). The KSBD certification program is in the Russian language.

The courses in the certification program all include attestation functions to measure whether the participants have mastered the targeted competencies for each course. The BE courses in particular can provide the core for eventual reform of basic business curricula in Kazakhstan. The independent attestation function can in this regard not only serve as the technical basis for professional certification, but also provide a benchmarking tool for measuring for progress in qualitative improvement of education and training providers.

Finally, the BE courses in particular are designed to be effective for both consultants and managers. Consulting and training BSPs can in fact provide these courses to their SME clients. Raising the knowledge and skill level of SME managers will improve the demand side for consulting and training products and services.

3.2.1.1 Consultant attestation program components

The consultant attestation component refers to the activities related to providing and measuring the technical knowledge base for consultants. The attestation program forms the foundation for the consultant certification program, which includes additional components under the auspices of a professional association.

The three components of the consultant attestation program include:

- SME Business Essentials (BE) training and attestation
- SME Took-Kit
- SME Consulting Essentials (CE) training and attestation

Business Essentials. For the SME Business Essentials, KSBD has redeveloped a set of short courses for SMEs from the earlier USAID SME Development (SMED) and Enterprise Development (EDP) projects. KSBD had been providing these courses in the Astana region through the Global Development Alliance (GDA) with

ExxonMobil, which is focused particularly on women participants. These courses cover the basic operational areas for SMEs and comprise a total of approximately 100 hours of guided learning time. The course outline is in the Appendix.

KSBD has reviewed and revised these courses to include as many practical concepts and tools as possible. Each BE course includes an attestation (testing) component that tests the mastery of the training participant of the key competencies targeted by the course. The attestations focus on using the practical tools and concepts in the course. The courses are being provided and marketed as the BE package in order to encourage participants to take the whole set. In addition, each course now includes references to other courses where appropriate. For example, the discussion on pricing in the Marketing course refers to the importance of cost accounting concepts covered in the Accounting Course.

SME-tool kit. The SME Took-kit comprises a set of consultant tools for SMEs developed under the USAID Enterprise Development Project (EDP) and tested on over 1,600 SMEs in Central Asia. These tools are referred to in each corresponding BE course. The integration of the Took-kit makes the courses more practical and effective. Each of the tools comes with a special Intake Session, generally about 4 hours, which teaches the consultant how to use the tool effectively. KSBD consultants are providing these Intake Sessions to the participants in the pilot TOTs with KSBD's 5 BSP partners.

Consulting Essentials. KSBD has based the Consulting Essentials program on the UK's Institute of Business Consultants (IBC) detailed syllabus and attestation program for its first of three levels of designation. The program comprises about 45 hours of guided learning and includes the basic components of being an effective consultant. The course outline is in the appendix.

3.2.3 Implementation of the consultant certification program during Year I

The KSBD program to support BSPs includes the following steps completed during this year.

3.2.3.1 Design of the consultant attestation program content.

At the core of the consultant certification program is the program to provide consultants with a core body of knowledge (CBK). KSBD refers to this as the attestation program, comprising the BE and CE training courses, each with an attestation (examination) component to measure the participant's attainment of the targeted professional competencies.

KSBD studied models of consultant certification programs and determined that Japan and the UK had the most relevant models, particularly regarding the content of the attestation program. In addition, KSBD studied relatively new global consultant certification program, the Certified Management Consultant (CMC) created by the International Council of Management Consultant Institutes (ICMCI). KSBD designed the BE content of the program to be similar to that in Japan's Certified SME Consultant program begun after the Second World War. For the CE component, KSBD followed the program of the IBC in UK.

These courses are now complete, though they are continuously being improved through feedback during the pilot implementations underway.

3.2.3.2 Recruitment of BSP pilot implementation partners

Through a competitive national procurement, KSBD recruited four BSP partners to provide pilot TOTs for the BE and CE courses. The selection panel comprised KSBD and GOK representatives. The top-rated BSPs came from Karaganda, Shymkent, Astana and Aktobe. As of the end of the first year, the pilot provision of BE TOTs had started in all of these regions.

The ultimate goal is recruit at least one partner in all 16 administrative entities (14 oblasts plus Almaty and Astana cities).

3.2.3.3 Pilot implementations of Business Essentials/Consulting Essentials (BE/CE)

As indicated above, BE TOTs have started in four selected pilot regions: Karaganda, Aktobe, Astana and Shymkent. The implementation in each region is sequenced with lags to allow for feedback to continuously improve both the content of the courses and the training methodology.

3.2.3.4 Professional consultant association development

While the BE/CE attestation program provides a technical foundation for professional certification of consultants, a full certification program based on global standards requires a strong professional association. KSBD is working the leading Kazakh consultants to create such an association, which would adopt the CE program as the first tier of certification leading to the ICMCI's CMC designation.

The professional association, which is tentatively called CMC.kz, will establish the other requirements for professional certification, such as experience, education, ethics and Continuing Professional Development (CPD) based on ICMCI guidelines. The association will also provide advocacy for the emerging profession.

KSBD has been working with these consultants to develop the strategic action plan for the new individual member-based association, which will seek to join ICMCI.

In addition, KSBD is also supporting the formation of a consulting company-based association, tentatively named the Association of Business Consultants (ABC), which would complement the individual-based one, particularly in the areas of providing professional mentoring and on-the-job training as well as providing crucial inputs regarding the desired competencies to be included in the certification program. KSBD also worked with the leading consultant-organizer to develop a strategic action plan for ABC.

During the first year, KSBD has supported the lead consultant-organizer for the associations plan to visit several regional centers in order to explain the program to consultants and gauge interest in joining the professional association. The first visit, to Shymkent, occurred in September. These visits are being arranged with the assistance of the EBRD Business Advisory Services (BAS) Project.

Assuming interest in forming the associations and building the consultancy profession in Kazakhstan proves sufficient, KSBD and the leading consultant-organizer are planning a national conference of representative consultants and other stakeholders in the second year of the project.

3.2.3.5 Study Tour: ICMCI (International Council Management Consulting Institutes) Congress

As a key step towards establishing consulting associations, KSBD sent a delegation from Kazakhstan to the biennial global Congress of the ICMCI (Dublin, Ireland) at the end of September. The focus of the Congress was certification programs for consultants. At the Congress, the representatives from Kazakhstan met with association members, particularly from Eastern Europe, to discuss their programs for establishing the competence and credibility of consultants. In particular, the Kazakh delegation met with the UK's IBC, whose 3-tiered certification program is providing the model for the program in Kazakhstan.

The Kazakh delegation also discussed best practices and other issues regarding developing strong and sustainable professional consultant associations.

3.2.3.6 KSBD Best Practices Business Service Providers National Forum in Kazakhstan, April, 2007



The Almaty forum brought together international expertise on BSP best-practices with Kazakhstan BSPs counterparts

KSBD held an International Forum on Business Service Provider Best Practices on April 12th in coordination with the USAID Regional Competitiveness Initiative. More than 50 representatives of different business services provider organizations from Almaty, Astana, Karaganda, Aktobe, Atyrau, Kyzyl-Orda, Shymkent, Kostanai, Taraz, Uralsk, Ust-Kamenogorsk and Petropavlovsk participated in the Conference formally entitled “Best Practices – Business Services Providers (BSP) in Kazakhstan”.

The idea of the Forum was to provide an opportunity for them to exchanged work experience with BSPs/consulting

companies from Poland, Bulgaria, Montenegro and United States of America, which presented the best practices of the analogous business services providers in their countries. The key recommendation was to improve the voice of business and BSP; use network and information technology and services to increase their visibility, bargaining power vis-à-vis the government, and sustainability; extend the portfolio of services and improve its quality – from training to information, to rights advocacy; improve government understanding of its role properly, so that it promotes development in a framework of broadened choices people and companies will make, and does not implement policies which may in the end impede individual choices, by both consumers and producers. The forum was a step forward in seeking to involve the private sector in SME policy decisions and considerations, seek to build upon BSP networks, and look to extend and create new necessary services based on best practices from other countries.

3.2.3.7 First Regional Consultant Regional Roundtable in Shymkent

On September 7th, the USAID KSBD Project conducted a Regional Round-table meeting with the Kazakhstan Association of Management Consultants Director, Mr. Mukhtar Mussabetov, in Shymkent, Kazakhstan. The regional round-table took place within KSBD partner organization Sodbi Business Incubator working in cooperation with the EBRD-BAS Program. Fifteen regional SMEs and consulting companies took part in the roundtable highlighting "Secrets of Management Consulting". At the event, KSBD described its new initiative to implement a certification program for consultants in assistance for Kazakhstan SMEs. As a result of the round-table, participants signed a "Memorandum of Support for the Establishment and Development of an Association of Certified Management Consultants in Kazakhstan", and participants highlighted the benefit of management consulting development for the Kazakhstan market, meeting ICMCI professional standards will allow Kazakh management consultants to provide high quality services and meet better the needs of SMEs across the country.

3.3 KSBD Astana EDC USAID/ExxonMobil Global Development Alliance (GDA) completed

KSBD finished the GDA with ExxonMobil for the Enterprise Development Center (EDC) during this reporting period (June 30, 2007). KSBD's Astana EDC (Enterprise Development Center) met the goals set

out under the GDA. 2265 participants received business course training (from a portfolio of 5 business courses) during the course of this grant, which exceeded the target of 2,000. 68 new client enterprises received technical assistance during this year of activity, compared to the target of 60. 31 of those clients received technical assistance with the added participation of staff from a local BSP acting as Junior Consultants.

Over 80.8% of training participants have been women, an increase of over 12% over last year. Additionally, client enterprises reporting financial data have had a total average annualized sales increase of 69.7%, and similar annualized productivity increase of 109.7%. As previously stated, two EDC legacy Kazakh organizations have now applied and are being considered for direct grants from the ExxonMobil Foundation (Houston, Texas) to continue this training using the revised BE courses.

Beginning in February 2007, the EDC began to shift its role to more of a capacity developer, in line with KSBD's model, to strengthen that BSPs and able to support the SME sector. These entities are encouraged to participate in other procurement processes available through the public and private sector, now that the GDA has concluded.

ExxonMobil has expressed its interest in continuing the EDC program through direct grants to qualified local training providers in Astana. ExxonMobil identified two potential grantees from among the pool of qualified local training partners currently working with the Astana EDC business training program, that appear to meet their requirement. Turan Profi (Turan) is an educational/training institution, and the Federation for Small and Medium Enterprise Development (Federation) is an association of businesses. With KSBD assistance, both entities submitted proposals directly to ExxonMobil based on previous work under the EDC. If ExxonMobil awards the grants, KSBD will assist these training providers fully to integrate their training into the BE program, to increase their capacity to meet the reporting requirements for the grants, and to develop institutional capacity ultimately to continue providing this training on a commercially sustainable basis.

At the same time, the EDC professional staff in Astana is now assisting the development of the BSP capacity development program in all pilot regions of Kazakhstan and will continue to assist the expansion of the program to all Kazakh oblasts during the life of KSBD. Please see the appendix for the GDA Report.

3.2.6 Other Activities

For the KSBD consulting certification program to become successful, it needs to reach all the 14 oblasts and 2 city-districts (Almaty and Astana). Given the funding limitations of KSBD, it is important to recruit partners in addition to the BSP pilot partners selected during the first year.

KSBD has had a number of meetings with potential partners and stakeholders, such as:

- EBRD-Business Advisory Services (BAS) project which has received a two-year extension to include more emphasis on BSP capacity building.
- Japan International Cooperation Agency (JICA) which provides business short courses at its Center in Almaty.
- World Bank/Ministry of Agriculture micro-credit program, which is interested in using some of the BE courses for its training.
- Asian Credit Fund, which is interested in proposing to the Mittal Steel/International Finance Center SME support institution in Karaganda to support delivery of the KSBD program.
- KIMEP, which has just founded a new consultancy affiliate and has a continuing education program

- International Business Academy which has a continuing education and mini-MBA program.
- Forum of Entrepreneurs of Kazakhstan, which also provides a mini-MBA program.

With the BE/CE program being implemented, KSBD will pay increasing attention to recruiting additional partners and stakeholders, such as:

- Representative Business Service Providers (BSPs) and Business Support Institutions (BSIs) already active in providing training, education and/or consulting services targeted at SMEs
- Associations supporting entrepreneurs and SME managers
- Associations supporting training and education providers
- Other NGOs/Associations supporting consultants
- State bodies supporting SME development and competitiveness, such as Ministry of Industry and Trade's SME Departments and the SME Fund under Kazyna, CMAR, etc.
- Tier II banks providing credit to SMEs interested in SME capacity and creditworthiness
- International donors/development contractors supporting SME development, such as EBRD (BAS project) etc

4.0 YEAR I PROJECT UPDATE Vs WORKPLAN

4.1 Component I – Project Workplan Completed

KSBD Workplan Year 1

Component I Deliverable	Status via Workplan
Task 1	
a. SMEF Assessment	Completed.
b. SME Development Assignment	SMEF met with USAID. SOW Process underway.
Task 2	
MIT Working Group with KSBD GOK Liaison	Completed: Working Group is ongoing.
Task 3	
Competitiveness Conference	Completed. .
Task 4	
GEM	NES Completed. APS Ongoing into 2008. .
Task 5	
Assessment Access to Credit (SMEs)	Completed. – Passed to USAID for submission in report to GOK.
Task 6	
a. GOK SME Institutions Development Study Tour	Completed.
b. GOK SME Microfinance Study Tour	Completed.

4.2 Component II – Project Workplan Completed

Component II	
Deliverable	Status
<p>Task 1 KAMC (ABC-CMC.KZ) Strategic Plan</p>	<p>Completed and will be revised on an as needed basis.</p>
<p>Task 2 Development of Certification/Attestation System</p>	<p>Business Essentials (BE), SME took-kit completed. First version of Consulting Essentials (CE) submitted.</p>
<p>Task 3 BSP Conference</p>	<p>Completed.</p>
<p>Task 4 BSP Services</p>	<p>First Pilots Underway and BSPs active.</p>
<p>Task 5 EDC Completion – GDA</p>	<p>GDA Completed: 2,265 participants trained and 68 Businesses. Deliverable accomplished.</p>
<p>Task 6 BSP Best Practices Study Tour</p>	<p>Completed.</p>

KSBD Performance Management Plan				Target	Accomplished		
	Objective	Measurement	Baseline	Year 1	Year 1	Description	Contract Result
1	A minimum of 3 Support Mechanisms channeled and institutionalized through GOK or BSP entities by KSBD which support SME development and entrepreneurship; a support mechanism is a specific macro level improvement allow for improvement and support to SMEs. Examples of support mechanisms include Working Groups, Councils, or could also be changes in regulations or procedures which then allow for better support to SME Development.	The measurement will be the implementation (institutionalization) of a Support Mechanism identified which benefits SME development. The support mechanism will create synergistic support and improvement for SMEs across the country. It also includes the transferring of functions to the private sector.	0	3	3	KSBD project documentation on follow-up: a. Working Groups b. Policy Discussion	Transferring the capacity to the GOK and private sector institutions to support growth and diversification of Kazakhstan's Economy.
2	University participates in GEM Consortium	IEU Kazakhstan University completes GEM Study	0	1	1	GEM Consortium Participation and Final Report. GEM system institutionalized for Kazakhstan.	Improve the accuracy and quality of data related to SMEs and entrepreneurship
3	Entrepreneurs and or Consultants Trained in Best Practices (Knowledge)	Number of Entrepreneurs Trained	2000	2000	2265	GDA Report	Increased international experiences and best practices incorporated into indigenous Kazakh institutions/SMEs
4	TOTs on Business Essentials and Consulting Essentials	Number of Trainers Trained for Business Essentials or Consulting Essentials	0	50	169	Business Essentials Training completed and Regional Consultant Association Outreach	Increased international experiences and best practices incorporated into indigenous Kazakh institutions/SMEs
5	All study tour participants submit action plans to their sponsoring organization and KSBD (based on best practices and lessons learned from tour).	Number of Study tour participants and Action Plans submitted.	0	10	10	Action Plans.	Increased international experiences and best practices incorporated into indigenous Kazakh institutions/SMEs
6	BSIs/BSPs working with KSBD in support of providing information/training/assistance to regional SMES	Minimum Number of BSIs/BSPs partnering to support SME development in their regions/Year	0	6	6	Partnered BSIs/BSPs by KSBD: - Astana - Aktobe - Karaganda - AMFOK national - Shymkent - Uralsk	Improved competitiveness of new and existing small and medium businesses through increased access to business information, knowledge and skills.
7	Number of Oblasts Receiving Assistance	# of Oblasts (Cumulative)	0	5	6	Many areas are traveling into attend the seminars so in actuality this number is greater based on the regions attending in our hubs noted above.	Improved competitiveness of new and existing small and medium businesses through increased access to business information, knowledge/ skills.

5.0 FORECAST ACTIVITIES

- A. Workplan Development – Year 2.
- B. Finalization of the GEM Study in February 2008. .
- C. Working Groups on regular basis.
- D. Finish Study Tour to Ireland (ICMCI).
- E. Study Tour to Bulgaria (Outsourcing SME Development to Private Sector).
- F. Finalization of Consulting Essentials course curriculum.
- G. SMEF Institutional Capacity Assignment.
- H. Ongoing BSP work -- Business Essentials. Consulting Essentials continued development; this will be linked to the Regional Trips for Consultant Champion Mukhtar Mussabetov.

6.0 ADMINISTRATION

6.1 Administrative Issues and Financial Management

Pragma Headquarters in Falls Church, VA is working in conjunction with the field staff of the Kazakhstan Small Business Development Project to ensure a smooth and seamless deployment of personnel and project implementation. To this end, headquarters provides the backstopping, financial management, and logistical support necessary for proper fielding of staff, development of work plans, and implementation of new and continuing activities. The Pragma office also acts as the liaison between the project field offices, USAID, and subcontractors collaborating on project activities. Pragma headquarters fully implements financial management systems as well as voucher preparation and reporting procedures, and continues to monitor and evaluate cash flow. By taking inventory of project implementation activities and measuring deliverables achieved to date against expenditures, Pragma ensures that results are achieved on schedule and within budget.

Pragma submitted an updated workplan during the reporting period to USAID.

6.2 KSBD website (www.ksbd.kz)

The KSBD website continues to be updated on a consistent basis. New information is updated regularly on the SME Navigator http://www.ksbd.kz/page.php?page_id=60&lang=2; there is now information on the Study Tours located on the site as well as other information in support of SME Development.

APPENDICES

1. GDA Report (including its own attachments)
2. Business Essentials and Consulting Essentials Course Outlines
3. Bulgaria Study Tour
4. Poland Study Tour
5. GEM Letter of Acceptance to Kazakhstan GEM Team (from London)
6. GEM Newsletter – Kazakhstan Highlighted (2 pages)
7. GEM Conference in Kazakhstan for 2008
8. GEM APS (Adult Population Data)
9. GEM Final NES (National Expert Survey)
10. Report to Geneva on Kazakhstan by Dr. Toxanova
11. Thank you letter to Ministry of Industry by United Nations for Dr. Toxanova (Kazakhstan) Geneva participation.
12. Letter to KSBD from Kazakhstan Prime Minister's office thanking USAID KSBD
13. Letter to KSBD from Ministry of Industry and Trade thanking USAID KSBD
14. Letter to KSBD from Government of Kazakhstan (SMEF) thanking USAID KSBD
15. Macro SME Statistics
16. USAID Participant Training Report

Educating Women & Girls

**An ExxonMobil Global
Community Initiative**

Report Form

- Please type and single space all proposals.
- Please answer in English.
- Please answer all of the questions in the order listed.
- Please use headings as provided.
- Please submit only one copy.

- (1) **Date of Report: June 30, 2007**
- (2) **Name of Organization completing report (please use exact legal name): United States Agency for International Development (USAID), CAR Mission**
- (3) **Address: USAID/CAR Park Palace Building, 41 Kazybek Bi Street, Almaty, Kazakhstan, 050010**
- (4) **Chief Executive Officer / Executive Director:**
- (5) **Contact Person and Title (if not Executive Director): Svetlana Golovatskaya, Project Management Specialist, OEG**
- (6) **Telephone Number: (3272) 507 612, 507 617 (ext. 6305)**
- (7) **Fax: (3272) 507 635**
- (8) **Email: sgolovatskaya@usaid.gov**
- (9) **Have their been any changes to your not-for-profit status since your request for this grant? (yes or no): No If yes, please explain:**
- (10) **Project name and brief project description:**
Astana Enterprise Development Center (Astana EDC)
- (11) **Brief project description: (1-2 sentences):**
The Astana EDC provided access to information, knowledge, and skills through business consultation and mentoring of Astana enterprises and direct training of entrepreneurs and other individuals, conducted by a network of Local Training Providers (LTPs). The Astana EDC is a part of USAID's *Kazakhstan Small Business Development Project (KSBD)*, a contract-vehicle under which the Astana EDC switched beginning December 1st 2006 (previous contract-vehicle was the *Enterprise Development Project*); the KSBD is a jointly funded initiative between the Government of Kazakhstan (GOK) and USAID to support Small and Medium Enterprise (SME)/entrepreneurial growth in Kazakhstan and create conditions where SMEs/entrepreneurs – present and future - can access information, knowledge and skills to flourish in a growing economy.
- (12) **Location of project (country, state/province, village/community):**
Kazakhstan, Astana
- (13) **Grant amount: \$300,000**
- (14) **Grant period: from July 2006 to June 2007**

(15) Check one: This is an interim report _____ This is a final report X

(16) Project Report Narrative (two to five pages). Please report on;

→ The project description and how the project relates to your organization's mission.

Business Training

Operators of small businesses need assistance in identifying market niches and developing strategies to reach targeted markets. USAID recognizes the need to train enterprises, managers, public officials and entrepreneurs in business practices as an important step toward realizing the transition to a market economy. To provide access to this knowledge, a training center was created as part of the Astana Enterprise Development Center (EDC) to support business training for entrepreneurs and small businesses. (See attached Appendix C: BT Process Roadmap.)

The Astana EDC employed an experienced training coordinator that worked closely with LTPs (see Appendix B for LTP Briefs) to deliver business short courses, publicize courses as well as successes, and monitor the delivery for quality control and continuous improvement.

Business Consulting Services (Enterprise Improvement)

The Astana EDC was modeled on other EDCs throughout Kazakhstan established during the previous USAID/Enterprise Development Project (EDP). As a result, it was structured so that its interactions with SME's mirrored those of western consulting firms. This strategy is referred to as "Enterprise Improvement" (EI) and resources were utilized from the business training, accounting reform, business advisory services, and quality management services components from USAID/Pragma Corporation contracts. Enterprise Improvement services were intended to be provided to a broad range of client firms at a moderate depth of assistance.

Under EI, the relationship with a client begins with local Management Consultants, or Relationship Managers (RMs), working with senior management of an enterprise to develop a Strategic Action Plan (SAP). The SAP identifies an organization's vision and measurable objectives, its opportunities and challenges, and concrete steps (within a timeframe) that are necessary to advance the company to its next stage of development. The SAP is broken down into the three main units of a business's operations: marketing, finance, and operations, and often includes cross-cutting human-resource recommendations.

In order to produce an effective analysis of each client and to track the progress and impact of its Enterprise Improvement services, the EDC integrated an established financial management tool. This tool is based on a specific set of client financial data that is generally obtainable even in environments of less than optimal financial reporting transparency. The tool is called the Key Monitoring Ratios (KMR) tool, and it allowed local EDC business consultants to formulate effective business solutions and to tailor their recommendations to each of their individual client's needs.

Organization Mission (Enterprise Development Project and KSBD project)

The mission of the Enterprise Development Project (EDP), funded by USAID in Astana until December 2006 and implemented by the Pragma Corporation, was to provide firm-level technical assistance to SME's in Central Asia, and to provide the tools and techniques for firms to improve their organizations. With a critical mass of enterprises assisted, it was envisioned that the SME sector would continue to flourish with an empowered management community trained in western business practices.

The purpose of the KSBD project, funded by USAID and the Government of Kazakhstan (GOK) from December 2006, and implemented by the Pragma Corporation, is to continue to promote the growth of entrepreneurship and competitiveness of SMEs, in particular by working through a range

of Kazakhstani business service providers (private sector) and institutions (non-profit and educational) who in turn help to increase firms' access to information, knowledge, and skills, strengthening Kazakhstan's meso institutions to support local business development advances USAID and the GOK's goal to stimulate broad-based and diversified economic growth. To advance this vision, KSBD will a) promote sound development of a network of small-business service providers fostering growth of SMEs, b) begin to transfer capacity to Kazakhstan, and its government, with specific reference to how to engage in SME development, c) and, identify best practices and lessons learned in SME development (from international best practice countries) which can then be applied by the government, Business Support Institutions (BSIs – non-profit), Business Service Providers (BSPs – for profit) who in turn support SME Development in Kazakhstan. The program will result in a substantial increase in productivity for SMEs and greater support for SME development in Kazakhstan's regions.

The ExxonMobil-USAID Global Development Alliance, in the form of the Astana EDC, relates directly to the mission of KSBD in that it is dedicated to providing consultation, direction, and mentorship of BSPs and BSIs (such as LTP training centers), and in promoting access to information, knowledge, and skills, in this case specifically to women and girls.

→ **The project's goals and the success you had in meeting them. Have the project's goals been modified in any way?**

Goal Modification under KSBD

As of December 2006 the Astana EDC was moved administratively from the old Enterprise Development Project USAID contract vehicle to the new Kazakhstan Small Business Development USAID contract vehicle, with no change in subcontracting to the Pragma Corporation as implementers. This administrative modification does not affect the mission of the Astana EDC (see above), but can affect the *method* of achieving the original project goals as they relate to Enterprise Improvement consulting. The Business Training component already functions as a BSP-mentoring center, in this case working with and through Local Training Providers to deliver business trainings. Local Astana BSPs (Business Service Providers) maintain implementation of the original goals of the project by assisting local entrepreneurs and firms, and particularly underserved women-owned or managed companies, achieve greater success in business. As well, the Business Training project component will continue to increase access to business information and skills—particularly to the underserved segments of women and girls, as they are a key focus of USAID/KSBD.

For the EI component, however, there is additional emphasis to identify and build reliable Business Service Providers in Astana, through direct consultation, mentoring, or advising. The goals of the Astana EDC: directly assisting women-owned or managed businesses, or those businesses with high proportions of women, remain the same; under the language of USAID, this is referred to as “firm-level” assistance, or help to businesses directly by the USAID contractor. The EI component of the Astana EDC, under KSBD, is expected to look for and cultivate opportunities to also provide “indirect” assistance, helping individuals or organizations who then work directly with Astana businesses; this has already begun within the context of staffing and staff-training (see below).

Enterprise Improvement (EI) – of a goal of 60 new SME clients, **68 new clients** received technical assistance since the start of second year activity; **31** of those clients have received technical assistance with the added participation of staff from a local BSP acting as Junior Consultants. The EDC completed all work with prior clients in its portfolio, and all current clients are affiliated with the efforts of local BSPs. Clients providing financial information have recorded very large increases

in sales and productivity (see Impact, below). Of this overall portfolio of clients, 30 (44%) are women-owned or women-managed.³

As further steps toward building local capacity, the Astana EDC retained the services of local BSP staff to serve as Junior Consultants (see staffing, below). From early February, the EDC engaged in training and mentoring of **20 local SME consultants or consultant-managers, 14 of whom are women**, from three local BSPs (The Federation for Small and Medium Enterprise Development, the Forum of Entrepreneurs in Astana, and consulting LLP “Kazagromarketing”). Further interest was shown by the Chamber of Commerce of Astana, and consulting firm “Sange”, but they were not able to organize as needed for training prior to the end of June; the KSBD project will continue to encourage already trained BSPs in Astana to work with both organizations, and others, for further reach and impact.

Business Training (BT) – of a goal to train 2000 total participants in 5 types of business courses, **2265 participants** have received business course training to date. **Over 80.8% of training participants have been women**, an increase of over 12% over last year. Follow-up with participants reflects the value they have found in these courses, through success stories and requests for additional training (see Impact, below). Business-training attendance was strong, with a peak of 408 participants during the month of June, balancing lower attendance during the traditional off-season of December and January. The Astana EDC employed six LTPs during grant year 2: Akhbutina, the Center for Business Education and Marketing Research, Federation for Small and Medium Enterprise Development, Turan-Profi, Sfera MAB-110, and IP Zhumanova; brief descriptions of all LTPs except Akhbutina (see note #4 under problems, below) are included as *Appendix B*. A “BT Process Roadmap” detailing the process of interaction with LTPs and delivery of trainings is included as *Appendix C*.

→ **Describe the population served and how that population was affected by the project. How were other stakeholders affected? Any problems your organization faced when implementing this project, and how you resolved or attempted to resolve them.**

For the EI component in Astana, the target audience was set by USAID according to US restrictions on supported businesses, namely: individual SME clients must be at least 75% privately owned (maximum 25% state-ownership), 67% locally owned (maximum 33% non-Kazakhstani ownership), a Registered Legal Entity, and in neither the alcohol, weapons, nor tobacco industries. The EDC explicitly targets firms that have employees of up to 250 (the maximum size for “medium” in Kazakhstan), and are women-owned, managed, or have a very high proportion of women employees.

EI measures its effect through impact (see Impact, below). During the period of second year grant operation, clients reporting financial data have had a total average annualized sales increase of **69.7%**, and similar annualized productivity increase of **109.7%**. Average actual data was a **40.4% increase for sales**, and productivity increase of **110.3%**.

These figures are taken from a known client portfolio size of over **\$3,898,000 in sales**. The actual portfolio is certainly larger, since most of the newest clients have not yet reported financial data. Of the total 68 clients during grant-year two, 30 are women-owned or women-managed, or **over 44%**.

The EI component in Astana faced no difficulty in connecting with clients, but took steps (see *Staffing* below) to increase community impact by directly involving (with oversight) local BSPs in the consulting process. With the transition to KSBD, this represented an excellent program of initial

For comparison: most recent (2005) national data indicates on average 24% of SMEs in Kazakhstan have women directors. – Kazakhstan State Statistics Agency website

capacity-building to Astana BSPs, and we wish well for the trained consultants continuing to provide additional support to women-owned SMEs in their community.

For the BT component, the target audience has been women participants from SMEs in Astana. Additional interest has been shown by participants from state companies, joint-stock corporations, entrepreneurs, government ministries, and students—all looking to continue their education or fill gaps to improve their business knowledge. Of particular value to participants are certificates of completion, as evidence of continuing education—especially from international sources—is looked on highly favorably by employers.

BT training partners have reacted to feedback from participants by indicating opportunities for additional courses and advanced levels of existing courses. Four of five training partners have expressed interest in using ExxonMobil/USAID course materials in business training contracts with larger firms, though none have followed through on this activity, to date. Feedback from training partners indicates as well that there may be room for growth in course-fees in Astana, leading to greater LTP sustainability.

A special opportunity for additional impact arose during the month of December (Dec. 11th-15th), and on the request on a sponsoring organization (The Church of Jesus Christ of Latter-Day-Saints in Kazakhstan) the LTP “Federation for SME Development” held special trainings in Business Planning and Marketing on behalf of the Association of Blind Peoples of Kazakhstan (ABPK), the national organization for support of blind and sight-impaired peoples. In these sessions the participants (45% women), most of whom were sight-impaired, were trained with the goal of not only benefiting themselves from the material, but being prepared as trainers themselves to return to their individual, regional chapters and teach other sight-impaired entrepreneurs. These trainings required additional localization fees for the Federation to translate the material into Braille, which were born by the sponsor; there are currently no further trainings using Braille material planned, though both interest and opportunity exists. Special success-stories related to this training for ABPK have been prepared as part of *Appendix A*.

Business Training component considerations and resolutions are noted below:

- 1) *Turnover in the teaching staff among LTPs.* Increases in rates for qualified teachers combined with inflation, resulted in retention troubles among LTPs. This problem was alleviated briefly during the beginning of second-year activity through higher fees from participants. As trainings in the future by LTPs after the end of the Astana EDC grant are expected to be closer to market rates, this problem will reduce in scope.
- 2) *Low price market position.* A survey (“Report on Survey of Astana Kazakhstan Training Offerings”—included with Interim Report documents) completed at the end of January for the Astana training market of similar “life-skills advancement” courses (there are no direct subject competitors other than occasional free government seminars), indicated that ExxonMobil/USAID courses subsidized through the Astana EDC are at a low price—especially when invested time is considered—compared with the rest of the market. This positioning is contrary to the shared USAID and ExxonMobil goal of developing sustainable entities, and plans for future continuations of ExxonMobil training work in Astana were advised with ways to revise course fee/subsidy structures while maintaining access to the key target audience of women and girls.
- 3) *Winter.* Despite a mild winter, several courses were canceled during and around the holiday season due to insufficient number of participants coming to the course; this is considered normal for winter months. Several LTPs also discontinued advertising during the winter, to refocus on internal activities such as staff training and office remodeling. The resumption of advertising and warmer spring weather brought renewed awareness and activity from participants, with attendance figures trending toward a normal, Summer peak.

- 4) *Akhbutina inactivity.* One Astana EDC LTP, Akhbutina, demonstrated disinterest in non-finance-related trainings, and chose to refocus her attentions on accounting-related trainings (sponsored through other projects), rather than general business. This is not unexpected, and her LTP was replaced in the portfolio of EDC trainers with Sfera MAB-110.
- 5) *ExxonMobil Astana continuation.* During Spring of 2007 two LTPs applied directly to ExxonMobil for continued funding direct from the ExxonMobil Foundation. With ExxonMobil's interest in continued involvement in the city, the current EDC facilitated two experienced LTPs—the Federation for Small and Medium Enterprise Development, and Turan Profi—to submit individual proposals for participation in the Women and Girls Grant Program. A final decision on their proposals has not yet been heard as of this writing.

→ **How you measured the effectiveness of your project; what you learned; and how you used or will use this information. Were there any unexpected results, positive or negative?**

Enterprise Improvement (EI) Practice:

The KMR tool, using basic monthly financial information, employs regression analysis to determine annualized rates of change for sales and productivity, as well as five other key financial ratios. The model also uses charts with simple trend lines to demonstrate the results visually in an easy to interpret manner. The KMR tool allows both client and consultant to track the financial health of the company closely and, more importantly, to identify detrimental financial trends before they become damaging or further damaging to the company.

For the EDC, the KMR tool was used to measure the aggregate impact of its Enterprise Improvement services. Since the model has the flexibility to measure the change in sales and productivity between any start and end date of collected data, it can be used to illustrate the growth trend over the exact period in which EI services are employed, thereby reinforcing the causal link between technical assistance and the results of the client SMEs. Analysis is done on each company based on financial information collected from the date on which EI services began through the date of the last month of available data. A regression trend is then calculated which shows the annualized rate of change of the indicator, such as sales or productivity.

Utilizing the KMR model, the Astana EDC analyzed the impact of Enterprise Improvement services on portfolio clients, measured in annualized growth of sales and productivity over the past year. Employing a weighted average based on company size (i.e., each company contributed to the growth of the portfolio in proportion to its relative contribution to the size of the portfolio), the average annualized rate of change in sales and productivity was calculated.

Actual sales and productivity are also calculated. The actual figures, however, are raw (not annualized) as clients entered the portfolio at various times throughout the year. The annualized regression trends provide a more accurate picture of the portfolio performance.

During the period of second year grant operation, clients reporting financial data have had a total average annualized sales increase of **69.7%**, and similar annualized productivity increase of **109.7%**. Average actual data was a **40.4% increase for sales**, and productivity increase of **110.3%**.

These figures are taken from a known client portfolio size of over **\$3,898,000 in sales**. The actual portfolio is certainly larger, since most of the newest clients have not yet reported financial data. Of the total 69 clients during grant-year two, 30 are women-owned or women-managed, or **over 43%**.

The Astana EDC received several requests from other organizations for training in consulting methodology, and was pleased to be able to train and mentor an initial handful of local consultants

within the existing GDA framework of firm-level assistance (see Staffing, below). These consultants came from four local BSPs (The Federation for Small and Medium Enterprise Development, the Forum of Entrepreneurs in Astana, and consulting LLPs “Kazagromarketing”, and “Sandzh”).

Business Training Component:

The impact of Astana Business Training Courses has been measured in three ways: through attendance figures, feedback forms, and personal stories. Attendance was tracked through forms provided at each training, which also collected contact information for further follow-up. In addition to feedback material provided at the training sites, participants were contacted at random to collect data on the effectiveness of the training and any impact that it has had on them as businesspeople.

Please see attached Business Training Success Story summaries for examples of personal impact (Appendix A).

The number of participants at business trainings increased from 100 during the month of July when Astana GDA training activities resumed, to a high of over 400 during June 2007. Average attendance, including during the seasonably slower winter months of December and January, was within the expected range based on the previous year.

Learnings from BT component:

- 1) Advertising is important to populate courses—demand is present if the market is made aware.
- 2) Trainer qualifications are important for both impact and recruitment of participants.
- 3) There is demand for additional courses covering other business disciplines and advanced topics relating to existing courses, as expressed by both attendees and trainers.
- 4) Certificates or Certification increases the chances for the unemployed to locate suitable work.
- 5) The market can sustain higher price-points for short business classes, as evidenced by participant responsiveness despite rise in fees from year 1 to year 2.

→ What learning and development (capacity building) opportunities were undertaken or experienced by your organization or your local partners?

Development by local training providers has been significant, as they continue to look at ExxonMobil/USAID BT courses as stepping-stones to wider markets such as corporate training or other training-related projects. Some trainers, such as the Federation for Small and Medium Business Development, have moved more strongly into related areas of business assistance. The Astana EDC has also identified and trained three other, non-LTP organizations in EDC SME consulting methods, empowering them as Junior Consultants to reach out to the Astana community and continue the Astana EDC’s SME consulting mission after June 2007. Trained organizations include the Federation for Small and Medium Enterprise Development, the Forum of Entrepreneurs in Astana, and consulting LLPs “Kazagromarketing”, and “Sandzh” who have been provided with materials and expertise to continue servicing the Astana community now that the Astana EDC itself has ceased.

As a further continuation of ExxonMobil training activities in Astana, two qualified LTPs (Turan Profi and the Federation) of those employed by the EDC have reached a level of independence and stepped forward, with mentoring from the EDC, to propose projects directly to the ExxonMobil Foundation Women and Girls grant program. These proposals are still pending, but include further institutionalization and market-sustainability for women and girls training in Astana, particularly for outreach to needy candidates. The KSBPD Project in Astana anticipates maintaining a relationship with these capable BSP organizations as they move forward to support the Astana community of women and girls.

→ **Any changes in the original staffing pattern for the project?**

The most significant staffing change occurred as the result of the departure of the Astana EDC Financial Consultant who accepted an alternate job at the end of November. In order to maintain our high quality service in this area (Financial Consulting), management has filled the resulting gap by retaining the exiting consultant and other, certified accountant candidates on an hourly service basis to train and advise on financial issues. It should be noted that this change has born fruit in relation to capacity development – the Federation for Small and Medium Enterprise Development has provided support to the EDC -- nine SME consultants and consultant-managers were employed as part-time Junior Consultants under mentorship and oversight from the Astana EDC's existing, senior staff. These consultants have participated in relationships with 31 SME companies, preparing material to assist them using the EDC model in relationships which will continue after the closure of the Astana EDC grant.

This shift increased consulting capacity while directly encouraging the growth of the SME development sector in Astana, and accustomed local client firms to working with *local* development organizations. Engaging these four Junior Consultants from the Federation under a services contract ensured a firm legal basis for expecting results that training alone cannot guarantee.

The Astana EDC has contributed this methodology to the remainder of the KSBD project, which will continue to work with Kazakhstani BSPs in training and capacity-development for an additional three years.

(17) Financial. Please report (one page maximum):

→ Your organization's statement of project income and expenditures for the year in which the grant was used.

- For interim reports, please provide project income and expenditures-to-date compared to the approved project budget. If there are any major discrepancies, please explain.

Please see attached current Astana financial statements.

Note that some costs are associated with the operations of the Kazakhstan Small Business Development and Business Environment Improvement Projects in Astana.

On financial attachments, some September costs were billed in October.

The “Fixed Fee” line represents charges to USAID associated with operation of the KSBD project from October onward.

Original approved project budget was \$37,718/month.

Beginning in October 2006, the Astana EDC is considered financially part of, and is supported in its operations by, the KSBD project.

(18) Financial Attachments

Submitted Separately for ExxonMobil

(19) GDA Attachments

GDA Attachment, Appendix A - Business Training Success Story Summaries

(Stories since Interim Report below; Full versions and previous stories available on Supplemental Data CD)

Ms. Nurgul Seilova

IE “Abdrashitov”

Director

Ms. Seilova is a 25-year-old distance-learning student and director of the canteen “Abdrashitov”, which she manages at the Astana Juridical College. She became interested in ExxonMobil/USAID courses on human resources and marketing planning, and used her new training in systematically hiring new employees, arranging work plans and schedules, and reviewing and changing her company’s food-offerings and customer service quality. Over a four-month period from December 2006 to March 2007 Nurgul’s changes led to a 40% increase in clients and 20% increase in income.

Ms. Lyubov Likhograi

LLP “Dial-Astana”

Chief Accountant

Ms. Likhograi is a 25-year-old economics graduate, who rose to be chief accountant in her small Astana firm. When Dial-Astana changed its field of business to take advantage of the growing Astana construction market, Ms. Lyubov stepped forward to find training in marketing and fill a vital absence in the small company. During group-work at her ExxonMobil/USAID Marketing Planning course she developed a new slogan for Dial-Astana advertising, and returned to work with new understanding of how to reach profitable clients, which has led to access to large, group-orders from customers.

Ms. Assel Serikbayeva

LLP “Soho”

Human Resources Manager

Ms. Serikayeva, 23, is a correspondence student at the Kazakh-Russian University and five-year employee of the beauty salon “Soho”, where she has risen to be Human Resources Manager. When she finally had time to better her skills through the ExxonMobil/USAID course on human resources she found material and training that enabled her to review all job duties and workloads and determine staffing needs for the salon throughout the year. To meet the demands she’s identified the business has already hired two full-time employees and are searching for four more temporary employees. She expects her analysis work and new communications training to pay off in higher efficiency for all Soho staff, starting with the busy summer season.

Ms. Sagira Butayeva

Practical-Training Enterprise for the Society for Blind People

Director, Astana City

Ms. Butayeva is a 52-year-old director of the Astana City Practical-Training Enterprise for the Society for Blind People, a former state company dedicated to providing social status and work for

blind persons, primarily in the production of bedding and women's garments. Though rendered blind in early childhood, Sagira rose to become Chairman of the Board for her regional Society, and enterprise director; despite searching for educational opportunities, only in December 2006 was she able to attend classes in marketing and business-planning, using specially-translated Braille material for ExxonMobil/USAID short business courses. Using her education and materials, Sagira has analyzed and written, herself, new business plans and reorganized operations; she directly saved the cost (\$330) of hiring outside planning help, and her reorganization has enabled the hiring of an additional 5 vision-impaired staff. She now waiting to hear back from the city government, which is considering her new business-plan for funding a new production shop for blind-persons in Astana, for staff-training and production of orthopedic mattresses.

Mr. Zhalil Shaimardanov

Practical-Training Enterprise for the Society for Blind People
Director, Ust-Kamenogorsk City

Mr. Zhalil Shaimardanov, 42, is director for the Ust-Kamenogorsk Practical-Training Enterprise for the Society for Blind People, where being blind himself he began as a workman-fitter in 1990 and rose to become administrative chairman for "rehabilitation and protection of handicapped persons." In December of 2006 he received a grant to travel to Astana and attend a set of special business-trainings with Braille materials on marketing and business planning. After returning to Ust-Kamenogorsk he applied what he had learned regarding marketing, and corrected several production and promotion shortfalls, taking in account for the first time the actual demands of the customers. In addition to his training of sales staff, these measures increased first-quarter 2007 sales by almost 36% (or by roughly \$4,000) for his company of 31 women and 16 men.

Ms. Riza Sabanchieva

LLP "KazMicroFinance"
Director, Astana City

Ms. Sabanchieva has recently become the director of KazMicroFinance, the micro-finance arm in Astana of the Kazakhstan Loan Fund, now separated in March 2007 from its parent office. When the division separated and became independent, Riza inherited staff from the Kazakhstan Loan Fund (KLF), but also finally had an opportunity to fully apply the training she had received in Human Resources from the ExxonMobil/USAID short course she had taken. By using knowledge and methods from the course, Riza analyzed her new business, determined staffing needs, and reorganized structures to make work more efficient. She has added 10 new staff to the 17 people who came from KLF, and her efforts have enabled a 15% increase in loan-credits over the previous year. Riza's success is more striking when you consider that most companies which spin-off from a parent suffer through periods of lower initial productivity.

Mr. Peter Shibben

LLP "Shemonaikhinskyi Practical Training Enterprise of Kazakhstan Society for Blind People"
(PTE KSBP)
Director, Shemonaikhinskyi City

Mr. Shibben has been blind from birth, but was employed since 1974 by the Society for Blind People as a labor, and later in increasingly important roles. He found himself in charge of the Shemonaikhinskyi division of the state organization in 1990, shortly before the collapse of the Soviet Union, and despite completing a higher education in law in 1992, was unable to prevent progressive bankruptcies from robbing the social enterprise of much of its strength. In 2006 he took advantage of an opportunity to gather in Astana for ExxonMobil/USAID trainings in Marketing and Business Planning, and after returning and training his staff in those same courses they were able to focus on the segments of the market most-open to their business. Directing the firm in new ways has already raised revenue 18% in the first 5 months of 2007, for the remaining 24 women and 11 men of the Shemonaikhinskyi Practical Training Enterprise.

PE Sarypov

Mr. Igor Sarypov, Owner/Director

Mr. Igor Sarypov learned about the Astana EDC's consulting services from friends who had been helped, and became interested himself in applying such methods to his small marketing and PR company. After analysis with EDC consultants, it became apparent that a major drag on the company was in fact the very structure that it used: and a main office and funds for housing employees could be used to grow the company, instead. By working with the Astana EDC, Mr. Sarypov was able to restructure his firm, enabling employees to work at their own pace from home (which for most of them was in other cities), while Igor himself focused on the clients he was best with. Revolutionizing operations in this way not only saved PE Sarypov over \$900 a month in various rent fees, but enabled the company to nearly double revenue. Perhaps more importantly, it freed the women on-staff to take needed time for their families and continuing education.

Katris A, LLP

Adilbek Nurkenovich, Owner/Director

Katris is a company that the Astana EDC first worked with early on, but when in mid-2006 it was sold and the new owner renamed it "Katris A", operations quickly fell on hard times. In November 2006 the new owner turned to the EDC's experience to consult on how to realize his purchase's potential. In addition to teaching the strategic consulting process which the EDC uses, work with Katris A focused on addressing marketing and human-resource shortfalls by the company, particularly as they impacted quality of work. The effective marketing strategy for Katris A was the simple part, but working together Adilbek and the EDC's consultants designed a mentorship and experience-sharing system to address a "culture of quality" in the company. Results over four months have been excellent: sales are up over 87% (to over \$15,400 per month) and better handling of products have reduced Cost-of-Goods-Sold by 10%.

**GDA Attachment: Appendix B:
Brief Descriptions of Astana LTPs**
(as of June 2007)

LLC “Centre of Business-Training and Marketing analysis” (Centre)

Seifullin -31, office #68, Tel.: 8 (3172) 32 40 50 (ext.162)

Director: Indira Smailova, **Training Manager:** Azamat Murzagaliyev

Foundation details: Business Training and Marketing Analyses Centre, approved by order of President (Rector), Kazakhstan State Juridical University (KSJU) № 10, dated 19.07.2004.

Center objectives, tasks, and policy: Under conditions of rapidly growing labor-market and education it has appeared necessity to make analyses to increase range of demanded education services. Analyses, made by Centre, are to serve as part of effective marketing to provide mutually beneficial consensus between market demands and KSJU opportunities under conditions of competitive circumstance.

Main objectives are to: increase the range of chargeable educational services; establish international educational contacts; enhance quality of business training; organize training courses and seminars for specialists of business-structures and state institutions; provide foreign languages courses (preparation to IELTS); distribute express-forms for retraining and upgrading; develop and implement of advertising campaign strategy, based on results of conducted marketing analyses; train in Psychology.

History: The Center has been active for four years, conducting various courses such as: “Governmental Procurement”, “Legal Principles of Civil Legislation”, “Problems of Labor Legislation”, ExxonMobil/USAID courses, and others. State enterprises as participants have been: “President Administrative Department”, “Financial Control Department”, “Ministry of Justice”, “Ministry of Finance”, City Hospitals № 2 and 3, and joint stock companies. Large commercial enterprises “National Company ‘Kazakhstan Temir Zholy’”, leasing company “Astana Finance”, “Kazpost”, and “Kazakhstan Development Bank” have participated, along with many private companies and individual entrepreneurs.

The Center has received many testimonial letters, which it retains as evidence of their high level of quality for conducted courses. In the future the Center has a planned reorganization and re-establishment as the **Institute of Advanced Training at KSJU**.

Trainer selection criteria for conducting trainings: Scientific Degree (Senior teacher and up), Work-Experience (not less than 5 years, including not less than 5 years in training area of focus), Personal Qualifications (from interview: sociability, ability to interest audiences, etc.).

International Professional Academy (Institution) “Turan Profi” (Turan)

166/19, Pushkin Str, 3rd floor; Tel: 8 (3172) 29-52-65, 29-54-39, 29-50-31;

FAX: 8 (3172) 29-51-64

Rector: Omarov Manen Embergenovitch, **Training Manager:** Kanapina Almagul

Foundation Details: Established December 7, 2004.

Turan objectives, tasks, and policy: One of their main activities is personnel professional development in different areas of the economy, and cadre-retraining in the area of professional education on related professions.

History: Turan has conducted more than 600 seminars on different courses: finance, management and marketing, account and audit, taxation, company financial activity analyses, questions on political stability and national safety in Kazakhstan, informative and innovation technologies, foreign languages, office work skills, and economics (in support of Ministry of Economics and Budget Planning). In particular, Turan has experience with business law courses, German language instruction, and advanced teaching methodologies such as business role-playing games, and liaisons with the German Goethe institute. Clients other than individuals and private businesses include: Ministry of Finance of Republic of Kazakhstan (RK), Agency of RK on Land Resources, Agency of RK on Natural Monopoly Regulation, Ministry of Agriculture of RK, Ministry of Transport and Communications of RK, General Office of Public Prosecutor, Ministry of Economy and Budget Planning of RK.

Trainer selection criteria for conducting trainings: relevant higher education, work-experience not less than 2 years, audience feedback, and practical experience (desirable). Teachers are hired on a temporary basis for courses of classes.

Individual Entrepreneur (IP) “Zhumanova”

22-Zheltoksan Str., Tel: 8 (3172) 32 67 50

Director: Bekarshyn Zhumanova, **Training Managers:** Bekarshyn Zhumanova, Aliyeva, Abilzhanova, Sarina

Foundation Details: Established October 01, 2005.

Zhumanova objectives, tasks, and policy: IP Zhumanova is incorporated as source of supplementary income to Bekarshyn Zhumanova’s teaching career. Her goals are the satisfaction of needs in consulting services; to render said consulting services; and to operate as a training organization.

History: IP Zhumanova has focused primarily to date on providing ExxonMobil/USAID business trainings from the Astana EDC.

Trainer selection criteria for conducting trainings: work experience as a trainer, economics educational background, skill in interactive methods of teaching, sense of personal responsibility, professional qualities. IP Zhumanova recruits trainers primarily from peers in educational institutions in Astana, personally reviews their classes, and administers her own trainings.

Union “Federation for Small and Medium Enterprise Development” (Federation)

Pobeda ave 29/1, Tel/Fax 7 (3172) 580-518, 320-263

www.fmsb.kz, www.msbinfo.kz

Director: Askar Khoroshash, **Training Manager:** Indira Kusayeva

Foundation Details: Established as a business association in 2005, Astana. Main offices in Astana and Almaty, with regional branch offices throughout Kazakhstan.

Federation objectives, tasks, and policy: The Federation exists for the stimulation of SME development, and to ensure that sector with stable growth in Kazakhstan. To that end it focuses on the formation of an effective, self-financing network-structure of regional branches, equipped with modern materials, techniques, and highly-qualified personnel. The Federation is devoted to the search for and development of efficient tools required for SME sector development, including the organization of cooperation between SMEs and governmental institutions, non-governmental organizations, financial institutions, and sources of innovation or other technologies.

History: The Federation provides ExxonMobil/USAID business trainings through the Astana EDC, and beginning in February has begun training and applied business consulting activities to Federation members, under mentorship of Astana EDC consulting staff.

Trainer selection criteria for conducting trainings: subject-matter presentation (a mini-training of 5-10 minutes), experience as a trainer, recommendations from universities.

LLP “Sfera MAB-110” (MAB)

7 Zhubanov str., Tel.: 8 (3172) 37 39 05 (ext.107)

Director: Aigul Maidyrova, **Training Manager:** Makhabbat Zhankeyeva

Foundation Details: Established February 2007.

MAB objectives, tasks and policy: To organize training courses and seminars for specialists of business-structures and state institutions.

History: Before 2007, Aigul Maidyrova worked as an Individual Entrepreneur and has extensive experience in the educational services area. Her firm worked as trainers at the Training Centers of KazMunaiGas and Kazakhstan Temir Zholy. In 2004 they worked with PROON and the Kazakh-Japanese Center.

Trainer selection criteria for conducting trainings: Scientific Degree (Senior teacher and up from universities) and practical experience.

The list of MAB trainers:

Utibaev B.C. - Associate professor, Candidate of Economic science

Sadieva C.A. – Associate professor, Candidate of Economic science

Baizholova R.A. – Associate professor, Candidate of Economic science

Kirdasinova K.A.- Associate professor, Candidate of Economic science

Saktaganova I.S.- Associate professor, Candidate of Economic science

Maidyrova A.B.- Associate professor, Candidate of Economic science

GDA Attachment: Appendix C: Business Training Process Roadmap

Brief Summary

This annex is designed to provide a more detailed description of the processes associated with the Business Training Component of the Astana EDC, following the life-cycle of LTPs and participants as they interact together and with the EDC. The primary point of contact between LTPs throughout that cycle is the Training Coordinator.

Recruitment and Hiring of LTPs

Vetting and hiring of participant LTPs follows a similar process to that associated with hiring staff. A potential LTP is identified based on their presence in the marketplace (activities, advertisements, etc.) and referrals from peer organizations and projects. Once identified as potential, LTP management and teaching staff are interviewed in detail. Characteristics of vital importance to a successful LTP candidate include:

- Their status as a legal, non-state entity
- References and work-history with other projects (particularly other USAID projects)⁴
- History and activity within the market (Astana)
- Sample budget
- Qualifications and histories of teachers⁵
- LTP management systems and managerial capacity
- Training facilities quality (including physical location and access to projector)

Special characteristics such as geographic location and access to reliable or less-tapped pools of potential participants may also be important, as is willingness and aggressiveness in growth and outreach. A potential LTP will be expected to provide a staff member as designated Training Manager, with whom the Astana EDC will work.

Initial Training and Mentoring of LTPs

Once selected, and LTP is required to sign a service contract stipulating reporting activities, expectations, and payment terms, and a Partner's Code of Conduct, mandated by USAID.⁶ The Astana EDC works with the LTP's designated Training Manager to mentor and familiarize the LTP with required processes and the ExxonMobil/USAID short-courses themselves. When required, the Training Coordinator provides Training-of-Trainers service, teaching the courses themselves to LTP teaching-staff.

LTPs are given electronic versions of all course-material and teacher's notes; reporting, billing, and data-collection forms to be used; and an ExxonMobil/USAID/Kazakhstan Small Business Development Project banner to be used in each course.

New LTPs are monitored closely for a probationary period of at least three months, during which time each course is visited and reviewed by the Training Coordinator to provide recommendations for improvement or other feedback. Contracts with LTPs for training activity during GDA year 2 are for a maximum for 3 months.

⁴ Initial LTP candidates were drawn from a short-list of known-good LTPs with Accounting Reform training experience.

⁵ Training providers in Astana often draw from the same pool of teachers, who during grant-year 2 may already be familiar with ExxonMobil/USAID business short courses.

⁶ As of 2007.

Recruitment and Provision of Training

Once prepared to offer courses, an LTP is expected to provide the following as part of their training-activity budget for each training:

- A training location at an appropriate level of quality (clean and neat, with good access)
- Printed versions of course handouts
- A projector and associated computer for electronic portions of each training
- Regular coffee-breaks for participants
- A trainer, prepared and familiar with the course to be taught

An LTP is expected to do their own, individual recruitment for each course, scheduling courses at appropriate times to attract participants, providing prior notice to the Astana EDC, and otherwise conducting business. The Astana EDC also conducts advertising and accepts questions from the public regarding courses, but will refer inquiries regarding upcoming courses to all LTPs simultaneously.

At the beginning of the first session of each training all participants are required to complete a form detailing their contact details (name, telephone, etc.), gender, and employment details. Prior to beginning of each session, each participant is required to sign an attendance sheet as record of their presence. At the close of each training, each participant is requested to fill out an evaluation form regarding the course material, trainer, facilities, and perceived value.

Reporting and Billing

At the close of each training, the LTP is required to submit in electronic format full participant materials, retaining originals for verification. Following this the LTP may submit to the EDC a standard bill for subsidy based on gender and SME-activity of each participant, attaching the original record of attendance.⁷ From the date of billing, the Astana EDC has 20 days to check and confirm participants, prior to payment.

Ongoing Mentorship and Capacity-Building

The Astana EDC monitors at random courses and course-sessions provided by LTPs past the three-month mark, attending classes and providing recommendations based on observation and participant feedback. The Training Coordinator reserves the right to request that specific teachers, should they be determined to be inadequate, be discontinued or referred for TOT activity.

The Training Coordinator also continues to work closely with LTP staff to smoothly integrate EDC reporting and participant-monitoring systems. The Astana EDC strongly encourages each LTP to do their own, individual follow-up with participants for additional quality-assurance and success-story determination.⁸ Should an LTP show a demonstrated business need, it may be referred to the EI component of the EDC for consulting assistance.⁹

Impact Assessment

Following each course, in addition to attendee validity checks, the Training Coordinator will re-contact participants to assess their stories and determine links to successes they have had since completing ExxonMobil/USAID courses. Follow-up contact may take place at any interval after

⁷ Students who elect to attend half or less of scheduled classes are not recorded as participants.

⁸ Success Stories from participants make useful advertisement material.

⁹ See “Appex” success story, GDA grant year 1.

course completion, but normally is at least one month later. Participants who are able and willing to provide details clearly drawing links between their success and improvements, and their course-experiences, are considered best-candidates for focusing success-stories written by the Training Coordinator.

Termination of LTP Relationship

The Astana EDC reserves the right to terminate an LTP’s contract on the basis of fraud or failure to provide contractual deliverables (such as reporting-requirements). The Training Coordinator may recommend an LTP’s service contract not be extended, based on evidence of inability to provide sufficient services, or LTP inactivity. In event of termination, the Training Coordinator is to retrieve the issued banner and return it to the EDC.

GDA Attachment: Appendix D-1: Business Training Final Statistics (June 2007)

Introduction

This report aims to inform its audience of the status of the business-training program conducted by the Business Training Component of the Astana EDC during the second grant-year (2006-2007). It marks the completion of the program as the stipulated target (2000) has been met and exceeded, and allocated program time has finished. Subsidies for Local Training Providers (LTPs) have ceased, and any further trainings based on Astana EDC materials are conducted at LTP rates and according to LTP interests.

Statistics and Numbers

Attendance per month by Gender and Type of Organization

	Participants	Female	Employed by SME	Entrepreneurs	Others
July	100	100	98	2	0
August	265	258	177	85	3
September	255	179	109	92	54
October	302	212	143	67	92
November	65	51	20	16	29
December	76	62	55	16	5
ABPK (Dec.)	40	18	40	0	0
January	17	15	12	5	0
February	73	51	30	28	15
March	164	136	41	66	57
April	213	181	58	94	61
May	287	232	109	114	64
June	408	337	153	216	39
Total	2265	1832	1045	801	419

Attendance per month by Local Training Provider

	Akhbutina** *	Sfera MAB-110	Zhumanova	Federation *	Center**	Tooran	Total
July	0		100	0	0	0	100
August	0		265	0	0	0	265
September	76		148	0	0	31	255
October	0		148	97	30	27	302
November	0		8	24	19	14	65
December	0		23	0	53	0	76
ABPK (Dec.)	0		0	40	0	0	40
January	0		0	0	17	0	17
February	-		27	17	19	10	73
March	-	18	38	59	26	23	164
April	-	57	75	51	13	17	213
May	-	73	100	41	25	48	287
June	-	42	233	81	21	31	408
Total	76	190	1165	410	223	201	2265

* Federation for SME Development

** Center for Business Education and Marketing Research

*** Akhbutina services discontinued February 2007

Attendance per month by Courses attended

	BP	MP	AFS	HRM	TL	Total
July	25	25	0	25	25	100
August	64	45	77	52	27	265
September	36	42	45	70	62	255
October	60	60	53	95	34	302
November	0	14	43	8	0	65
December	0	18	18	23	17	76
ABPK (Dec.)	20	20	0	0	0	40
January	17	0	0	0	0	17
February	22	0	0	32	19	73
March	10	32	18	58	46	164
April	60	7	52	79	15	213
May	29	74	57	40	87	287
June	99	39	67	86	117	408
Total	442	376	430	568	449	2265

Cumulative attendance per course per LTP

	BP	MP	AFS	HRM	TL	Total
Akhbutina	0	16	28	32	0	76
Sfera MAB-110	38		41	33	78	190
Zhumanova	242	218	197	274	234	1165
Federation	97	58	71	146	38	410
Center	17	32	75	28	71	223
Tooran	48	52	18	55	28	201
Total	442	376	430	568	449	2265

Number of Courses conducted per month

	BP	MP	AFS	HRM	TL	Total
July	1	1	0	1	1	4
August	3	2	3	2	1	11
September	2	3	3	5	3	16
October	3	4	4	6	3	20
November	0	1	2	1	0	4
December	1	2	1	1	1	6
January	1	0	0	0	0	1
February	2	0	0	2	1	5
March	1	2	1	3	3	10
April	3	1	3	5	1	13
May	2	4	3	3	5	17
June	6	2	5	5	7	25
Total	25	22	25	34	26	132

BP – Business Planning

MP – Marketing Planning

AFS – Analysis of Financial Statements for Non-Financial Managers

HRM – Human Resource Management

TL – Tax and Law

Hours of Coursework Delivered by all LTPs

	Total Course Hours	16-Hour Courses	20-Hour Courses
July	68	3	1
August	180	10	1
September	268	13	3
October	332	17	3
November	64	4	0
December	100	5	1
January	16	1	0
February	84	4	1
March	172	7	3
April	212	12	1
May	296	12	5
June	428	18	7
Total	2220	106	26

* 20-Hour courses are only Tax and Law (TL)--all others are 16 hours each.

Instructor hours per month

	BP	MP	AFS	HRM	TL	Total
July	16	16	0	16	20	68
August	48	32	48	32	20	180
September	32	48	48	80	60	268
October	48	64	64	96	60	332
November	0	16	32	16	0	64
December	16	32	16	16	20	100
January	16	0	0	0	0	16
February	32	0	0	32	20	84
March	16	32	16	48	60	172
April	48	16	48	80	20	212
May	36	64	48	48	100	296
June	96	32	80	80	140	428
Total	368	352	400	544	520	2220

BP, MP, AFS, and HRM courses are 16-hours per course. TL courses are 20-hours per course.

Student hours per month

	BP	MP	AFS	HRM	TL	Total
July	400	400	0	400	500	1700
August	1,024	720	1,232	832	540	4,348
September	576	672	720	1,120	1,240	4,328
October	960	960	848	1,520	680	4,968
November	0	224	688	128	0	1,040
December	0	288	288	368	340	1,284
ABPK (Dec.)	320	320	0	0	0	640
January	272	0	0	0	0	272
February	352	0	0	512	380	1,244
March	160	512	288	928	920	2,808
April	960	112	832	1,264	240	3,408
May	480	1,168	912	640	1,640	4,840
June	1,584	624	1,072	1,376	2,340	6,996
Total	7,088	6,000	6,880	9,088	8,820	37,876

GDA Attachment: Appendix D-2:

(i) Detailed Training Statistics by Course and Trainer

Business Planning

Akhbutina/Sfera MAB 110*

	Male	Female	Total
July	0	0	0
August	0	0	0
September	0	0	0
October	0	0	0
November	0	0	0
December	0	0	0
January	0	0	0
February	0	0	0
March	0	0	0
April	0	0	0
May	5	14	19
June	4	15	19
Total	9	29	38

IP Zhumanova

	Male	Female	Total
July	0	25	25
August	7	57	64
September	8	17	25
October	6	16	32
November	0	0	0
December	0	0	0
January	0	0	0
February	2	10	12
March	0	0	0
April	5	38	43
May	0	0	0
June	9	42	51
Total	37	205	242

Federation for SME development

	Male	Female	Total
July	0	0	0
August	0	0	0
September	0	0	0
October	15	23	38
November	0	0	0
December	11	9	20
January	0	0	0
February	0	0	0
March	0	0	0
April	6	11	17
May	0	0	0
June	4	18	22
Total	36	61	97

* Akhbutina services discontinued February 2007

Center of BE & MR

	Male	Female	Total
July	0	0	0
August	0	0	0
September	0	0	0
October	0	0	0
November	0	0	0
December	0	0	0
January	2	15	17
February	0	0	0
March	0	0	0
April	0	0	0
May	0	0	0
June	0	0	0
Total	2	15	17

Tooran profi

	Male	Female	Total
July	0	0	0
August	0	0	0
September	5	6	11
October	0	0	0
November	0	0	0
December	0	0	0
January	0	0	0
February	2	8	10
March	2	8	10
April	0	0	0
May	3	7	10
June	2	5	7
Total	14	34	48

Subtotals

	Male	Female
July	0	25
August	7	57
September	13	23
October	21	39
November	0	0
December	11	9
January	2	15
February	4	18
March	2	8
April	11	49
May	8	21
June	19	80
Total	98	344

442

Marketing Planning

Akhbutina/Sfera MAB 110

	Male	Female	Total
July	0	0	0
August	0	0	0
September	2	14	16
October	0	0	0
November	0	0	0
December	0	0	0
January	0	0	0
February	0	0	0
March	0	0	0
April	0	0	0
May	0	0	0
June	0	0	0
Total	2	14	16

IP Zhumanova

	Male	Female	Total
July	0	25	25
August	0	45	45
September	9	8	17
October	12	30	42
November	0	0	0
December	0	0	0
January	0	0	0
February	0	0	0
March	5	13	18
April	0	0	0
May	5	27	32
June	3	36	39
Total	34	184	218

Federation for SME development

	Male	Female	Total
July	0	0	0
August	0	0	0
September	0	0	0
October	10	8	18
November	0	0	0
December	11	9	20
January	0	0	0
February	0	0	0
March	0	0	0
April	0	0	0
May	4	16	20
June	0	0	0
Total	25	33	58

Center of BE & MR

	Male	Female	Total
July	0	0	0
August	0	0	0
September	0	0	0
October	0	0	0
November	0	0	0
December	8	10	18
January	0	0	0
February	0	0	0
March	0	14	14
April	0	0	0
May	0	0	0
June	0	0	0
Total	8	24	32

Tooran profi

	Male	Female	Total
July	0	0	0
August	0	0	0
September	5	4	9
October	0	0	0
November	5	9	14
December	0	0	0
January	0	0	0
February	0	0	0
March	0	0	0
April	1	6	7
May	7	15	22
June	0	0	0
Total	18	34	52

Subtotals

	Male	Female
July	0	25
August	0	45
September	16	26
October	22	38
November	5	9
December	19	19
January	0	0
February	0	0
March	5	27
April	1	6
May	16	58
June	3	36
Total	87	289
376		

Analysis of Financial Statements

Akhbutina/Sfera MAB 110

	Male	Female	Total
July	0	0	0
August	0	0	0
September	0	28	28
October	0	0	0
November	0	0	0
December	0	0	0
January	0	0	0
February	0	0	0
March	1	17	18
April	6	17	23
May	0	0	0
June	0	0	0
Total	7	62	69

IP Zhumanova

	Male	Female	Total
July	0	0	0
August	0	77	77
September	9	8	17
October	8	22	30
November	0	0	0
December	0	0	0
January	0	0	0
February	0	0	0
March	0	0	0
April	0	16	16
May	1	25	26
June	3	28	31
Total	21	176	197

Federation for SME development

	Male	Female	Total
July	0	0	0
August	0	0	0
September	0	0	0
October	0	0	0
November	8	16	24
December	0	0	0
January	0	0	0
February	0	0	0
March	0	0	0
April	0	13	13
May	5	16	21
June	1	12	13
Total	14	57	71

Center of BE & MR

	Male	Female	Total
July	0	0	0
August	0	0	0
September	0	0	0
October	6	9	15
November	1	18	19
December	4	14	18
January	0	0	0
February	0	0	0
March	0	0	0
April	0	0	0
May	3	7	10
June	1	12	13
Total	15	60	75

Tooran profi

	Male	Female	Total
July	0	0	0
August	0	0	0
September	0	0	0
October	2	6	8
November	0	0	0
December	0	0	0
January	0	0	0
February	0	0	0
March	0	0	0
April	0	0	0
May	0	0	0
June	2	8	10
Total	4	14	18

Subtotals

	Male	Female
July	0	0
August	0	77
September	9	36
October	16	37
November	9	34
December	4	14
January	0	0
February	0	0
March	1	17
April	6	46
May	9	48
June	7	60
Total	61	369
430		

Human Resources Management

Akhbutina/Sfera MAB 110

	Male	Female	Total
July	0	0	0
August	0	0	0
September	8	24	32
October	0	0	0
November	0	0	0
December	0	0	0
January	0	0	0
February	0	0	0
March	0	0	0
April	5	14	19
May	3	11	14
June	0	0	0
Total	16	49	65

IP Zhumanova

	Male	Female	Total
July	0	25	25
August	0	52	52
September	11	16	27
October	9	23	32
November	0	8	8
December	2	21	23
January	0	0	0
February	6	9	15
March	0	0	0
April	2	14	16
May	1	25	26
June	11	39	50
Total	42	232	274

Federation for SME development

	Male	Female	Total
July	0	0	0
August	0	0	0
September	0	0	0
October	12	29	41
November	0	0	0
December	0	0	0
January	0	0	0
February	8	9	17
March	7	38	45
April	7	14	21
May	0	0	0
June	4	18	22
Total	38	108	146

Center of BE & MR

	Male	Female	Total
July	0	0	0
August	0	0	0
September	0	0	0
October	1	14	15
November	0	0	0
December	0	0	0
January	0	0	0
February	0	0	0
March	0	0	0
April	0	13	13
May	0	0	0
June	0	0	0
Total	1	27	28

Tooran profi

	Male	Female	Total
July	0	0	0
August	0	0	0
September	4	7	11
October	0	7	7
November	0	0	0
December	0	0	0
January	0	0	0
February	0	0	0
March	4	9	13
April	0	10	10
May	0	0	0
June	2	12	14
Total	10	45	55

Subtotals

	Male	Female
July	0	25
August	0	52
September	23	47
October	22	73
November	0	8
December	2	21
January	0	0
February	14	18
March	11	47
April	14	65
May	4	36
June	17	69
Total	107	461
568		

Tax and Law

Akhbutina/Sfera MAB 110

	Male	Female	Total
July	0	0	0
August	0	0	0
September	0	0	0
October	0	0	0
November	0	0	0
December	0	0	0
January	0	0	0
February	0	0	0
March	0	0	0
April	0	15	15
May	10	30	40
June	5	18	23
Total	15	63	78

IP Zhumanova

	Male	Female	Total
July	0	25	25
August	0	27	27
September	15	47	62
October	6	16	22
November	0	0	0
December	0	0	0
January	0	0	0
February	0	0	0
March	5	15	20
April	0	0	0
May	3	13	16
June	13	49	62
Total	42	192	234

Federation for SME development

	Male	Female	Total
July	0	0	0
August	0	0	0
September	0	0	0
October	0	0	0
November	0	0	0
December	0	0	0
January	0	0	0
February	0	0	0
March	2	12	14
April	0	0	0
May	0	0	0
June	6	18	24
Total	8	30	38

Center of BE & MR

	Male	Female	Total
July	0	0	0
August	0	0	0
September	0	0	0
October	0	0	0
November	0	0	0
December	0	17	17
January	0	0	0
February	4	15	19
March	2	10	12
April	0	0	0
May	4	11	15
June	1	7	8
Total	11	60	71

Tooran profi

	Male	Female	Total
July	0	0	0
August	0	0	0
September	0	0	0
October	3	9	12
November	0	0	0
December	0	0	0
January	0	0	0
February	0	0	0
March	0	0	0
April	0	0	0
May	0	16	16
June	0	0	0
Total	3	25	28

Subtotals

	Male	Female
July	0	25
August	0	27
September	15	47
October	9	25
November	0	0
December	0	17
January	0	0
February	4	15
March	9	37
April	0	15
May	17	70
June	25	92
Total	79	370
449		

Appendix 2: Consultant Certification Program BE & CE course outlines

Below is a breakdown of the BE course curriculum (Business Advisory Services) developed by KSBD:

a. Strategy and Business Planning (3 days - 24 hours including Business Essentials Tools)

1. Strategic Planning
2. Business Plan Development
3. Analysis of Business Plan
4. Typical SME Problems (Case Studies)
5. Strategic Action Plan Model
6. Best Practices and Corrective Action

b. Finance for Non-Financial Managers (3 days - 24 hours including Business Essentials Tools)

1. Key Notions of Financial Management
2. Cash Flow Management
3. Inventory Management
4. Expenditures Management
5. Accounts Receivables / Accounts Payables
6. Key Monitoring Ratios of Financial Analysis

c. Marketing and Sales (3 days - 24 hours including Business Essentials Tools)

1. Basics of Marketing
2. Basics of Customer Service
3. Basics of Sales
4. Practical tools for Marketing and Sales department managers to plan and evaluate the work performance of personnel
5. Marketing Plan, Customer Service and Sales plan development
6. Case studies to embrace all key points of training

d. Quality Management (3 days - 24 hours including Business Essentials Tools)

1. Quality Management principles
2. Customer Satisfaction
3. Quality Management practical tools adopted for SME usage
4. Methodologies for enterprise diagnostic
5. Case study + practical task (process mapping) and steps for its improvement

e. HR-Management (2 days - 16 hours including Business Essentials Tools)

1. Detailed analysis with practical tasks for key functions of HR-management (adopted at SME-level)
2. Typical mistakes of management staff
3. Development of your staff as a company asset
4. HR-management manual introduction (EDP-tool)

5.Changing company philosophy (hiring to match the business processes vs. adjusting processes to existing staff)

6.Case study

f. Tax and Law (2 days - 16 hours, including practical tools)

1.Classification of taxes

2.Current tax legislation key points

3.Registration and liquidation of entities

4.Mandatory taxes and regulations relevant to SME sector

5.Labour legislation in KZ

6.Practical work with the existing official forms of reporting

Consulting Essentials Modules	Topic	Training Hours	Cases Exercises
a. The Consultancy Role	1. What is Management Consulting 2. The Knowledge, Skills and Behavior Required 3. Personal Professional Development 4. The Consultancy Market	4 4 2 2	3 Exercises 3 Cases
b. The Consultancy Cycle	1. Beginning of Consultancy Cycle 2. End of the Consulting Cycle	4	3 Exercises
c. The Client Relationship	1. Client 2. Relationships	8 4	2 Exercises 2 Cases
d. Communication for Consultants	1. Communication and Listening 2. Trust and Negotiation	1 3	3 Exercises
e. Effective Project Delivery	1. Project and Contract	7	2 Exercises 1 Case
f. Structured Knowledge, Research & Analysis	1. Methods and Tools	6	4 mini-exercises
	12 Topics	45	17 Exercises 6 Cases

Appendix 3: Bulgaria Study Tour
“10 Years of Bridging the Market Gap: 10th MFC Conference of Microfinance Institutions” and meetings with participants and managers of SME policy implementing government institutions in Bulgaria (29th of May – 5th of June, 2007, Sofia, Bulgaria) attendees Follow up Action Plan.
(Summarization of Study Tour by K. Akparova and Z. Zhangaziyev).

In a framework of the Program of Economic Collaboration between Government of Kazakhstan and Government of the USA, in subcomponents part on entrepreneurship development, the representatives of Kazakhstan in the person of Ms. Kuanysh Akparova, Chief of Prime Minister Chancellery, and Mr. Zharkin Zhangaziev, Ministry of Industry and Trade Economics Department (MITED) representative, departed to Sofia with a support of USAID's Kazakhstan Small Business Development Project.

Mr. Shalkar Zhusupov, Chairman of the Association of Microfinance Organizations of Kazakhstan, and Marat Imankulov, the Association of Microfinance Organizations, joined to the program as well as other members of the Kazakhstan delegation, who participated in “10 Years of Bridging the Market Gap: 10th MFC Conference of Microfinance Institutions” for Central and East Europe and CIS countries at their own expenses.

The following list of actions (changes) I intend to perform in the nearest future as a result of my teaching during the Study Tour.

Part A.

Action 1: Participation in Conference: studying the other countries' experience.

Action 2: Participation in Conference: meetings with participants and managers of SME policy implementing government institutions of other countries.

Objectives:

- To compare micro lending in Kazakhstan with other countries;
- To share own experience, materials, legislation practices.

There were special meetings organized with representatives of the ministries, which are responsible for the micro financing development in Hungary and Romania.

How did the Study Tour influence on the following changes:

The mentioned above countries' experience obtained will be helpful in the process of Kazakhstan legislation development.

Especially Hungary's lending partnerships development experience is interesting. In this connection it would be useful to invite an expert from Hungary (if possible) or to depart some members of a micro financing work group to Budapest.

Improvement is being observed:

Studying this experience will help to the Kazakhstan part in its work on micro financing legislation improvement, especially in GOK micro financing work group's activity.

It seems worth to continue the collaboration especially with Hungary's representatives, and also search a translation of a Hungarian legislation for the work group needs and visiting Kazakhstan by Hungarians experts and/or Kazakhstan micro lending organizations trip to Hungary.

Action 3: Participation in Conference: meeting with the micro lending organizations from different countries.

There were 11 micro lending organizations representatives, who participated in Conference work (Kazakhstan Lending Fund, TAT, Asian Fund of Lending, Bereke, Baspane, etc.) as well as Saltanat Igembekova, Chairman of the Association of Micro Financing Organization.

Objectives:

To plan conditions of work, size of an average loan and procedures of guarantee.

How did the Study Tour influence on the following changes:

There were seminars within conference on topical micro financing sector development issues: attracting joint-stock investments, regulating system, funds attracting, transformation NGO MFO, rural micro financing.

Improvement is being observed:

The working group will use the other countries' experience.

Also Ms. Zhanna Zhakupova, Director of the Asian Fund of Crediting, was elected as a Kazakhstan representative to the highest body of MFC (NGO, highest body – board of directors, 7 members) at a first time.

Action 4: Meeting with micro lending organizations from Bulgaria and their customers.

Objective: To study their experience.

How did the Study Tour influence on the following changes (according to the subjects):

Delegation's members had an opportunity:

To familiarize with an experience of funds mobilization for micro lending organizations;

To observe relationships between micro lending organizations and their clients;

To ask questions and get answers regarding reporting systems, internal information systems, etc.

Improvement is being observed:

An "investors fair" is hold within MFC yearly conferences, which is a great opportunity to contact with investors, loan organizations and donor agencies. More then 20 huge investors participated in this conference such as Citigroup, Deutsche Bank, etc., with more then 5.0 milliard USD of projects portfolio. Most of Kazakhstan participants achieved the agreements with investors about financing them in 2008 with average loan rate of 6-8% in currency and 9-11% in KZT from 1 to 10 years.

Action 5: meetings beyond the conference.

How did the Study Tour influence on the following changes (according to the subjects):

The participation in the Conference was used to familiarized with work of Bulgaria Government Institutions, which develop and implement the SME policy, particularly for meetings with Heads of departments of Social and Economy policy, SME support Agency in Council of Ministry, private SME services providers department of Ministry of Economy.

The impressions can be summarized as follows:

- Policy forming is based on dialog and the business structures attraction;
- SME presents in all social and economy policy areas;
- Agency experienced the different organizational forms from the department of Ministry of Economy till a self-dependent agency of Ministry of Economy and Energy;
- This changes happened in an environment of the policy stability based on SME support strategy in Bulgaria, which was accepted with public consensus in the middle of 1998;

- Policy is being adopted annually with a help of accumulated information, which is represented in SME state Report, developing by NGOs as a government procurement.

Improvement is being observed:

- All mentioned above characteristics of the Bulgaria SME institutions are welcome by both participants and GOK;
- Study Tour and effects will help to improve MIT's and its government and non-government partners' work.

Action 6: dissemination Study Tours results.

Means and time constraints: taking into account the Kazakhstan MFOs needs to participate in such events, the preliminary negotiations with Mr. Gzhegozh Galusek, MFC's Executive Director, were held by the members of the delegation from Kazakhstan to carry out the 11th MFC conference in Kazakhstan (first time in Central Asia). A preliminary consent of the event co-financing was given by SMEF representative.

In this connection the official letter with proposal to carry out the upcoming conference in Kazakhstan was sent to the MFC from the name of an authorized body.

The conference carrying out in Kazakhstan could give a significant stimulus to further micro lending system development in the country.

At present time a spade-work is being conducted to organize the conditions for welcoming the 11th conference in Kazakhstan.

During the Study Tour to Poland for a group selected by MIT with USAID's Kazakhstan Small Business Development Project's assistance another meeting with MFC was held and plan for the conference organization was developed, which will being implemented in July –August 2007.

Part B.

1. Does the Study Tour was successful – yes or no – and why?

The Tour was extremely useful thanks to the mentioned above ideas. Best practices of the mentioned countries will be very wholesome for the Kazakhstan legislation development. Especially Hungary's lending partnerships development experience is interesting. In this connection it would be useful to invite an expert from Hungary (if possible) or to depart some members of a micro financing work group to Budapest. Studying this experience will help to the Kazakhstan part in its work on micro financing legislation improvement.

2. Comments regarding organization and coordination.

It is necessary to note the perfectly coordinated work of the Pragma Corporation staff and their partners from CEED Bulgaria, Mr. Nikolai Yarmov and Mr. Krassen Stanchev) on the Study Tour facilitation and further effects implementation.

Zharkyn Zhanagazyev
Head
Ministry of Industry and Trade
Economics Department (MITED)

Kuanysh Akparova
Chief of Business Environment
and Innovations sector of
Prime Minister Chancellery
Industrial and Innovation Development

**Appendix 4: Poland Study Tour
Results and Preliminary Follow up Ideas
Dr. Krassen Stanchev**

Background and Remarks

The Study Tour (ST) was designed and organized by USAID/KSBD GOK Senior Liaison Dr. Krassen Stanchev and the Poland's USAID/Pragma subcontractor, Unilob Ltd., and particularly by Artur Nowicki, with the full support of the COP Patrick Perner and USAID/Pragma team in Astana and Almaty.

It took place between June 24 and July 4, 2007 and consisted of about 30 individual meetings, lectures, brainstorming and wrap up session. All activities and organizational affair were handled by Unilob at the level of best world standards¹⁰

These notes are based on KSBD GOK Senior Liaison Krassen Stanchev's notes of the wrap-sp sessions of the Study Tour (ST) as well as tape recordings (minutes) by Nikolay Lomakin from sessions that specifically dealt with follow up issues, and on minutes taken by Sergey Pizikov, Munavara Paltasheva, Gosman Amrin and on the proposals from the Almaty Follow Up Session of Study Tour participants (held on July 6, 2007 at Pragma Office).

This is a preliminary list of ideas. It is arranging participants' recommendations for USAID (KSBD/BEI) and Government of Kazakhstan (GoK) Program for Economic Development (PED) related activities not in the order of ST activities but according to the logic of the ST, which was the following:

- Studying of and deliberation on Poland's SME/entrepreneurship policy making and institutions from their emergence to current tasks of respective central institutions,
- Studying of and deliberation on the role of relevant local (self) government bodies and private business and business service providers (BSP) endeavors;
- And, then, studying of and deliberation on the role of identified implementers and stakeholders on central (national, Warsaw) and local/regional level.

To be expected, most of the below ideas have been born as an outcome of many participants' comments during the series of educational meetings. This list seeks to summarize these comments and deliberations on lessons applicable to SME and entrepreneurship policy reform in Kazakhstan. There has been relative consensus of all participants on most of the ideas listed below, although the actual implementation is an issue to be further discussed on ad hoc basis in the KSBD work plans for 2008, and 2009.

General Impressions on the SME/Entrepreneurship support system in Poland

Poland utilizes three principles: a) decentralization of services to local government, NGOs and business service providers (BSP), b) equal treatment of beneficiaries and c) individual responsibility for decisions taken even by collective bodies.

These actions lead to a policy infrastructure that is:

- Competitive in terms of rivalry between regions to extend better services;
- Flexible and often using networks of service providers, allowing adjustment to local circumstances and changing entrepreneurship needs
- Requires substantial involvement of NGOs;
- Extensively uses outsourcing (except for specific EU subsidized programs);
- Built on dialogue and participation of diverse interests; in the framework of a preliminary agreed long term SME/Entrepreneurship Development Policy (Strategy)¹¹;

¹⁰ Preliminary background materials, readings and feedback from participants are available.

¹¹ In recent year such strategies are influenced by EU seven year budget planning cycles; it is important to mention, however, that the SME/Entrepreneurship support system was in place and used little subsidies before the EU programs (Structural Funds, Common Agriculture Program, etc) became available.

- Government financing (other than EU programs but within their framework as well) is channeled to support societal (self-organizing and self-governing) bodies (noting those in Kazakhstan are usually bundled under the common category of “business support infrastructure”), and work with individual entrepreneurs rather than financing companies directly.

Central Institutions

- Focus is on outsourcing financial support services using ordinary banks and existing micro financial institutions;
- Seek establishment of a parliamentary entrepreneurship committee;
- Strengthen information and communication channels between businesses, their organizations and central executive and legislative authorities;
- Seek a legacy of KSBD via an organization like UNILOB in Poland, to carry on the coordination and diversification of SME networks, policies and services;
- Increase the status of entrepreneurship structures of the central government via:
 - a) Development of an organization similar to Polish Agency for Entrepreneurship Development (PARP)¹²,
 - b) Regular (preferably in the context of an “Annual SME Development Report for Kazakhstan”) brainstorming and reporting on SME/entrepreneurship development, c) Annual Reports on SME situation in Kazakhstan that unifies the information background for policy and decision making,
 - d) Coordination of policy reform and information efforts with participation of private sector NGOs.¹³ It is possible to amend (more clearly define) functions of Entrepreneurship Development Department of MIT, strengthening its role in strategies and policy recommendations;
- Review the system of credit guarantees with:
 - a) Involvement of the banks, and
 - b) Use of enforcement instruments (writs of execution, “veksels”, and the like).¹⁴
- Use Poland’s experience in the field of “Law on Freedom of Economic Activity” and policy/regulations impact analysis to perfect respective frameworks within Kazakhstan; these may – over time - involve the following efforts¹⁵:
 1. Review of the implementation of the Private Entrepreneurship Law (Kazakhstan), in context to Poland’s Law on Freedom of Economic Activity;
 2. Establishment or refinement of the existing government-to-business consultative body (Consultative Council on Entrepreneurship Issues);
 3. Review of regulations on licensing and inspections as well as of other regulations deemed important, both at the executive and the legislature;
 4. Drafting an SME/Entrepreneurship strategy;
 5. Establish a High Ranking GoK Inter-ministerial Group to work with entrepreneurship organizations and BSP on the quality and coordination of regulatory policies, aiming at deregulation reduction of quasi-tax burdens on the economy¹⁶;

¹² PARP passed through different stages: a legacy of business-to-government group to outline SME policy frameworks, an independent government agency with the executive and, currently, an agency within the Ministry of Economy. Study Tour participants deliberated on improvement of functions, private sector involvement and dialogue.

¹³ Irrespectively of historic changes in the ranks of PARP, it has always use the guidelines of a government/private sector Council. In Kazakhstan, there exists a Consultative Council on Entrepreneurship Issues, but it is far from clear whose responsibility is the consideration of problems and prospect of SME/entrepreneurship development.

¹⁴ The necessary legal documents and information (guarantee funds document samples including bylaws, writs, instruments used) are currently being translated and collected by UNILOB. SMEF tour participants are expected to provide UNILOB with short list of questions they wish the banks to answer.

¹⁵ In Poland as in all OECD and some other countries, the government established high ranking coordination group to improve quality of regulations, the head of the group was the minister of economy, members – senior ranks of other government bodies. They worked together with entrepreneurs’ organizations and drafted amendments to laws and regulations, promoted the policy of diminishing quasi-tax burden of entrepreneurship, secured a successful implementation of deregulation. Recently in Kazakhstan, in the framework of PED, the World Bank (Doing Business experts) and the author discussed with MIT the idea and the rank of such a group. Since May this year such group is functioning on the level of ministerial experts.

- 6. Efforts to apply identical concepts and methods to assess impacts of policy/regulations; concepts and methods that are to be used by regulators (government, legislators) and businesses alike;
- 7. Efforts to streamline and improve access to public information and government-on-the-sunshine processes.
- Follow up on the previous Study Tour (Sofia, Bulgaria) and thrust to hold the XI International Microfinance Conference in May-June next year in Almaty.¹⁷
- Use this conference to improve capacity of micro finance organizations of Kazakhstan, possibly raise funds from investors via AMFOK and other USAID programs.¹⁸

Local Government and Private Involvement

- Seek opportunities to disseminate experience in the SME support process (local government and private sector organizations); particularly local development foundations similar to Nidzica Development Foundation – NIDA. Invite NIDA President Mr. Krzysztof Margol to Kazakhstan;¹⁹
- Prompt preparation of another study tour of central/local government and BSP representatives focused on very specific issues, most likely focused on local (rural area) networks of SME access to credit and services to start ups;²⁰
- Draft “Methodological Guidelines” on establishing a local development foundation similar to NIDA;
- Review the legality for outsourcing services to SME and/or entrepreneurship development;
- Operational program for outsourcing services, based on preliminary review of Kazakhstan laws/regulations, noting that this may require possible amendment of those rules and regulations;
- Specific reviews of laws and regulations on local self government, review of other challenges to decentralization of services;
- Review and amend access to public information challenges on the local level;
- Review of opportunities to outsource central/local government financial services to micro lending and other organizations;
- Apply general principle of supporting an “entrepreneurship infrastructure” rather than individual sectors/companies both on local and central government level; consider services to SME’s in a broad perspective of business development (technical skills development in association with the environment) and capital mobility challenges;
- In the proposed Annual report on SME’s pay particular attention to their stance and role in underdeveloped regions;
- Operational Program to launch and spread outsourcing of services of SME/entrepreneurship on both central and local level;
- Some of the above should be developed in coordination with BSP’s, some – by the proposed Coordination (government and business) Working Group on SME/Entrepreneurship.

Implementers and Stakeholder Efforts

- Consider the role of the established banks and capital market structures in: a) credit guarantee schemes; b) provision of a platform for SME growth; c) education of entrepreneurs and citizens;²¹
- Present websites and other resources of Polish implementers (NIDA, Business Central Club, Gdansk Institute for Market Economics, Polish Entrepreneurs Association, Warsaw Stock Exchange, etc) to the interested parties in Kazakhstan via the KSBD website;

¹⁶ UNILOB and Krassen Stanchev were organizers of such groups in other countries and their skills should be utilized.

¹⁷ Three Study Tour participants from MIT, SMEF and USAID/KSBD’s Krassen Stanchev met the Executive Director of the International Microfinance Center in Warsaw and agreed on the needed steps to implement.

¹⁸ Krassen Stanchev and Patrick Perner should follow up on this option.

¹⁹ This is a consensus idea, although first suggested by Mr. Gosman Amrin Chairperson of SMEF, and then agreed to by all participants. Mr. Margol is a Russian speaker, preliminary content and time (second half of October) of his visit has been discussed and general agreement reached.

²⁰ The topic of such tour should be agreed to by participants and USAID, in association with the MIT.

²¹ Such programs exist and have a rich history at the Warsaw Stock Exchange (WSE). WSE is a leader among exchanges in the new European markets – is willing to attract listings, IPO’s from Kazakhstan and to share its educational experience. (It should be noted that many materials of WSE are available in Russian.)

- Place a Russian version of PARP Annual Report on SMEs on the SMEF website; look for other samples of such reports to be studied and/or presented;
- Strengthen the SME/entrepreneurship policy making via attempts to perfect the notion of SME as such as foundation for respective policy making; use those in the above-suggested SME Strategy Paper;
- Conduct annual conferences on the occasion of the “Annual SME Development Report for Kazakhstan”;
- It is necessary to plan and conduct independent survey on efficiency of both SME sector and the SME, regulatory and economic policies;²²
- In the context of SME Annual Reporting, discern the role of the Statistic Agency in providing background information for reporting and policy making;
- The SME annual report should contain a review of barriers to entrepreneurship and competitiveness; consider outsourcing such reporting that would possibly utilize a broader and more comprehensive methodology than those currently used for broad international comparisons;
- Outsource SME surveys;
- Continue perfecting micro lending frameworks, within the context of the above mentioned opportunity to held the international conference in Almaty and within GOK Working Group on micro finance; involve financial supervision and banks;
- Consider expanding the networks and services of BSPs in Kazakhstan;
- Given the differences in the government systems of Kazakhstan and Poland, consider issuing a regulation on impact analysis and communication channels used in public hearings;
- With the assistance of USAID / BEI consider drafting Methodological Guidelines and Instructions on Regulatory Impact Analysis (RIA);
- Consider a study tour on regulation impact analysis and/or an international expert on the subject for visit to Almaty/Astana;
- Organize training for BSP’s in fund-raising, broadening services, cost-recovery provision of services and lobbying/advocacy activities, and on building and working in coalitions;
- Trainings for BPS’s and centers to support entrepreneurship in ways to extend/manage government programs/services, as it is done by PARP;
- In the view of the existing draft lobbying bill in Kazakhstan and efforts to adopt it at the expense of normal democratic mechanisms of public consultations, consider a visit of a lobbying/advocacy expert from Poland that could shed light on their experience with implementation of their lobbying act;²³
- Put in contact the Kazakhstan Association of Business Incubators with Poland’s Academic Incubator for Entrepreneurship (AIE); study the AIE program as a system to be potentially applied to Kazakhstan;
- Consider BSP linkages to education, review WSE, AIE, Poland National Bank educational efforts and derive lessons for future such services by similar institutions of Kazakhstan.

Organizational Issues

- Send this list to MITED and USAID;
- With USAID approval, begin to use it for the KSBD Annual Work plan and as a communication document between USAID/KSBD and GOK;
- With USAID approval, begin to develop a focused Study Tour;
- Give priority to a provisional brainstorming on a) SME Annual Report compilation, and b) lobbying experience (with selected government officials and NGO’s) in September, 2007;
- Organize a second meeting of Astana based Study Tour participants in July 2007;
- Follow up on the proposal of the meeting in Almaty (Friday, July 6) to have the Study Tour participants serving as Champions to promote above mention ideas; use the participants as a backbone of the group to deliberate with GoK and private sector problems and policies in the area of entrepreneurship development.

Dr. Krassen Stanchev,
Senior Advisor
USAID KSBD

²² Participants have specific ideas on what topics/methods would be applicable.

²³ Poland is the only former Communist country with such a law, business associations met during the Study Tour and UNILOB are key experts in the lobbying/advocacy process as founders of the Polish Association of Lobbyists.



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Ms Guzal Bamuldinova
Head, International Relations
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140003 Kazakhstan

15th January 2007

Dear Ms Bamuldinova

I am delighted to tell you that at its meeting on the 13th January 2007, the GERA Board formally approved your membership of the GEM Consortium starting with the annual cycle in 2007.

I very much look forward to working with you and please do not hesitate to contact me if you need any further information or assistance.

With best wishes

Rebecca A Harding

Dr. Rebecca Harding
Executive Director

Email: rharding@london.edu
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Inside GEM

YOUR COUNTRY NEEDS YOU!

THE Kazakh approach to the Adult Population Survey.

As researchers, we all know how difficult collecting data can be and even the use of professional survey vendors is no guarantee of achieving an acceptable response rate. Following a pilot of the APS study the newly formed team in Kazakhstan have adopted a novel way of trying to improve their 'hit' ratio. At the beginning of May, the team held a press conference to introduce GEM to the nation and issued a press release entitled,



message is then reinforced when the reader is told that, "It is extremely important that you take part in the survey if you are selected to be interviewed. In this way you will support Kazakhstan's future entrepreneurial activity and understanding of entrepreneur development. All information will be confidential."

"2,000 KAZAKH HOUSEHOLDS WILL REPRESENT KAZAKHSTAN IN AN INTERNATIONAL ENTREPRENEURSHIP SURVEY".

The press release then goes on to give information about the survey company (Brif Research Group Social and Marketing Research Agency), the university (The Innovative Eurasia University, Pavlodar) and the support and implementation body, USAID.

PRIZES FOR PARTICIPATION

The press release begins by explaining that Kazakhstan is the first country in Central Asia to join the 40 country Global Entrepreneurship Monitor (GEM) Project and explains that GEM is a private-sector global initiative designed to measure and compare entrepreneurial activity among the participating countries and develop policy recommendations to improve the environment for entrepreneurs in each country.

The Kazakh population are then told that, "... A Brif interviewer will contact each selected household from May 2-20. The interviewers will assist each household to complete a survey which will take up to 40 minutes to complete. The information will be entirely confidential and the participants' names and addresses will not be on the survey form. The interviewers will provide identification from the Brif Agency when they visit each household. Each household will receive a prize for its participation."



Finally, and to ensure that the message is hammered home readers are informed that for the GEM project to measure and assist Kazakhstan's development of entrepreneurial activity, it is extremely important that a high percentage of the selected households complete the survey. Brif conducted a pilot survey among some of the households in March-April of this year that resulted in less than 40 % of the visited households agreeing to respond to the survey questions. This is lower than the minimum threshold level (60 %) which is required by the GEM Project for qualification. This number is less than in Russia (70%) and Latvia (95%). You can make a positive difference by participating in this survey if you are selected. You have an important role to play as citizens of your country in developing and shaping Kazakhstan's future.

The press release then goes on to the novel part, which starts by informing the reader that "Exactly 2000 households in Kazakhstan will be selected over the next three weeks to participate in this important survey on entrepreneurial activity." The important thing here is that this sentence when taken together with the headline, suggests to the Kazakh people that if they are lucky they will be one of only 2,000 people chosen to represent the nation and thus provide a statistically valid profile of the Kazakhstan economy. The

So, the Kazakh team gain full marks for initiative

I wonder what the prizes are for participating??





Hello Everyone,

I suppose everyone is currently busy with getting their Adult Population Surveys underway and with interviewing Experts. This is always a busy time of year for the national teams, but at least it gives Mark an opportunity to get some well deserved holiday before all your data arrives and makes sure that he doesn't get any more rest until September!!



Of course being busy means that inevitably somethings get forgotten along the way, so I'll just take this opportunity to remind you all that the deadline for payment of the coordination fee is 31 May ... YES! Next week!!! One other point about the fee, please remember that the amount you must pay is GBP £7,500 and it is this amount that must arrive in GERA's bank account, which is not necessarily the same thing as the amount of money that leaves your bank account given bank charges, exchange rates etc.. So please do everything you can to ensure that we have as smooth a financial year as possible.

I must say, that I am impressed with the ingenuity shown by the Kazakh team in trying to get an acceptable response rate for the APS: National Duty coupled with Prizes for Participation—brilliant. Then I started wondering if any other teams have used other initiatives to help 'oil the wheels of research'. If your team has done anything of this kind, do let me know and we'll share it with the whole community.

I'm also interested in the idea of an existing national team 'mentoring' a prospective new team as in the case of Norway and Sri Lanka (page 6). I can see numerous benefits to all concerned from this approach to expanding the consortium, not least is that prospective new teams will have the opportunity to be involved in a rather more extensive kind of training than we are currently able to offer them. I'll be very interested to find out how the Norwegian / Sri Lankan project progresses.

All the Best
Mick

GEM Calendar for May, June & July

May 2007

1–31 May:
APS and Expert survey data collection continues in the field.

31 May:
Payment deadline for Co-ordination fees (note: Data will not be released unless coordination fee is fully paid).

June 2007

1–28 June:
APS and Expert survey data collection continues in the field.

15 June:
Deadline for submission of newsletter contributions

22 June:
Publication of newsletter no. 13

29 June:
Deadline for sending Expert Survey data to Mark Quill

July 2007

6 July:
Deadline for sending APS data to Mark Quill

NEWSLETTER CONTRIBUTIONS

The deadline for material for the next newsletter is

Thursday 15 June

Please send any material including information, reports, photographs, advertisements for conferences and journals, calls for papers etc etc. to

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GEM web-site
www.gemconsortium.org



USAID
FROM THE AMERICAN PEOPLE



CALL FOR PARTICIPATION

SECOND ANNUAL INTERNATIONAL CONFERENCE ON ENTREPRENEURSHIP AND COMPETITIVENESS

Astana, Kazakhstan
13-14 March, 2008

INNOVATIVE UNIVERSITY OF EURASIA

The Innovative Eurasia University of Kazakhstan will hold its Second International Conference "GEM: Entrepreneurship and Competitiveness" aiming to provide a state-of-the-art overview of current research on entrepreneurship activities in Kazakhstan in comparison with other countries covered by GEM and looking at opportunities for improvement based on best international practices.

Kazakhstan is currently undergoing a phase of rapid economic growth. As the first Central Asian Country to join the GEM Consortium, Global Entrepreneurship Monitoring Kazakhstan is proud to present its research on entrepreneurship activities in Kazakhstan and look at best practices of other countries in Central and Eastern Europe and North America. The Conference will focus on Small Business Development, Entrepreneurship, Business Service Providers and Support Institutions and the role they play in Economic Growth with reference to:

- Entrepreneurship dynamics: early-stage, growing and established business;
- Finance and Investment;
- Innovation, Technology Transfer and Education.

The Conference is expected to bring together researchers, national, regional and international experts in the field of entrepreneurship, leading entrepreneurs and governmental officials from Kazakhstan, as well as CIS and GEM member-countries to discuss and provide global and regional recommendations.

Call for Registration: Application forms (enclosed) are due to 1st November 2007 by email. The call for papers will be circulated by August 1, 2007 with a deadline of November 1, 2007, for submission of 500-word abstracts. Final submission of full papers is due to February 1, 2008. The registration and participation fee will have an individualized approach, which will include all fees, conference materials, lunch and refreshments.

For enquires regarding the program please contact :

Zauresh Omarova, at +7 (3182) 57-13-81, or
Guzal Baimuldinova, at +7 (3182) 57-12-30 or

e-mail gem_conference@mail.ru

Appendix 8: GLOBAL ENTREPRENEURSHIP MONITORING

Adult Population Survey Data

By Innovative Eurasia University

Pavlodar, Kazakhstan

Explanation

The difference of the State census and ADULT POPULATION SURVEY on the gender population proportion shows that APS demography both in rural and urban area tends to include less Kazakh and more Russian population; this difference is about 7-13% for different groups and areas. Though this difference is still in norm, some explanation should be given.

- One of them might be, that the city population was represented in APS in greater number than village one, Russian population is twice as much in the city than in the village. Thus, asking more people in the city, there were more chances to randomly select Russian representatives and consequently this influenced the percentage.
- Another reason might be the refusal of the Kazakh people to participate in the survey. There was a signal from one oblast (southern part of Kazakhstan), where the Kazakh people refused to answer the Russian-language questionnaires.
- The North, East and Central parts of Kazakhstan have a greater number of Russian people than Kazakh. Though on the West and South the Kazakh population is almost two times as much, still in the city Kazakh population is 1,5 times and 1,2 times as much as Russian one. This still may influence the difference in the data.

Crosstabs

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
KZ R: REGION OF RESPONDENT. * KZ: What is your ethnicity? * KZ R: SPECIFIC LOCATION OF RESPONDENT.	2000	100,0%	0	,0%	2000	100,0%
KZ R: SPECIFIC LOCATION OF RESPONDENT. * KZ: What is your ethnicity? * KZ R: SPECIFIC LOCATION OF RESPONDENT.	2000	100,0%	0	,0%	2000	100,0%

KZ R: REGION OF RESPONDENT. * KZ: What is your ethnicity? * KZ R: SPECIFIC LOCATION OF RESPONDENT. Crosstabulation

Count

City	KZ R: REGION OF RESPONDENT.	Almatinskaya oblast Akmolinskaya oblast East-Kazakhstan oblast South-Kazakhstan oblast	KZ: What is your ethnicity?			Total
			Kazakh	Russian	Other	Kazakh
			27	31	2	60
			57	45	18	120
			48	68	4	120
			38	33	39	110

		West-Kazakhstan oblast	18	20	2	40	
		Mangistauskaya oblast	18	11	1	30	
		North-Kazakhstan oblast	5	22	3	30	
		Kostanajskaya oblast	18	37	15	70	
		Karagandinskaya oblast	48	71	21	140	
		Zhambylskaya oblast	35	17	8	60	
		Kyzyl-Ordinskaya oblast	38	4	8	50	
		Pavlodarskaya oblast	17	37	16	70	
		Atyrauskaya oblast	19	10	1	30	
		Aktyubinskaya oblast	28	13	9	50	
		Almaty	68	87	25	180	
	Total		482	506	172	1160	
Village	KZ R: REGION OF RESPONDENT.	Almatinskaya oblast	67	65	18	150	
		Akmolinskaya oblast	33	15	12	60	
		East-Kazakhstan oblast	17	61	2	80	
		South-Kazakhstan oblast	88	9	53	150	
		West-Kazakhstan oblast	29	7	4	40	
		Mangistauskaya oblast	10	0	0	10	
		North-Kazakhstan oblast	22	29	9	60	
		Kostanajskaya oblast	32	20	8	60	
		Karagandinskaya oblast	22	9	9	40	
		Zhambylskaya oblast	58	7	5	70	
		Kyzyl-Ordinskaya oblast	29	0	1	30	
		Pavlodarskaya oblast	16	9	5	30	
		Atyrauskaya oblast	19	1	0	20	
		Aktyubinskaya oblast	32	7	1	40	
		Total		474	239	127	840

KZ R: SPECIFIC LOCATION OF RESPONDENT. * KZ: What is your ethnicity? * KZ R: SPECIFIC LOCATION OF RESPONDENT. Crosstabulation

Count

KZ R: SPECIFIC LOCATION OF RESPONDENT.		KZ: What is your ethnicity?			Total	
		Kazakh	Russian	Other	Kazakh	
City	KZ R: SPECIFIC LOCATION OF RESPONDENT.	1 Almaty	68	87	25	180
		2 Boraldaj	3	7	0	10
		3 Kapchagaj	7	3	0	10
		4 Kaskelen	4	6	0	10
		5 Talgar	4	5	1	10
		6 Taldykorgan	1	8	1	10
		7 Ushtobe	8	2	0	10
		23 Taraz	22	12	6	40
		24 Lugovoj (Kulan)	8	2	0	10
		25 Shu	5	3	2	10
		33 Kyzylorda	11	3	6	20
		34 Zhanakorgan	9	1	0	10
		35 Tasbuget	10	0	0	10
		36 Shieli	8	0	2	10
		40 Shymkent	14	25	21	60
		41 Asykata	9	0	1	10
		42 Kantagi	6	1	3	10

		43 Lenger	3	4	3	10
		44 Saryagash	2	3	5	10
		45 Turkestan	4	0	6	10
		61 Astana	33	27	10	70
		62 Aksu	6	3	1	10
		64 Shortandy	5	4	1	10
		65 Kokshetau	7	9	4	20
		66 Makinsk	6	2	2	10
		72 Kostanaj	12	20	8	40
		73 Borovskoj	4	5	1	10
		74 Rudnyj	2	12	6	20
		81 Pavlodar	11	29	10	50
		82 Ekibastuz	6	8	6	20
		86 Petropavlovsk	5	22	3	30
		93 Ust-Kamenogorsk	16	24	1	41
		94 Zyryanovsk	1	8	0	9
		95 Leninogorsk	0	9	1	10
		96 Ulba	2	7	1	10
		97 Semipalatinsk	13	16	1	30
		98 Ayagoz	10	0	0	10
		99 Shar	6	4	0	10
		108 Aktyubinsk	11	13	6	30
		109 Alga	7	0	3	10
		110 Shalkar	10	0	0	10
		115 Atyrau	9	10	1	20
		116 Kulsary	10	0	0	10
		119 Uralsk	11	18	1	30
		120 Zachagansk	7	2	1	10
		125 Aktau	8	11	1	20
		126 Mangistau	10	0	0	10
		128 Karaganda	18	33	9	60
		129 Balkhash	4	4	2	10
		130 Kievka	3	6	1	10
		131 Saran	0	8	2	10
		132 Temirtau	6	12	2	20
		133 Shahtinsk	1	6	3	10
		134 Zhezkazgan	10	0	0	10
		135 Satpaev	6	2	2	10
	Total		482	506	172	1160
village	KZ R: SPECIFIC	8 Novoalekseevka	3	7	0	10
	LOCATION OF	9 Shelek	3	0	7	10
	RESPONDENT.	10 Baltabaj	4	5	1	10
		11 Malovodnoe	8	1	1	10
		12 Turgen	2	8	0	10
		13 Uzunagash	7	2	1	10
		14 Mezhdurechenskoe	4	6	0	10
		15 Bajserke	5	4	1	10
		16 Ashibulak	5	4	1	10
		17 Akzhar	3	6	1	10
		18 Alatau	5	4	1	10
		19 Zhalpaksaj	9	0	1	10
		20 Nura	2	7	1	10
		21 Kluchi	3	7	0	10
		22 Koksus	4	4	2	10
		26 Sarykemer	10	0	0	10
		27 Aysha-bibi	7	1	2	10
		28 Turksib	7	2	1	10

29 Burnooktyabrskoe	6	3	1	10
30 Merke	8	1	1	10
31 Akkol	10	0	0	10
32 Zhanaturmys	10	0	0	10
37 Shirkeyli	10	0	0	10
38 Belkol	10	0	0	10
39 Baygekum	9	0	1	10
46 Darmino	10	0	0	10
47 Zadariya	8	2	0	10
48 Zhanatalap	10	0	0	10
49 Kokebel	10	0	0	10
50 Temirlanovka	8	1	1	10
51 Lenintu	10	0	0	10
52 Kyzylkishlak	0	0	10	10
53 Aksu	1	3	6	10
54 Voroshilovo	2	0	8	10
55 Komeshtublak	8	2	0	10
56 Sairam	2	1	7	10
57 Sultanrabat	0	0	10	10
58 Yntymak	10	0	0	10
59 Mashat	9	0	1	10
60 Kommunism	0	0	10	10
63 Esil	3	3	4	10
67 Astrahanka	5	2	3	10
68 Rozhdestvenka	8	1	1	10
69 Elizavetinka	7	2	1	10
70 Zerenda	4	5	1	10
71 Nikolskoe	6	2	2	10
75 Silantjevka	4	4	2	10
76 Myrzakol	9	1	0	10
77 Kamysty	5	2	3	10
78 Svyatogorka	3	7	0	10
79 Buddenovka	6	3	1	10
80 Taranovskoe	5	3	2	10
83 Paramonovka	4	4	2	10
84 Panfilova	10	0	0	10
85 Zarya	2	5	3	10
87 Tokushi	7	2	1	10
88 Vozvyshenka	3	4	3	10
89 Yavlenka	2	8	0	10
90 Peterfeld	7	3	0	10
91 Dubrovnoe	2	8	0	10
92 Kellerovka	1	4	5	10
100 Cheremshanka	0	9	1	10
101 Bobrovka	0	10	0	10
102 Georgievka	9	0	1	10
103 Turgusun	1	9	0	10
104 Vydriha	0	10	0	10
105 Ivanovka	2	8	0	10
106 Kamyshynka	1	9	0	10
107 Ozerki	4	6	0	10
111 Karabutak	10	0	0	10
112 Bestamak	10	0	0	10
113 Hlebodarovka	6	4	0	10
114 Hobda	6	3	1	10
117 Dossor	9	1	0	10
118 Sarytogay	10	0	0	10

	121 Furmanovo	3	4	3	10
	122 Kamenka	9	1	0	10
	123 Aksuat	10	0	0	10
	124 Chingirlau	7	2	1	10
	127 Akshukur	10	0	0	10
	133 Shahtinsk	1	0	0	1
	136 Buhar-Zhyrau	5	4	1	10
	137 Oshagandy (Krasnyj Kut)	1	3	6	10
	138 Ulytau	10	0	1	11
	139 Aktas	5	2	1	8
Total		474	239	127	840

Frequencies

Statistics
KZ R: SPECIFIC LOCATION OF RESPONDENT.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid city	1160	58,0	58,0	58,0
village	840	42,0	42,0	100,0
Total	2000	100,0	100,0	

Crosstabs

KZ R: SPECIFIC LOCATION OF RESPONDENT. * KZ: What is your ethnicity? Crosstabulation

Count

		KZ: What is your ethnicity?			Total
		Kazakh	Russian	Other	Kazakh
KZ R: SPECIFIC LOCATION OF RESPONDENT.	city	482	506	172	1160
	village	474	239	127	840
Total		956	745	299	2000

Statistics KZ R: REGION PART OF RESPONDENT

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid North	530	26,5	26,5	26,5
East	200	10,0	10,0	36,5
South	830	41,5	41,5	78,0
West	260	13,0	13,0	91,0
Central	180	9,0	9,0	100,0
Total	2000	100,0	100,0	

Crosstabs

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent

KZ: What is your ethnicity? * KZ R: REGION PART OF RESPONDENT	2000	100,0%	0	,0%	2000	100,0%
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KZ: What is your ethnicity? * KZ R: REGION PART OF RESPONDENT Crosstabulation

		KZ R: REGION PART OF RESPONDENT					Total
		North	East	South	West	Central	North
KZ: What is your ethnicity?	Kazakh	208	65	440	173	70	956
	Russian	232	129	235	69	80	745
	Other	90	6	155	18	30	299
Total		530	200	830	260	180	2000

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
KZ: What is your ethnicity? * KZ R: REGION PART OF RESPONDENT * KZ R: SPECIFIC LOCATION OF RESPONDENT.	2000	100,0%	0	,0%	2000	100,0%

KZ: What is your ethnicity? * KZ R: REGION PART OF RESPONDENT * KZ R: SPECIFIC LOCATION OF RESPONDENT. Crosstabulation

KZ R: SPECIFIC LOCATION OF RESPONDENT.			KZ R: REGION PART OF RESPONDENT					Total
			North	East	South	West	Central	North
city	KZ: What is your ethnicity?	Kazakh	105	48	198	83	48	482
		Russian	159	68	154	54	71	506
		Other	56	4	78	13	21	172
	Total	320	120	430	150	140	1160	
village	KZ: What is your ethnicity?	Kazakh	103	17	242	90	22	474
		Russian	73	61	81	15	9	239
		Other	34	2	77	5	9	127
	Total	210	80	400	110	40	840	

GEM Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
KZ R: GENDER	2000	1	2	1,55	,498
KZ R: AGE: EXACT AGE AT TIME OF INTERVIEW.	2000	18	64	38,68	12,970
KZ R: AGE IN SEVEN CATEGORIES	2000	1824	5564	3506,54	1252,059
KZ R: REGION OF RESPONDENT.	2000	1	15	7,07	4,555
KZ R: REGION PART OF RESPONDENT	2000	1	5	2,68	1,244
KZ R: SPECIFIC LOCATION OF RESPONDENT.	2000	1	2	1,42	,493

KZ R: SPECIFIC LOCATION OF RESPONDENT.	2000	1	139	66,43	42,005
KZ R: OCCUPATION OF RESPONDENT	2000	1	6	2,53	1,937
KZ R: EDUCATIONAL ATTAINMENT OF RESPONDENT	2000	1	5	3,74	,865
KZ R: MOBILE PHONE OWNERSHIP OF RESPONDENT	1997	1	2	1,56	,497
KZ HH: TOTAL NUMBER OF MOBILE PHONES WITH DIFFERENT CALLING NUMBERS IN THE HOUSEHOLD	2000	0	8	1,13	1,214
KZ HH: TOTAL NUMBER OF FIXED LINE PHONES WITH DIFFERENT CALLING NUMBERS IN THE HOUSEHOLD	2000	0	3	,54	,506
KZ HH: TOTAL INCOME OF HOUSEHOLD	1862	1	10	4,03	1,865
KZ HH: TOTAL SIZE OF HOUSEHOLD INCLUDING RESONDENT.	2000	1	5	3,36	1,257
KZ: What is your ethnicity?	2000	1	3	1,67	,721
KZ: Your marital status?	2000	1	4	1,59	,914
KZ: What is your religion?	1998	1	5	2,28	,636
KZ: Settlement type	2000	1	2	1,42	,493
1a: AUTONOMOUS START-UP	1994	1	2	1,94	,246
1b: BUSINESS JOB INVOLVES START-UP	1994	1	2	1,99	,107
1c: OWNS AND MANAGES A BUSINESS	1996	1	2	1,87	,334
1d: BUSS ANGEL IN LAST THREE YEARS	1995	1	2	1,96	,196
1e: EXPECTS TO DO START-UP IN 3 YEARS	1938	1	2	1,85	,357
1f: SHUT DOWN BUSINESS IN PAST 12 MONTHS	1997	1	2	1,96	,205
1g: PERSONALLY KNOW ENT IN PAST 2 YRS	1363	1	2	1,44	,497
1h: LOTS OF GOOD OPPOR FOR S-US IN 6 MTHS	1110	1	2	1,42	,494
1i: R HAS KNOWLEDGE,SKILL TO DO A START-UP	1333	1	2	1,51	,500

1j: FEAR OF FAILURE PREVENTS START-UP EFFORT	1284	1	2	1,51	,500
1k: PEOPLE PREFER UNIFORM LIVING STANDARE	1174	1	2	1,41	,493
1l: STARTING NEW BUS A GOOD CAREER CHOICE	1154	1	2	1,15	,358
1m: SUCCESSFUL NEW BUSS LEADS TO STATUS	1154	1	2	1,14	,352
1n: LOTS OF MEDIA COVERAGE OF NEW BUSS	1131	1	2	1,34	,472
1p: STARTED A BUSINESS IN THE PAST THAT OWNED AND MANAGED	1638	1	2	1,94	,235
2a: START-UP:R ACTIVE IN START-UP IN PAST YR	142	1	2	1,13	,342
2b: START-UP:R WILL OWN PART/ALL OF NEW FIRM	119	1	3	1,55	,564
2c: START-UP:NUMBER EXPECT TO OWN NEW FIRM	54	1	10	3,37	2,174
2ci: START-UP: R EXPECTS TO BE WORKING FULL-TIME IN THE BUSINESS	116	1	2	1,27	,444
2d: START-UP:WAGES FOR 3 OR MORE MONTHS	116	1	2	1,70	,461
2d1: START-UP:1ST YR PROFIT/WAGES 4 OWNERS	33	1997	9997	2488,27	1936,792
2e1: START-UP:PROD/SERVICE NEW TO CUSTOMERS	117	1	3	2,83	,441
2e2: START-UP:EXPECTED LEVEL OF COMPETITION	118	1	3	1,36	,547
2e3: START-UP:TECHNOLOGY AVAILABLE 1 YR:1 TO 5 YR:OR MORE ?	113	1	3	2,79	,508
2e4: START-UP:PROPORTION CUSTOMER OUT OF COUNTRY	101	1	7	6,19	1,426

2f1: START-UP:NUMBER JOBS NOW	33	0	120	10,94	22,891
2f2: START-UP:JOBS IN FIVE YEARS POST-BIRTH	88	0	10000	240,19	1497,289
2g: START-UP:REASON R IS INVOLVED	119	1	5	1,86	1,167
2gi: START-UP: OPPORTUNITY TYPE:4 CATEGORIES	67	1	3	1,85	,557
2h1: START-UP MONEY TOTAL	78	300	60000000	1944149,9 5	6914573,013
2h1a:START- UP:NASCENT TOTAL INVESTED AMOUNT FROM SELF	100	1	2	1,54	,501
2h2: START-UP MONEY:TOTAL INVERSTED BY R	39	15000	3000000	420256,31	586751,602
2h5: START-UP: R PAYBACK AMOUNT	101	2	8	5,90	1,584
2p: START-UP: PREVIOUSLY OWNED AND MANAGED A BUSINESS IN THE PAST	139	1	2	1,70	,461
2q: START-UP: OWNED AND MANAGED (1C) SAME OR DIFFERENT BUSINESS	43	1	2	1,30	,465
3a: OWN- MANAGE:NUMBER OWN THE FIRM	224	1	7	1,42	,664
3b: OWN-MANAGE:1ST YR PROFIT WAGES 4 OWNERS	72	2	15	2,85	2,019
3bi: OWN- MANAGE:WORKING FULL TIME IN THIS BUSINESS	215	1	2	1,40	,492
3c: OWN-MANAGE:1ST YR PROFIT WAGES 4 OWNERS	189	1985	2007	2001,53	4,306
3d1: OWN- MANAGE:PROD SERVICE NEW TO CUSTOMERS	218	1	3	2,94	,290
3d2: OWN- MANAGE:EXPECTED LEVEL OF COMPETITION	218	1	3	1,33	,591

3d3: OWN-MANAGE:TECHNOLOGY AVAILABLE 1 YR:1 TO 5 YR:OR MORE ?	213	1	3	2,82	,475
3d4: OWN-MANAGE:PROPOR CUST OUT OF COUNTRY	208	1	7	6,65	,986
3e: OWN-MANAGE:NUMBER JOBS NOW	204	0	200	5,45	22,779
3f: OWN-MANAGE:JOBS IN FIVE YEARS	169	0	500	16,97	76,433
3g: OWN-MANAGE:REASON R IS INVOLVED	214	1	5	1,85	,943
3gi: OWN-MANAGE:OPPORTUNITY TYPE:4 CATEGORIES	90	1	4	1,93	,650
3p: OWN-MANAGE:PREVIOUSLY OWNED AND MANAGED A BUSINESS BEFORE THIS ONE	222	1	2	1,82	,389
4a: BUSS ANGEL:INFORMAL FUNDING IN PAST 3 YR	67	10000	3000000	276835,82	515428,377
4c: BUSS ANGEL:RELATIONSHIP TO INVESTEE	78	1	5	2,44	1,392
4d2: BUSS ANGEL: R PAYBACK AMOUNT	74	1	8	3,09	2,216
5a: EX BUSINESS OWNER: BUSINESS CONTINUED AFTER IT WAS SOLD	84	1	3	1,61	,538
5b: EX BUSINESS OWNER: MOST IMPORTANT REASON FOR EXIT	81	1	97	11,63	24,385
Valid N (listwise)	0				



GLOBAL ENTREPRENEURSHIP MONITOR



Innovative University of Eurasia

**Global Entrepreneurship Monitor (GEM)
2007 National Experts Survey Report
Republic of Kazakhstan**

Attachment 9



USAID
FROM THE AMERICAN PEOPLE

KAZAKHSTAN

AUTHORS

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1. EXECUTIVE SUMMARY

The Republic of Kazakhstan is currently facing economy enhancement. In market conditions entrepreneurship is becoming increasingly important for production growth and economy stabilization. At present the citizens of the Republic realize that entrepreneurship is the basis of any country's economy. The analysis of the world experience and of the current state of Kazakhstan's national economy makes us realize the importance of developing entrepreneurship which is both a bulwark of the country's economic prosperity and a factor making a direct influence on the society's democratization.

Sure, there are no universal recommendations for achieving a fast economic growth of the country, increasing competitiveness and living standard. However, modern methods of analysis enable to reveal the key factors that promote or prevent different countries from innovative development. Such factors are revealed by GEM – Global Entrepreneurship Monitor; this distinguishes GEM from a great number of other researches undertaken in this field.

GEM is a consortium of more than 60 universities in more than 40 countries which was initiated in 1999 jointly by Babson College and London Business School. The first study began with 10 countries in 1999. In 2007 GEM involved 43 countries. At present more than 170 researchers are directly involved in GEM worldwide. Among the CIS countries Russia has been participating in GEM for 2 years, among the Baltic countries - Latvia since 2005. Kazakhstan participates in GEM for the first time.

This report uses the 2007 National Experts Survey Data and Innovative Eurasia University research to focus on and understand the factors that limit or contribute to the entrepreneurship development in Kazakhstan.

In total during questioning and interview experts were offered to evaluate 9 factors according to the 5-point scale: financial support, government policies, government programs, education & training, R&D transfer, commercial & professional infrastructure, market openness, access to physical infrastructure, cultural & social norms.

The highest score were given by experts to Cultural & Social Norms (3.26), Access to Physical Infrastructure (3.18) and Government Programs (2.99). Thus, experts considered that the social and cultural norms accepted in the country enable entrepreneurship to be regarded as a respectable occupation; proper attention is paid to the issues of developing entrepreneurship; there is no difficulty in obtaining the access to industrial infrastructure (transport, communication, etc.); there are quite efficient programs supporting entrepreneurship.

Slightly worse experts evaluated position of Commercial & Professional Infrastructure (2.67) and Financial Support (2.39). Experts noted that in spite of the fact that there are some drawbacks existing in these spheres, there are some services, such as banking services (money transfer, account operations etc.), law and consulting services, which satisfy current demand of entrepreneurs and are of quite high quality.

The lowest score was given by experts to the factor of Government Policies (1.47). Experts marked as drawbacks of current government policy issues of business registration, tax policy, private property protection and support of new firms' growth by the government. Not very high scores were also given by experts to R&D Transfer (1.75), Market Openness (1.99) and Education & Training (2.18). When estimating R&D transfer' state in the country experts noted weak support of engineers, inventors and scientists, inaccessibility of new technologies for new and growing firms. Market openness was determined by experts as a sharp problem, which solution is very important for the country on the way of improvement of its competitiveness in the world. Finally, experts marked a problem of law quality and inaccessibility of business education in the country.

Education was evaluated as one of the factors, which meanwhile, unfortunately, limit entrepreneurship development in our country.

In the Message of the President of Kazakhstan N.Nazarbayev to the people of Kazakhstan as of February 28, 2007, the Government of the republic of Kazakhstan was charged to analyze where and why there are law, administration and bureaucracy barriers limiting entrepreneurship development in the country. We hope that our report will help to uncover the main obstacles, limiting entrepreneurship development in Kazakhstan, and develop immediate measures to increase entrepreneurial activity of Kazakhstan's population.

2. ENTREPRENEURSHIP IN KAZAKHSTAN

Entrepreneurship has become a key factor in developing the country's economy for it helps solve many economic, social and political problems. Entrepreneurship is making Kazakhstan's economy more flexible.

The social and economic stabilization in the country has contributed to entrepreneurship development.

According to Kazakhstan's Statistic Agency, on January 1, 2007 there were 208.4 thousand registered legal entities in the country; 195.7 thousand of them being small, and 10.67 thousand - medium-sized businesses.

On January 1, 2007 524.6 thousand people (legal persons) were engaged in entrepreneurship. It should be noted that by January 1, 2003 the growth amounted to 8.7%.

In 2006 19.2% of GDP²⁴ was made by small businesses, therefore, small and medium entrepreneurship gives about 30 % of GNP.

Sector distribution of small enterprises has not changed recently. Most small businesses (40.5%) are in trade, car repair and household goods production. The total number of people employed by these businesses is 163.6 thousand, which is 31% of those engaged in entrepreneurship.

The above analysis shows that the Republican entrepreneurial structure has been developed, and its further development is included in the priority tasks set by President N.A. Nazarbaev in the Strategy of Kazakhstan's joining the 50 most competitive countries of the world.

At present there are many world organizations (World Bank, World Economic Forum, UNO, etc.) that analyze the level of economy development in different countries. Most of these researches only determine the country's ranking without giving any recommendations as to how to enhance the country's competitiveness.

According to the data published by the World Economic Forum on January 1, 2006 Kazakhstan ranked 56th in global competitiveness ranking, including:

- Basic requirements – ranked 51st
- Efficiency enhancers – ranked 56th
- Innovative factors – ranked 74th

Judging by these facts, it becomes clear that to achieve the main goal our country should focus on efficiency enhancers and innovative factors, which, in their turn, would contribute to economic growth. Though, the ways to achieve it need to be found.

Long-term researches have shown that there is a correlation between economic growth and entrepreneurial activity in the country. It has been revealed that in highly-developed countries new jobs are created almost exclusively by small enterprises. Furthermore, only 3-5% high-growth small enterprises contribute to economic growth, these enterprises are called "gazelles". Such enterprises

²⁴ (Statistical directory 2006, Statistics Agency of Kazakhstan)

include those which 4 years on end had over 20% annual sales growth. Thus, a group of European experts (“Innovative Gazelle Panel” project) published the data in 2006 which show that the most dynamic “5% of firms provide 75-80% of jobs”.

Furthermore, they came to the conclusion that “gazelles” can function even in dying sectors of economy, which is proved by the recent research made by the Russian specialists.²⁵

They have found out that small enterprise is capable of revealing the hidden opportunities in sectors that seem to lack prospects. Therefore, the government should support such active small enterprises. Yet, successful “gazelles” do not need anyone’s help. So it is important to reveal potential high-growth firms at an early stage in order to support them. To achieve this it is necessary to obtain the latest, reliable information on entrepreneurship, analyze it and compare with other countries, and work out recommendations for entrepreneurs and government officials aimed at enhancing entrepreneurship development. All this is done by GEM – Global Entrepreneurship Monitor.

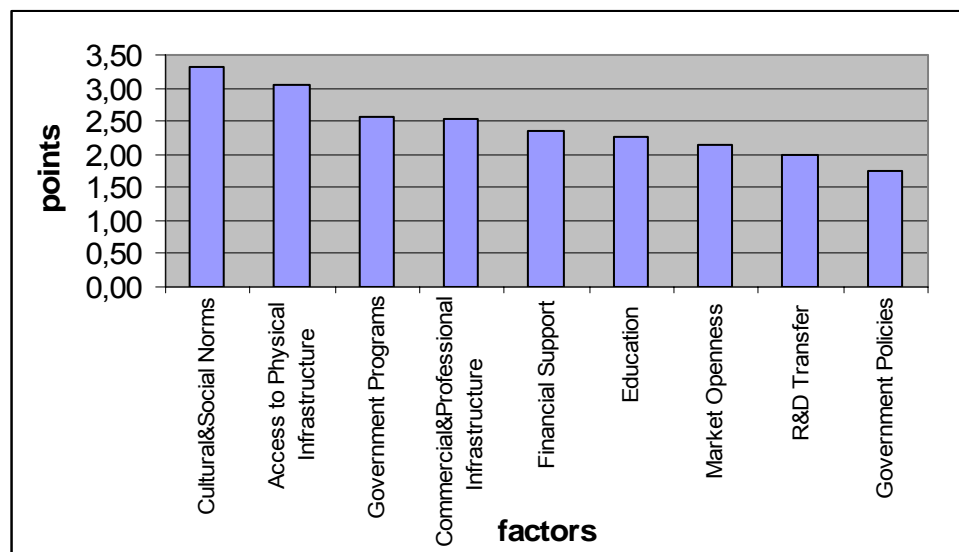
Since it is the first time for Kazakhstan, we need to uncover the factors that limit and contribute to entrepreneurial activity in the country. Therefore, the research team of Innovative University of Eurasia has undertaken a survey of national experts in entrepreneurship. In the future we are planning to investigate the factors that allowed nascent entrepreneurs to achieve high growth, as well as factors that prevented small and large enterprises from becoming “gazelles”.

3. GENERAL PICTURE OF SURVEY

This report provides a detailed analysis of experts’ opinions on the problems related to enhancing entrepreneurial activity in our country. The diagram 1 represents factors, influencing entrepreneurial activity, ranked by experts during the questioning.

Diagram 1. Ranking of factors promoting entrepreneurship (EFC).

Questioning.



²⁵ Empirical research was conducted in Financial Academy under the Government of Russian Federation and published by “KnoRus” publishing house in 2007 in the book “The experience of competition in Russia. The reasons of failure and success.” Authors: N.Dumnaya, G.Kolodnyaya, V.Razumov, V.Korolkov.

As seen from Diagram 1 the experts consider that the social and cultural norms accepted in the country enable entrepreneurship to be regarded as a respectable occupation; proper attention is paid to the issues of developing entrepreneurship; there is no difficulty in obtaining the access to industrial infrastructure (transport, communication, etc.); there are quite efficient programs supporting small business. The experts' opinions on these framework conditions were almost unanimous, with variation coefficient being within the accepted norm, i.e. 33%.

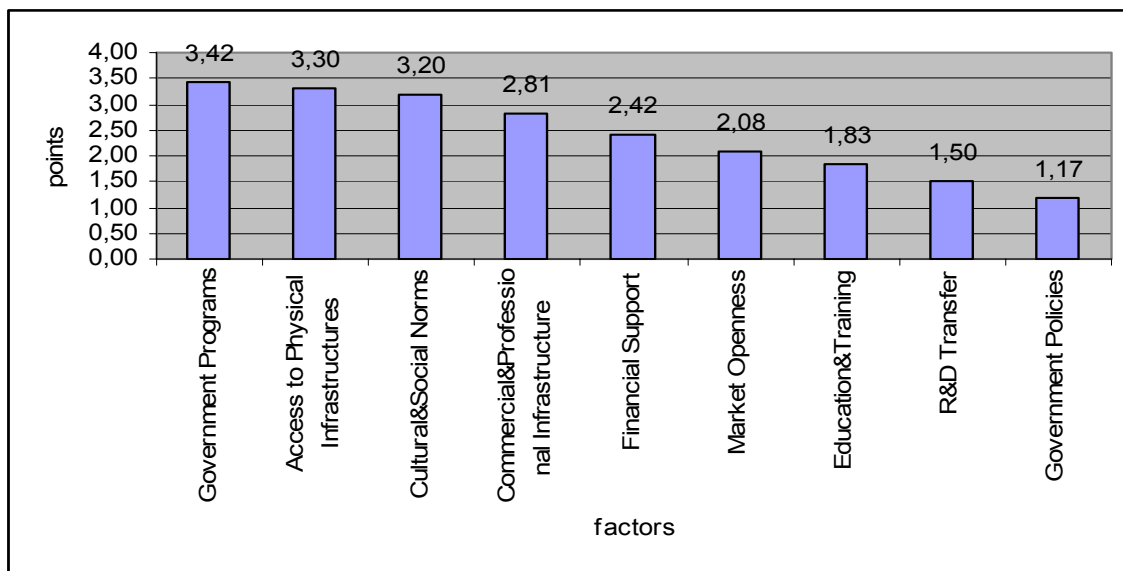
At the same time, the experts outlined the main problems that hamper entrepreneurship development in our country.

It was quite surprising that most experts consider government policies to be the main problem for small business development. In should be noted that experts' opinions differ, the variation coefficient amounts to 39.2%. The opinions on R&D transfer, market openness and education followed by government policies are also different with 51.3%, 47.7% and 37.8% variation coefficients accordingly.

Interview resume (diagram 2) shows that the most of experts determined as a main factor limiting entrepreneurial activity in the country government policies as well.

Diagram 2. Ranking of factors promoting entrepreneurship (EFC).

Interview.



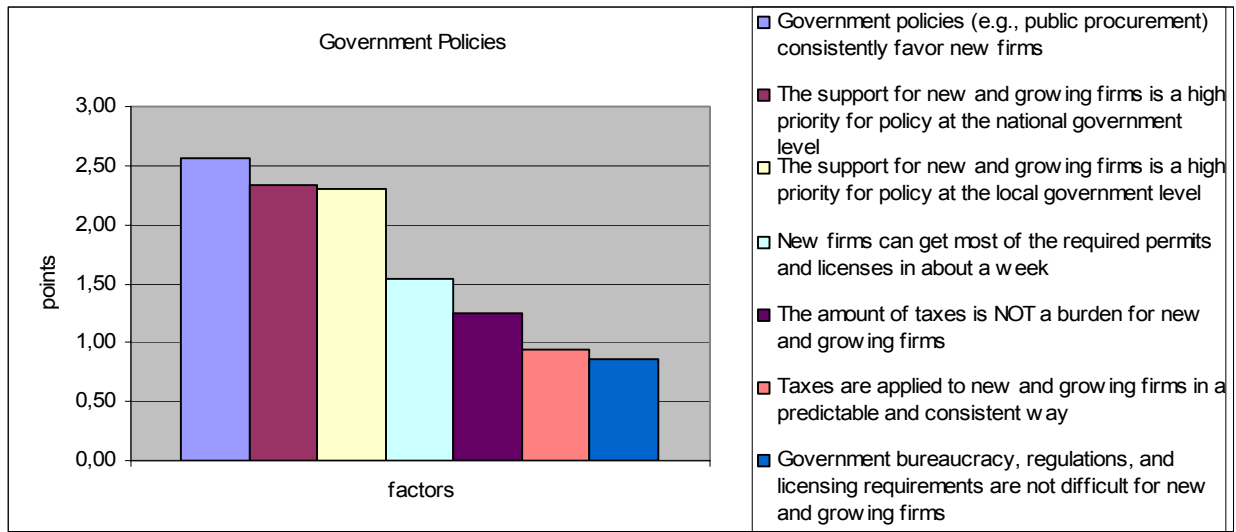
The third and the fourth place were also given by experts to education and market openness, but in this case they were interchanged. The difference in experts' opinions during the interview was somewhat higher, than in questioning, still allowable for this survey, correspondingly: 77.1; 61.2; 44.0; 35.6%.

Taking into account the importance of the above-mentioned four dimensions, i.e. Government Policies, R&D Transfer, Market Openness and Business Education in attaining country's competitiveness and experts' low evaluation of their condition in our country, we find it necessary to analyze them more thoroughly.

3.1 ENTREPRENEURSHIP AND GOVERNMENT POLICIES

The government policies determine the regulations that create conditions for developing entrepreneurship. Entrepreneurship development can be promoted in different ways. According to the survey, government policies may systematically create and maintain favourable conditions for entrepreneurs. The state policy may be implemented by both central and local authorities, it may establish favourable and consistent tax policy related to entrepreneurship, regulate licensing and obtaining permits. The parameters given in Diagram 2 were ranked 1-5 by the experts.

Diagram 3. Government Policies



According to the results obtained, the government policies are given unsatisfactory evaluation: the average point is 1.7 on a 1-5 scale. The evaluation of tax policy and the procedure of obtaining licenses and permits for entrepreneurial activity were quite low, in fact, lower than 2 points.

Experts' attitude to **local** policies promoting entrepreneurship is not quite clear, many of them remained neutral. This may be explained by the fact that either local policies do not have sufficient influence or the experts may not have detailed information on local authorities.

Apparently, the overall government strategy is correct, but it does not focus on individual entrepreneurs. The government policies may have insufficient measures for supporting developing business, i.e. business which is growing from year to year and requires systematic support. Many world research show that it is necessary to support business which is growing and developing, every year creating new jobs and contributing to the country's economic growth.

The lowest score received the statement "Government bureaucracy, regulations, and licensing requirements are not difficult for new and growing firms". The experts also referred in their interviews to this problem as a factor limiting entrepreneurial activity. They pointed out that every year about 200 statutory acts are adopted in Kazakhstan. Constant changes and amendments in normative documents allow officials to abuse their positions and mislead entrepreneurs. Lack of universal system of informing entrepreneurs of the changes in the government policies and legislation results in entrepreneurs' legal helplessness and even ignorance in establishing a business. Thus, to work without violating the laws the entrepreneur has to employ a lawyer, i.e. incur expenses. In many cases entrepreneurs cannot afford it, they do all the legal work themselves, so the firm's legal documentation does not meet the requirements, and the wrong interpretation or

untimely monitoring of the newly-passed statutory acts have a negative influence on the firm's activities and financial performance.

At the interview experts also referred to disregard of law by public officials and a complicated procedure of registering a business. Government officials interpret laws to their own benefit, thus creating a negative attitude to authorities. Imperfection of the existing normative documents allows the officials to create administrative barriers which, in its turn, lead to corruption.

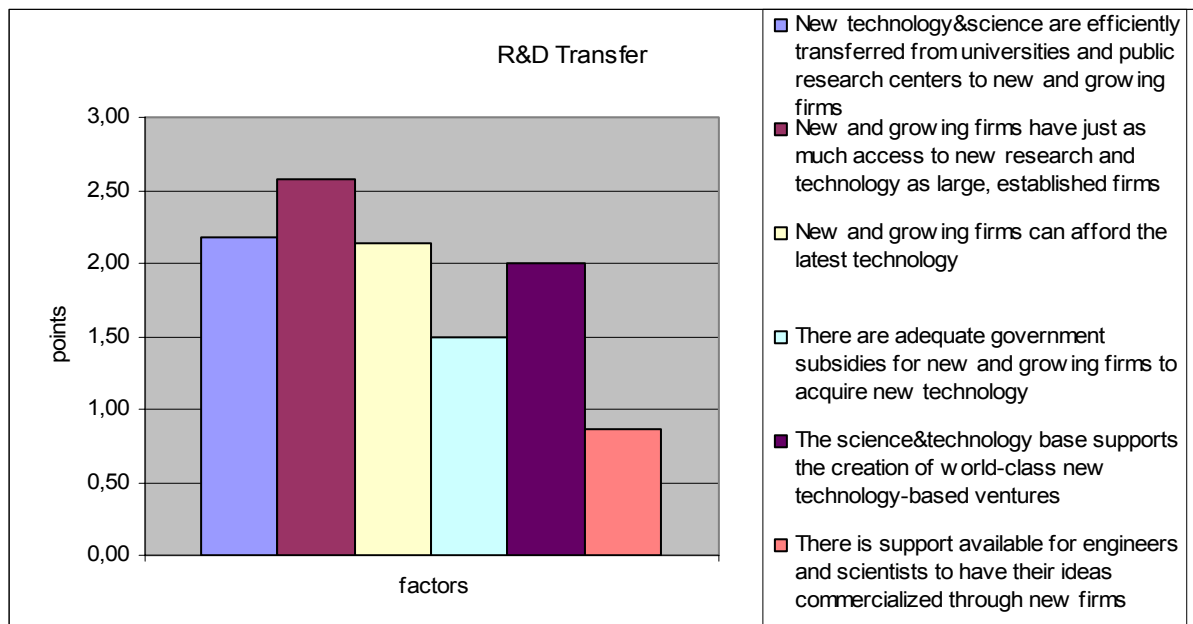
Two next statements concerning tax amount and tax policy received low evaluation as well. Taxation and tax accounting are very complicated which prevents many people from starting a business. Entrepreneurs spend weeks in tax organizations in order to submit balance sheets, thus, it is no secret that at present entrepreneurial structures often try to conceal their activities to avoid taxes, have double-entry book-keeping and underground production, make sham transactions, etc.

So far government support to small business in Kazakhstan was focused on providing tax preferences and preferential financing at the expense of government finance. This was efficient but not systematic which is determined by the fact that perspectives and objectives of small business development were considered independently without being integrated in the overall system of objectives and priorities of the country's long-term economic growth.

3.2 R&D TRANSFER IN ENTREPRENEURSHIP

Another important prerequisite of developing entrepreneurship is the use of innovative technologies. GEM research has shown that a growing enterprise should not only give profit and carry on business but also apply advanced technology, thus making the enterprise more competitive and developing. This prerequisite was evaluated by the following criteria: business knowledge succession, accessibility of new technology and research results, possibility of applying new technology, accessibility of subsidies for purchasing new technology, support to enterprises in innovative processes as well as support to scientists and engineers (Diagram 3).

Diagram 4. R&D Transfer



To the questionnaire statement “There is support available for engineers and scientists to have their ideas commercialized through new and growing firms” almost all experts said “false”. The matter is that an instrument for such support is a techno park, and the development of techno parks in Kazakhstan is tightened. There are no techno parks in some cities at all, and those several existing are established as public institutions, which lease their premises and are not engaged in their primary activities – insurance of the connection between science and production.

Experts’ attitude to the statement “There are adequate amount of government subsidies for new and growing firms to acquire new technology” was skeptical. The matter is that the most of established funds in Kazakhstan are working and will further work with large-scale enterprises only. These funds sponsor only “breaking through” projects. And growing enterprises is limited to micro credits only.

Many experts said “false” to the statement “The science and technology base supports the creation of world-class new technology-based ventures”. This is understandable, because the creation of national venture funds is on its development stage now. And experts doubt that those funds will cooperate with new and growing firms.

Introduction of advanced technology in Kazakhstan’s small business is possible provided a number of problems are solved: lack of knowledge and experience in this sphere, high cost of specialists’ services, lack of production premises, use of out-dated equipment, high cost of imported technology, lack of finances, small capacity of regional markets.

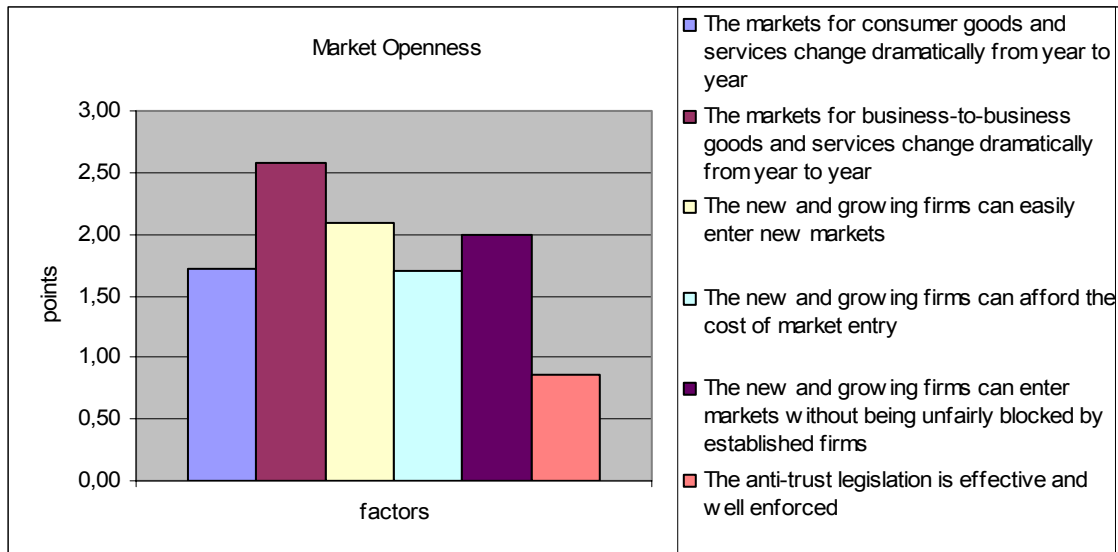
Taking into account the above-mentioned problems, the experts referred to poor ties between large business and small business which is more susceptible to innovations and has flexible structure capable of rapid application of new technology in production process. Large enterprises that have experience personnel, industrial premises, processing equipment, etc. should be interested in cooperation with small and medium businesses. This can be done on the basis of subcontracting or outsourcing. Subcontracting is an assistance offered to small businesses in concluding contracts for supplying goods to large enterprises. Outsourcing is transfer of auxiliary functions to external organizations. Outsourcing may be regarded as a logical development of the principles of labor division. Functions important for the organization’s activities may not necessarily be performed inside the organization. Indeed, it is much more profitable to use the services of an organization which specializes in performing this or that auxiliary function including application of innovative technology than create a specialized department inside the enterprise. If the appropriate tax preferences are stipulated, it is quite possible to organize the cooperation between small and large businesses.

Introduction of subcontracting and outsourcing in the regions will promote the growth of the local producers’ competitiveness and facilitate R&D transfer. The establishment of intercorporate relations implies the active involvement of authorities, sector associations, alliances of goods producers, chambers of commerce and industry, etc.

3.3 MARKET OPENNESS

Any business organization’s activity is aimed at finding a consumer of goods or services. Therefore, goods and services market, as well as consumer’s market, is one of the main priorities in entrepreneurship development. It is also important to take into account the accessibility of these markets for entrepreneurs. Diagram 4 shows the experts’ opinions on how the state of the market can promote entrepreneurship development.

Diagram 5. Market Openness



This diagram of average evaluations of market conditions testifies to the fact that the goods and services market has recently undergone considerable changes. Although experts have contradictory opinions on market openness and possibility of free entry to the market. According to the data, this may be explained by the fact that many entrepreneurs cannot afford the expenses for entering the market. On the other hand, difficulty in entering the market may be explained by inefficiency of antimonopoly law. The experts unanimously gave antimonopoly law a very low evaluation (below unsatisfactory grade).

The key factors limiting the expansion of the goods market given by the experts at the interviews were low competitiveness of the local goods compared with imported ones, lack of high-quality local raw materials, insufficient high-performance equipment due to its high cost, as well as population's low paying capacity, especially in the areas located far from commercial and industrial regions. At the present-day stage of Kazakhstan's economy development, on the threshold of joining the World Trade Organization, the correspondence to the requirements of the international standards is a priority in developing market relations.

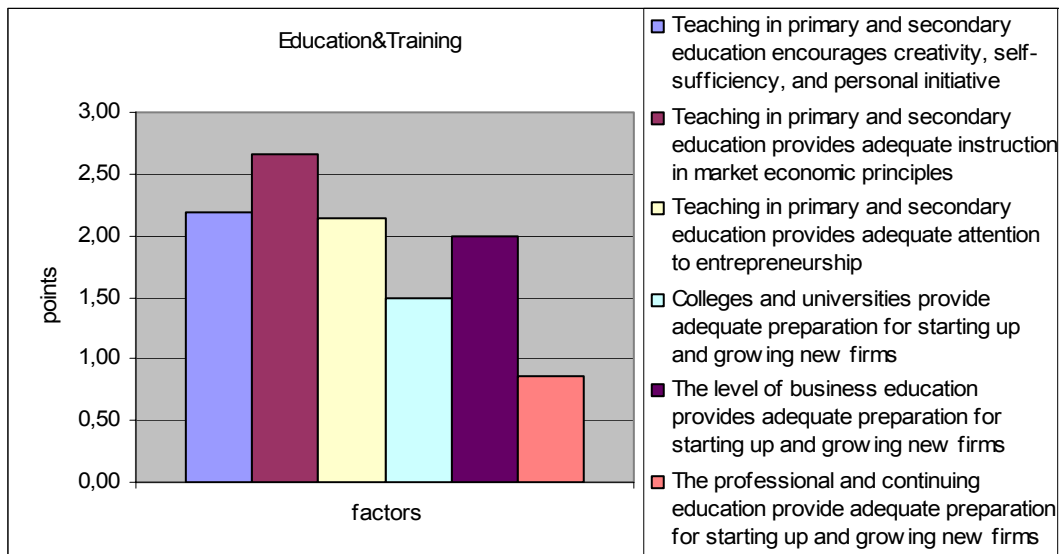
Another interesting insight from the results obtained from the survey is the difference between the changes in B2C (business-to-customer) and B2B (business-to-business) markets – 1.71 and 2.57 points consequently. Experts note that, unfortunately, the B2C market does not change dramatically for domestic producers because of dominance of cheap and infringing merchandises, mostly imported from China and Korea, in domestic market. At the same time, more quality and consumer goods such as famous brands of home appliances are very expensive.

B2B market is changing more dramatically according to experts' opinions. Experts explain this fact as the result of growing entrepreneurial activity which caused the demand in B&B services. However, experts still evaluate this factor as lower than sufficient. The thing is that many domestic producers import necessary raw materials and spare parts, used in their productions, from other countries. To solve this problem it is necessary to make importers of low quality goods pay customs and stop infringing merchandises.

3.4 BUSINESS EDUCATION

Education does not belong to the factors that directly affect entrepreneurship development in the republic. But on the other hand, education provides knowledge and skills necessary for entrepreneurs. Furthermore, education's influence on entrepreneurship development is of a long-term character which can affect several generations. The experts' opinions on education as a preparation basis for entrepreneurship were quite predictable. According to the survey, in primary and secondary schools there are no courses where the students would study the principles of market economy and entrepreneurship, but at the same time, secondary school cultivates such qualities as creativity and independence. Perhaps, these qualities may form a potential for further development of the personality as an entrepreneur. Though, these qualities are more important for the modern life style in general rather than for forming a future entrepreneur. Diagram 5 shows the experts' opinions on the role of education in training of entrepreneurs.

Diagram 6. Education and Training



As seen from the diagram, the lowest evaluation was given by the experts to professional and continuing education. Experts note that today's professional and continuing education is highly theorized and lacks connection with practice. So, a high school graduate is unable to run a business straight after his/her graduation due to the lack of practical knowledge. The system of higher education in our country also pays little attention to teaching basics of entrepreneurship to students. Continuing education is mostly oriented on professionals who already have some business practice, and, therefore, is not as effective as it could be.

The professional training and continuing education needs strengthening as well. Experts note lack of professional business consulting for business executives, absence of quality and affordable business trainings and courses.

Experts believe that the system of specialists' training has not undergone considerable changes and is still aimed at studying general subjects. The number of specialized subjects has been reduced due to the introduction of 4-year Bachelor course; the remaining subjects are mainly theoretical. Universities do not educate specialists capable of giving an impulse for positive changes in Kazakhstan's economy; do not train professionals capable of combining research, design and entrepreneurial activities. The training of such specialists should be based on in-depth fundamental

knowledge, learning the fundamentals of management, economy, engineering creativity and entrepreneurial skills. College and university graduates should not only be oriented towards searching jobs in the market of intellectual labor but also be capable of becoming entrepreneurs and creating new jobs. Unfortunately, the experts testify to the fact that the education system has not undergone drastic changes that would make it correspond to the requirements of modern market conditions.

CONCLUSION

The theory and practice of modern management show that it is enough to focus efforts on solving 20% of problems hampering the dynamic economic development, and the main problem will in principle be solved. The advantage of GEM is that it enables to uncover these key factors in the spheres which are not included in the public statistics and, therefore, are not paid due attention to.

The preliminary results of implementing GEM Kazakhstan 2007 have allowed revealing the main factors limiting entrepreneurial activity in the country:

1. Government policies do not provide “targeted” support to high-growth business. The existing tax policy is the main factor that hampers high-growth business, as after the business reaches the sales volume of 26 mln. tenge it has to pay VAT.

2. In spite of all the measures taken by the government to create an innovative infrastructure, most of the established techno parks, business incubators, marketing centers for R&D transfer, etc. do not offer real support to inventors in implementing their ideas and entrepreneurs in searching and choosing innovative projects whose products would be in great demand.

3. The experts, especially those engaged in entrepreneurship themselves, are particularly concerned about illegal force seizure of high-growth business by groups of raiders whose activity is not restrained by law enforcement agencies.

4. It is necessary to review the college and university curricula, eliminate a number of general subjects that are studied in secondary schools. This will allow increasing the number of specialized courses and paying more attention to practical workshops. It is also advisable to discuss the issue of establishing business incubators at all major universities that would allow students to learn the fundamentals of entrepreneurship, and some of them might create their innovative business while they are still studying.

5. System of business education in Kazakhstan is mostly oriented on experienced people who already have some practice in running a business, and are familiar with what professional and continuing education offers. On the contrary, professional and continuing education in western high schools is oriented on the work with graduates. This is the reason why the process of innovative development is hampered in our country, as the practice showed that innovative development depends on energetic, young and educated people.

6. Entrepreneurship development in our country is restrained by the dominance of cheap and infringing merchandises in our market, imported mostly from China and Korea. Most of those goods are of better quality than their domestic analogues. It was the reason why the attempt to realize the program of import replacement failed, because large scale companies prefer to buy raw materials and supplies abroad (in China) and not from domestic producers. It is suggested to introduce customs on low quality products and make a real barrier to infringing merchandise.

It stands to reason that all these preliminary conclusions and proposals are to be discussed with the specialists, therefore, we propose to submit them to an international conference planned to be held in March 2008 in Astana. By this time the GEM report will have been published, so we will be able to compare the level of entrepreneurial activity in Kazakhstan with other countries and learn GEM methods of solving problems which currently hamper innovative business development.

**RESOLUTION OF THE CONFERENCE
«ENTREPRENEURSHIP AND COMPETITIVENESS»**

February 23-24, 2007

The participants of the International Conference “Entrepreneurship and Competitiveness” pointed out that entrepreneurship support is a foreground task for Kazakhstan. Kazakhstan is the first Central Asian country that participates in GEM, which testifies to the high prestige of our country in the world community.

At the same time, the conference participants had to admit that, in spite of the reforms in taxation, licensing, financing and legislative control of entrepreneurship, the amount of operating small businesses in Kazakhstan is only 27.7%, and this figure has reduced by 7% within the past two years (though the total number of small businesses registered continues to grow). GEM research has shown that the simultaneous decrease in the number of actively operating enterprises and growth in the total amount of new firms registered results in the country’s competitiveness decline. This is a possible explanation of the fact that Kazakhstan’s global competitiveness ranking has dropped from 51st to 56th place, and by innovative factors Kazakhstan is ranked 74th in the world. Therefore, the conference participants find it necessary to unite the efforts of entrepreneurs, state institutions, educational and research organizations, to facilitate the implementation of the main tasks for further development and support of small business, set by President N. Nazarbaev in the Strategy of Kazakhstan’s joining the 50 most competitive countries of the world, and the President’s Message to the People of Kazakhstan.

GEM experts participating in the conference have decided to establish a permanent Entrepreneurship Experts Council for entrepreneurship development and enhancement of innovative infrastructure efficiency: financial institutions, techno-parks and business incubators, entrepreneurial corporations and consulting centers. The conference participants have recommended that the Expert Council should submit reasonable proposals to the Parliament and the Government of the Republic of Kazakhstan, pertaining to creation of appropriate conditions for establishing and running of small business:

1. Reduce the amount of by-laws regulating the establishment and running of business, which contribute to bureaucracy and corruption in state institutions. Create the conditions that would enable an entrepreneur to register a firm within 2-3 days, and start working within a month. Eliminate unreasonable accounting by small enterprises to the government. Simplify the procedure of liquidating businesses.

2. Improve and simplify the tax legislation so that it might encourage the development of high-growth enterprises and allow entrepreneurs to ‘come out of the shadow’.
3. Taking into account the experience of government support of entrepreneurship in the highly-competitive countries of the world, work out a mechanism of creating a competitive basis for participation of entrepreneurs and capital in various fields of economy. Limit the “non-specialized” functions of bureaucracy, and focus on government support aimed at a concrete enterprise. Use the resources of the government and state-owned companies as a catalyst for creating a demand for high-quality goods and services offered by small businesses on a public and competitive basis. Work out special programs for establishing new small businesses that would produce goods and services for the system of public purchases subject to financial support by the already existing and specially created funds.

The conference participants find it necessary to give the following recommendations to the central and local public authorities, to be implemented with the assistance from the representatives of small business, science and education:

1. Work out specific measures aimed at the implementation of the priority directions of entrepreneurship development indicated in the Strategy of Kazakhstan’s joining the 50 most competitive countries of the world, and alongside with social and entrepreneurial corporations, create the Regional Corporations of social development and entrepreneurship throughout Kazakhstan, aimed at facilitating cooperation between small businesses and large national corporations on the basis of franchising, outsourcing and subcontracting.
2. Legally establish the system of specific government support of Regional Corporations and business incubators, which is to include:
 - 1) The procedure of allotting plots of land; industrial, office, laboratory and other premises from the national and communal property.
 - 2) Exemption from rent, land and property tax, and establishment of other benefits and preferences.
 - 3) Budget financing of projects and programs implemented by Regional Corporations and business incubators, including the financing of design estimates; repair-and-renewal operations; entrepreneurs’ training; supplying with office and laboratory

equipment, tools, furniture; reimbursement of legal and consulting services' cost; as well as forming assets of micro credit and other financial institutions created within the Regional Corporations and business incubators.

- 4) Allocating grants on a competitive basis for conducting research aimed at either creating or improving the activities of Regional Corporations and business incubators; preparing projects; drawing up business plans; inviting experts and specialists, etc.
 - 5) Providing all the initiators or creating business incubators with equal rights and access to the funds allocated, regardless of the form of property or organization.
3. Involve scientists and experts in organization of experimental students' business incubators aimed at teaching students the basics of entrepreneurship, helping them with the choice of occupation, registering their own small businesses and supporting early-stage entrepreneurs.
 4. On the basis of existing business incubators or techno-parks, organize a system of training personnel for business incubators and techno-parks, invite foreign and domestic specialists with experience in establishing and running of business incubators and techno-parks.
 5. On the basis of Academy of Public Service and Regional centers for retraining and advanced training of public officials, organize special courses aimed at studying the progressive experience in government regulation and small business support, for Akims of different levels and public officials whose activities are connected with facilitating support and development of entrepreneurial infrastructure.
 6. Organize information exchange between entrepreneurs and legislative and executive regional authorities, and establish on this basis a united business information space for supporting entrepreneurship in the following main directions:
 - 1) forming a legal basis for small business data ware;
 - 2) organization of monitoring, analysis of public information resources functioning on a regional and national basis, and providing entrepreneurs with access to these resources;
 - 3) drawing up and implementing special projects and programs (or their sections), aimed at providing entrepreneurs with information, within the framework of

complex programs for support and development of entrepreneurship in the regions,
“E-government” program and its regional subprograms;

- 4) assistance in the formation of entrepreneurial data banks and introduction of electronic business running in regional small businesses;
- 5) provision of regional entrepreneurs with information;
- 6) organization of experience and information exchange with foreign countries on the issues of entrepreneurship support within the framework of GEM.

SURVEY METHODOLOGY

The first GEM stage is national expert interview and questionnaire. The experts were interviewed in accordance with the GEM Expert Interview & Expert Questionnaire Procedure Manual. The experts included academics, entrepreneurs, government officials and other specialists who have knowledge and experience in various fields of entrepreneurship.

The experts were selected by means of “snowball”. First we asked non-profit public associations of entrepreneurs to find specialists and active entrepreneurs, the latter found others, etc. Then, we made a final list of 36 experts who agreed to be interviewed. This list included civil servants, specialists working in such spheres as finance, education and science, consulting firms and techno parks. The sample of experts acquired included both males and females; a variety of individuals who are either professionals or entrepreneurs; individuals with different expertise and experience relative to the original 9 framework conditions; and individuals from various geographical locations covering national, regional, and local areas.

9 interviewers from professionals in social research, entrepreneurship, economics or business with relevant experience in interviewing were recruited to interview experts. After that, all interviewers were trained in the GEM interview process and data collection requirements. The interviews were conducted during two days. Each interviewer had 4 respondents to interview. All interviews were done face to face; they were done at a private classroom, each taking 20 minutes. Interviews were tape-recorded and later transcribed. The interviewer, however, had also to take detailed notes during the interview.

In accordance with GEM regulations we formed a group of experts, each of the nine entrepreneurial dimensions being represented by 4 experts who have qualification and experience in this field. These dimensions defined as Entrepreneurial Framework Conditions (EFC) are listed below:

- EFC 1 – Financial Support of entrepreneurship;
- EFC 2 - Government Policies related to entrepreneurship development;
- EFC 3 - Government Programs supporting entrepreneurship;
- EFC 4 - Education (i.e. professional training of entrepreneurs);
- EFC 5 - R&D Transfer, i.e. the possibility to use research results in production;
- EFC 6 - Commercial & Professional Infrastructure (techno parks, business incubators, consulting, marketing and other firms which offer their support to early-stage small businesses);
- EFC 7 - Market Openness, i.e. absence of hindrances for small business creating and functioning, created by monopolists and other influential bodies (bureaucracy, corruption, raiders);
- EFC 8 - Access to Physical Infrastructure, i.e. small business access to water-supply, heating, power supply, telephone, etc.);
- EFC 9 - Cultural & Social Norms, i.e. community’s attitude to entrepreneurship.

Besides 9 basic framework conditions the interview and questionnaire included additional questions which helped reveal the expert’s attitude to the issues discussed, e.g. possibility of creating a business within a short period of time, availability of skills required to establish and manage a business, the Government’s attitude to high-growth firms. The experts were asked to list the above-mentioned framework conditions in order of priority, i.e. to which extent they contribute to entrepreneurial activity, and list the spheres that need to be improved in the first place. The experts were supposed to rank the framework conditions 1-5. If the expert was not sure, the answer was not ranked.

Each framework condition contained 5-7 questions revealing different aspects of the issue discussed. Then we calculated the number of positive and negative evaluations, and the final result was represented by a median calculated by means of cumulative construction.

According to the structured interview approach used the interviewers broke the interview into 4 sections (generally 4 timeslots of 15 minutes), to cover the 3 GEM questions and the questionnaire. Using this method, the expert was directly asked each of the 3 GEM questions in turn. The structure of the interview was as follows:

Timeslot 1: 15 minute discussion about factors that limit entrepreneurship. After 3 responses were gathered, the interviewer confirmed with the expert the rank order of importance of each response before continuing to question 2;

Timeslot 2: 15 minute discussion about three factors that contribute to entrepreneurship in our country and the nomination of the 3 most important factors in rank order;

Timeslot 3: 15 minute discussion about what can be done to increase entrepreneurship in our country and the nomination of the 3 most important recommendations in rank order;

Timeslot 4: 15 minutes, for the expert to complete the expert questionnaire.

To calculate summary indicators we gave points to interview answers:

For factors, limiting entrepreneurial activity – 0, 1, 2;

For factors, contributing to the development of entrepreneurial activity – 5, 4, 3.

The final result was represented by a median calculated by means of cumulative construction.

We did not calculate the summary result for interview and questioning, because they have different evaluation scale.

After completing expert interview and questionnaire, the issues of increasing entrepreneurial activity were discussed at the Conference held by the Innovative University of Eurasia, Pavlodar, whose participants were the experts, academics, public officials, statistic agency employees and members of entrepreneurs' associations.

EXPERTS' INTERVIEW ANSWERS

1. FACTORS THAT LIMIT ENTREPRENEURIAL ACTIVITY IN KAZAKHSTAN

GOVERNMENT POLICIES

The tax and customs legislations are very complicated. They require careful explanation by high-paid lawyers. Small business owners can not afford it.

Absence of control over the government programs' implementation and legal irregularity cause corruption that prevents entrepreneurs from working efficiently.

Government officials interpret the laws to their own advantage which results in negative attitude to state authorities.

There is no special law providing for support of start-ups.

It takes much time to get various permissions, licenses, and other documents for start-ups.

Bureaucracy in getting various licenses and incompetent consideration of entrepreneurs' appeals result in corruption (bribes, collusions, etc.). Besides, in spite of a sufficient amount of legislative acts supporting business, state institutions regularly ignore the laws, violate the terms and requirements, thus taking advantage of the contradictions in legislation.

Tax reporting process is very complicated in the country. It discourages people from starting a business.

The procedure of business registration is too complicated, as it requires to gather and sign a great number of documents.

The system of taxation and tax reporting are complicated which keeps back and frightens people who wish to start a business.

The laws pertaining to entrepreneurship are not perfect and can be interpreted in different ways which allows government officials to use them against entrepreneurs.

The tax law is not perfect and causes ambiguous attitude of entrepreneurs to different aspects of tax code and tax collection.

The legislation is not perfect which favors corruption development in governmental and non-governmental sectors.

The government system is focused on strengthening the state interference in entrepreneurial activity which results in administrative barriers growth.

Entrepreneurs are not protected by the state from corrupted local and government officials. There is a fight against such officials, but it is not systematic and is aimed at removing those who disagree with the authorities.

The current normative documents are imperfect, which allows public officials to create administrative barriers, therefore, the entrepreneur works for the government and not vice versa.

High taxes and lack of tax benefits and preferences for entrepreneurs who follow the generally established tax procedures create unequal conditions compared to those who use simplified tax procedures.

There is no government support of early-stage entrepreneurs in the matters of entering the domestic and foreign markets.

There is a great number of legislative acts and by-laws, President's decrees, government regulations. They are constantly changing, contradicting each other, which prevent people from learning them.

Trading Activity Act and Consumer Rights Protection Act have been created, but they need further elaboration. There are no strict requirements to certificates, goods properties.

Difficulties and obstacles in registering a business. It is necessary to obtain permits and references from many institutions.

Bureaucracy in tax accounting. A lot of legal documents are to be submitted.

In our country new firms cannot obtain most of the permits and licenses required within a short period of time: usually it takes from two weeks to two months.

Lack of real support (financial, tax, etc.) from the government, there are lots of administrative barriers.

Corruption prevents law-abiding citizens from running a business.

Regional and district officials do not always follow the laws; there is no proper control over their activities.

Much of the entrepreneurs' profit goes to pay taxes. Because of the tax burden, entrepreneurs underdeclare their income, thus interfering with reliability of small business statistics.

Many start-ups encounter difficulties in registering their business (a lot of documents are to be collected). Later they share their impressions with their acquaintances thus discouraging them from starting a business.

MARKET OPENNESS

Large companies try to force the new growing firms out of the market so as not to give the potential competitors a chance to develop.

Foreign investors do not consider small business in Kazakhstan to be attractive. This prevents small businesses from entering the world markets.

It is difficult for new firms to enter the market due to ineffective anti-trust legislation and unfair blockage of new firms by the existing ones.

It is difficult for new firms to enter the markets because a certain part of the market is already full of more sustainable big firms.

Many entrepreneurs do not realize the necessity of professional growth. Thus, some companies take advantage of the contradictions in the legislation and competitors' ignorance about the means of protecting their business, and extend their market of goods and services by replacing their competitors, being in collusion with public officials (e.g. illegal commencement of prosecution, industrial espionage, illegal usage of trade marks and brands, etc.).

The domestic producers cannot compete with foreign firms, since neither internal nor external markets have economic conditions and mechanisms to support the domestic market.

Agricultural producers are dependent on processing enterprises because of disparity of prices. Therefore, it is difficult for small farms to enter the market independently because the most part of their products goes to pay for goods processing.

There are tax preferences for enterprises of definite branches, particularly VAT preferences, which prevents business development in other branches.

Small business has few chances to survive due to pressure from big capitalists. The small enterprises that become stronger are afraid of being taken over by large companies.

Free access to some entrepreneurial activities is limited by complicated procedure of receiving a license.

Nowadays it is more profitable for enterprises to do unofficial business and evade taxes. This allows them to reduce their products' cost and keep their position in the market.

Kazakhstan's market is open for importers. So the conditions of the market are unacceptable for domestic producers.

It is difficult for new businesses to compete with large companies.

In our country new and growing firms cannot always freely enter the market because of unfair blockage by the existing firms.

It is difficult for new small and medium businesses to enter the market since large companies do not let the new and growing firms compete with the existing ones or replace them despite their competitiveness.

When Kazakhstan joins the WTO, a lot of small businesses will go bankrupt, since their produce will not be able to meet international standards. At present there is no government control of goods quality examination.

There is no entrepreneurship development monitoring. Therefore, there is no systematic analysis or planning of business development. People who want to start a business cannot choose the field of activity.

At present small business can be done only in trade and consumer services. Other sectors require big investments, which limits the range of small business activities.

FINANCIAL SUPPORT

There is no opportunity to get a bank credit because start-ups have no assets to pledge.

The financial services available do not satisfy the entrepreneurs' interests due to their high cost.

Enterprises do not have sufficient circulating assets. The crediting conditions offered by banks are not profitable for the enterprises with long-term production cycle.

Financial institutes are not interested in supporting start-ups by reducing interest rates or moderating pledge conditions.

There is a very complicated and long loan registration procedure. It requires many references. Each reference preparation takes much time.

The second level banks offer credits to the small and medium businesses at a high interest rate that is much higher than refinancing rate.

The requirements and terms of bank credits (the sum, interest rate, pledge evaluation) are unacceptable for many start-ups.

There is no preferential financing for small and medium businesses.

There's lack of initial capital, and it is difficult to get a credit for establishing a new business.

The borrowed funds existing in our country (banking and others) are not available to start-ups because of high interest rates and the required confirmation of income or pledge property.

The existing finances are not available to all entrepreneurs because of their high cost.

There are no borrowed funds accessible for business start-ups, besides, it is quite difficult for young enterprises to get financing from venture funds or private persons (except founders).

Banks are reluctant to finance small business because of high risks. Moreover, there are high pledge requirements.

It is difficult to get a credit. Commercial banks offer high interest rates, and government credits are granted to people related to officials in charge of crediting.

Access to government credits is limited, and the bank credits are very expensive. This is an obstacle for start-ups with no reputation.

EDUCATION&TRAINING

Many people that wish to start their own business do not have sufficient knowledge of entrepreneurship, because in secondary schools there are no entrepreneurial subjects, and the courses on entrepreneurship taught at universities are very limited.

Business start-ups have many problems because of lack of knowledge in business running as well as in the tax accounting field.

High school curriculum does not provide for teaching the basics of entrepreneurship.

The economic disciplines block is insufficient in secondary schools.

Many people think that any person can do business, and business is a way to survive. Therefore, many entrepreneurs lack professionalism. Some public officials are not ready either to work in market conditions which results in taking unfeasible managerial decisions.

Vocational technical training is in decline now (many vocational schools have closed, the existing facilities are outdated, there are no scholarships for students). Thus, there are no educational institutions that would train production workers.

Lack of knowledge of running a business in market conditions limits entrepreneurial activity.

The high quality business education is available only for large-scale business entrepreneurs.

People who want to start a business do not have sufficient knowledge of establishing a business.

Entrepreneurs do not have sufficient knowledge of managing and running a business. They neither learn themselves nor do they provide training for their staff.

Most small and medium entrepreneurs do not have special knowledge required to start a business, which results in making mistakes when concluding contracts or making reports (which hinder their work).

The system of higher education pays little attention to teaching basics of entrepreneurship to students.

R&D TRANSFER

Lack of domestic innovative technologies and high cost of import technologies make their usage impossible by small and medium businesses.

New firms cannot always afford using advanced technologies because of the poor development of the latter in the republic.

Innovative technologies application level is much lower than it is in the WTO countries.

Kazakhstan is still a raw materials oriented republic. New technologies are not implemented which prevents development in processing of goods.

New and growing firms in Kazakhstan have no access to new research due to lack of efficient exchange of information on new technologies between universities, research centers, techno-parks and growing enterprises.

There is no good access to different research work which reduces the opportunities of their application in entrepreneurial activities.

Many entrepreneurs have no information on new technologies and that is why the level of their application is rather low.

Access to new production technologies is limited for several reasons: high cost, lack of specialists, insufficient information about advantages of this or that technology.

GOVERNMENT PROGRAMS

Government programs on entrepreneurship support are ineffective, because they do not include detailed duties of the state structures which are responsible for their implementation.

The entrepreneurs can not use all the advantages of the government programs in full measure because of state officials' incompetence and weak control over their work.

The government programs on financial support of entrepreneurial activity are ineffective because there is no control over their implementation.

There are no special programs for supporting business start-ups. Entrepreneurs become to be recognized only after they achieve some result either independently or with their relatives' help.

The government programs on entrepreneurship support do not cover all the fields of entrepreneurship.

Entrepreneur do not participate in developing and discussing of government programs, therefore, these programs do not always take account of the entrepreneurs' needs.

Government programs are worked out and implemented without taking into account the opinions of the public, experts, NGOs and industries. Therefore, government programs do not always match the population's needs and, as a result, are not so effective.

In our country the state officials are not always competent, therefore their work is ineffective.

COMMERCIAL&PROFESSIONAL INFRASTRUCTURE

Lack of logistics service centers in the republic reduces the effectiveness of cargo transportation, prevents its cost reduction and systematization of goods turnover.

Poor coverage of entrepreneurial issues in media reduces the interest to entrepreneurship.

There's lack of accessible education services that might offer high-quality consultations and training for specialists that meet the market requirements.

Insufficient development of market infrastructure, i.e. consulting, subcontracting firms, and other services that support new and growing businesses.

Poor development and inaccessibility of high-quality consulting services for many small and medium entrepreneurs. The existing consulting services are concentrated in large cities and are aimed at large companies.

2. FACTORS THAT CONTRIBUTE TO ENTREPRENEURIAL ACTIVITY IN KAZAKHSTAN GOVERNMENT PROGRAMS

Entrepreneurs have received perceptible financial support of business projects from small business development funds which are functioning due to the implementation of the government program.

A network of small and medium business support centers has been established and is being developed within the framework of government programs.

The government has prepared a pack of documents that gives opportunities to establish firms.

The government programs stipulate allocation of finance for the small and medium business development.

The following normative and legal acts give an opportunity to develop business initiatives: Strategy of industrial and innovative development until 2015, Program of small business rapid development until 2007, establishment of social and entrepreneurial corporations and business support institutions (investment, innovation funds, etc.). Unfortunately, not all of these acts are functioning. An important condition of improving state control of entrepreneurship is a legal public examination of normative and legal acts on entrepreneurship (expert commissions at all levels of authority).

In the country there is an adequate number of government programs for new and growing business.

There are many programs on entrepreneurship development, for example, business incubators development. They encourage people to start business.

A program has been developed on establishing social and entrepreneurial corporations which contributes to entrepreneurship development.

Kazakhstan Government develops and approves a sufficient amount of government programs that support and develop entrepreneurship (Entrepreneurship development support fund)

Entrepreneurship support is systematic. This means that it is planned and implemented through the various government and local programs of business development.

There is a number of entrepreneurial programs in Kazakhstan aimed at creating favorable conditions for establishing and developing a business.

Entrepreneurs can choose an appropriate government program to develop their business.

In accordance with the government program, Southern Kazakhstan has been defined as a free economic zone for developing over 200 light industry enterprises on preferential terms. Special financial support has been provided for their development.

There are a lot of financial institutions that support business development.

In our country there is a wide range of governmental support for new and growing firms which promotes entrepreneurship.

Development of computer and information networks contributes to the growth in entrepreneurial activity in the country. Many people are likely to use these services.

Government programs aimed at promoting entrepreneurship have enhanced the small business growth.

Government programs on business development provide additional business capacities for different sections of the public.

The program on cluster economic development has contributed to business revival in agriculture, tourism, etc.

The government supports entrepreneurs, works out business development programs and promotes the establishment of entrepreneurial associations.

State institutions are beginning to work with the population in accordance with the “Center of one window” principle. This will save much time and simplify the procedure of issuing the documents.

COMMERCIAL & PROFESSIONAL INFRASTRUCTURE

Internet access and organization of seminars on Economics, on establishing and running a business, have contributed to entrepreneurs’ number growth within the last years.

In my country there are opportunities to get qualified juridical and accounting services as well as proper bank services.

Consulting firms have big potential for development as many business start-ups are strongly interested in their high-quality services.

Regular seminars on accounting and taxation are held for entrepreneurs. Such seminars help avoid errors and penalties.

In our country there is a rise in commercial and professional infrastructure development.

The general level of market education is quite low in Kazakhstan, yet, the intellectual potential is rather high: many consulting firms, independent experts, nonprofit organizations can offer high-quality services in various aspects of business. Innovation technologies are being developed. Therefore, the infrastructure subjects in Kazakhstan are capable of supporting business competition in domestic and foreign markets. However, their services are not available for rural areas and small towns.

Nowadays the service sphere for entrepreneurship is a debugged mechanism in the republic. There is a wide range of services that are realized in short terms and require a minimum number of documents.

Business incubators do help new and growing entrepreneurs. They teach the fundamentals of business, give juridical and accounting consultations, and rent premises at reduced prices.

In Kazakhstan entrepreneurs can get high-quality services: banking, legal, accounting, which certainly contribute to entrepreneurship development.

Improvement of organizational infrastructure and service system for entrepreneurs has been reflected in the so called principle of “one window”.

Business growth is favored by infrastructure development, improvement of consulting juridical and other services.

Entrepreneurs can find the information on technical innovations on the Internet. This promotes international commercial links and new opportunities for business development.

New and growing firms have an opportunity to get high-quality services.

Infrastructure has been created to support entrepreneurship, which includes the representatives of business and government (Commission for small and medium business in the Government of the Republic of Kazakhstan, expert commissions at the national and local authorities, Small Business Development Fund, etc.). This infrastructure is aimed at providing proper conditions for small and medium business development.

Techno-parks, business incubators and industrial zones in each region of the republic allow start-ups to get professional and technical support.

Businessmen have an opportunity to get high-quality professional services in banking, accounting and audit.

There are a lot of consulting centers whose services are in great demand. Entrepreneurs can solve many problems at such centers (e.g. drawing up a business project).

Workshops and trainings for entrepreneurs on various aspects of business help them adapt to economic environment

CULTURAL & SOCIAL NORMS

Many people wish to apply their knowledge and professional skills to start their own business, because they consider entrepreneurship as a way to realize their personal ambitions and to improve their financial position.

In my country, national culture supports individual success achieved through personal efforts and initiatives.

In my country national culture supports individual success achieved through entrepreneurship and approves creativity, innovations as well as entrepreneurship risks.

The population respects the entrepreneurs who have achieved success by their own effort, experience and knowledge.

National culture approves of entrepreneurship.

The merger of western and eastern cultures contributes to entrepreneurship. We can speak of ethnic and gender equality in all spheres of life including entrepreneurship.

Nowadays most people consider entrepreneurship as an opportunity to increase their living standard and social status because there is a positive entrepreneur image in the society.

There is certain freedom of entrepreneurial activity that favors women entrepreneurship development.

There is an obvious advantage of business structures over government structures in income level that favors population involvement in entrepreneurship.

Entrepreneurs are regarded by most people as hard-working, energetic and responsible.

National culture appreciates self-sufficiency, independence and personal initiative of people.

The public opinion features a modern entrepreneur as a person who strives not only for personal income, but also for increasing his/her employees' welfare.

The people realize the importance of entrepreneurship development, especially in industry.

The national culture is aimed at supporting and developing entrepreneurship in the country.

Many people regard entrepreneurship as a means of self-actualization and increasing income.

The national culture encourages people's involvement in entrepreneurial activities. Even the owners of small shops, beauty shops, etc. are held in respect and encourage others to start a business.

The public opinion features entrepreneurship as a respectable activity.

People associate better living standard with entrepreneurship. They realize that once they start doing a business, much depends on their personal qualities.

The entrepreneurs' status in society is quite high.

ACCESS TO PHYSICAL INFRASTRUCTURE

Rich natural resources and favorable geographic location contribute to and create conditions for effective entrepreneurship development.

Access to and good functioning of communication systems increase business information exchange among growing and start-up entrepreneurs.

Entrepreneurs at different levels have access to communications systems which allows them to make new contacts.

Access to physical infrastructure is being expanded. Mobile tariffs have been reduced. Post, telephone, telegraph and transport links are available. All this promotes entrepreneurship.

In my country, information and computer services are rapidly developing.

In our country a new or growing firm can have an easy access to public utilities (gas, water, electricity, sewerage system), as well as rent or buy suitable buildings for their activities within a short period of time.

There is good access to communication systems (telephone, Internet, etc.).

Access to communications systems has activated goods turnover between different regions and countries.

FINANCIAL SUPPORT

The bank system is well regulated and offers various services to entrepreneurs of different levels.

Start-ups crediting by commercial banks and microcredit institutions is well regulated.

Bank system is functioning efficiently. They offer high-quality services to their clients, particularly, entrepreneurs. The cost of services is quite acceptable. This promotes rapid transactions turnover.

Entrepreneurship development financing is on a good level. It may be emphasized that now we have a class of businessmen who are willing to invest big capital in development of small and medium business projects.

There is a good level of commercial bank system on crediting and loaning for business. Entrepreneurship microcrediting system is also developing.

If an enterprise has a good credit history and business plan, it can get a credit on preferential terms. The banks began to appreciate reliable clients.

Entrepreneurs have free access to financial resources of state companies in the form of credits, attracting investments and financing of projects, investments in the initial capital of enterprises that use innovation technologies.

There is considerable government support, there are a lot of microcredit organizations. If the entrepreneur had a good business plan, he/she can get a credit at a low interest rate.

There are financial institutions supporting small and medium businesses. They allocate leasing, subsidies, long-term credits. Expert commissions have been created in the government and akimats aimed at regulating business development.

MARKET OPENNESS

The tax priorities in establishing international leasing companies that provide different equipment extend the opportunities for entrepreneurship development.

The possibility to be engaged in foreign-economic activity extends the market space.

The international trade agreements signed by Kazakhstan have allowed regulating the import taxation questions between the countries. This has caused the growth of foreign-economic activity among entrepreneurs and growth in joint-ventures.

There are no obstacles for small and medium business to enter new markets both in the country and abroad, except petrochemical, ferrous and non-ferrous metallurgy, and telecommunications.

Every year markets of goods and services are changing in my country, which testifies to sufficient market openness and lack of (or presence of insignificant) obstacles on the way to the market of consumer services.

Access to the markets of goods and services for small and medium businesses is free. It is determined by the firm's capacity to compete in quality, prices and assortment.

A wide range of services is being developed: marketing, advertising, etc., which promote sales of goods and services.

R&D TRANSFER

The transfer from the raw materials oriented economy to innovative projects contributes to entrepreneurial activity

My country encourages establishing world class venture enterprises, based on new technologies.

The government promotes and encourages research work. It allocates grants and develops various programs for increasing entrepreneurial activity.

Introduction of new technologies is promoted by the development funds that have been established.

The government creates new methods of promoting economic activities, based on the use of advanced technologies.

There are projects on developing research in innovative technologies.

EDUCATION & TRAINING

Students having high GPA rate have opportunities to get government grants to study abroad. There they can get education corresponding to European and/or American standards that would help them to bring the enterprises in Kazakhstan to an international level.

The general level of the university education is high enough in the country.

The level of education is quite high in the republic which allows to quickly master the current management methods.

3. EXPERTS' RECOMMENDATIONS

GOVERNMENT POLICIES

The implementation of the law "About private entrepreneurship" might have a positive effect.

Simplifying of licensing system will allow to expand the traditional fields of small business activities by means of entering the licensing market.

Government should support small business in entering market of competitive public purchases.

It is necessary to strengthen punishment for breaking the ethic code by the government officials. It can help provide equal rights and improve competitive environment among entrepreneurs.

It is necessary to re-consider tax law and to reduce the tax rate for small and medium entrepreneurship.

It is necessary to work out and implement a nascent business law which should stipulate the mechanisms of supporting and promoting business start-ups.

It is necessary to drastically change the approach to recruiting public officials. The main criterion should not only be higher education and work experience, but a specific plan of actions by the candidate in his/her new position, as well as understanding of the state institution's functions. Another prerequisite for officials working in the state management must be entrepreneurial education, since the government itself is a priori a subject of entrepreneurship.

It is important to change the procedure of tax accounting and to simplify forms of reports, which would encourage people to start business.

It is necessary to reform government structures and attract qualified specialists who would be able to solve problems of each separate entrepreneur.

It is necessary to simplify the process of business registration, to reduce the number of documents as well as to shorten the terms of their issue.

It is important to reduce the rate of corporate income tax and VAT for small and medium business.

It is important to improve legislation regulating entrepreneurial activity so that it might meet the modern requirements.

One of the government program directions must be social sphere investments.

It is necessary to carry out administrative reforms aimed at limitation of government control and inspection and orientation toward customers' needs.

It is necessary to reduce administrative barriers and the number of licenses required to start a business.

To create favorable conditions for developing of processing industries, it is necessary to give them tax benefits.

The government should develop a mechanism for keeping track of personnel potential in the society, creating appropriate conditions for skilled intellectual young people to work in Kazakhstan.

To invite independent experts and members of Associations and Alliances to check the quality of the goods purchased at the storehouses, examine enterprises' production capacities, equipment, etc. so as to maintain the high quality of output. Then put the enterprise ranking on the website.

50 % reduction of VAT for light industry products and exemption of light industries from profit tax for a period of 5 years will make shadow business unprofitable.

It is necessary to deprive some state institutions of the right to offer paid services which are not provided in the legislation of the Republic of Kazakhstan.

With the help of tax instruments, the government should clearly differentiate between small, medium-sized and large businesses, as well as according to branches. It should control their activities and create preferential conditions for start-ups.

The government should promote the establishment of business incubators that might offer real support to innovative business start-ups.

The government should simplify the existing procedures of obtaining permits (e.g. for renting plots of land or property), licenses, etc., and promote in all possible ways the establishment of new firms and development of existing firms.

Improving of tax system in the country, creating benefits for business start-ups that will support small business.

The government must offer real support to entrepreneurs in business enhancement and application of advanced technologies.

It is necessary to simplify the procedures of business registration and liquidation. The complicated character of these procedures discourages people from getting involved in entrepreneurial activity.

Proper conditions must be created for business start-ups (i.e. tax reduction, simplified statistic and tax accounting).

EDUCATION&TRAINING

It is necessary to conduct seminars for entrepreneurs on regional economic policies that can be used in business projects by the entrepreneurs.

The accessible cost of the services of the educational centers, consulting economic and juridical institutions for people that wish to start new business could cause entrepreneurs number growth.

Introduction of business organization into the secondary school curriculum will attract young people.

Insufficient attention is paid to entrepreneurship in our educational system. It is necessary to introduce economic disciplines at the early educational stage (7th -11th forms of the secondary school).

Today's education (elementary, secondary, higher) is focused on a mere transfer of knowledge about various phenomena which require only learning. Yet, education should first of all be aimed at developing creative thinking, forming an ability to make decisions independently, which should be started as early as possible (since the kindergarten).

Commercialization of university education had resulted in focus on economic and juridical majors. Lack of engineers will eventually lead to slowdown in industrial business. Therefore, universities must pay attention to training specialists in engineering.

It is necessary to establish a data base of national trainers to coordinate entrepreneurs' education in the republic.

Implementation of business education must be step by step at all educational levels from secondary schools to universities.

It is necessary to increase entrepreneurs' managerial competence, so as to work more efficiently. Therefore, entrepreneurship must be included in all university curricula.

It is necessary to increase entrepreneurs' legal competence. They should know their rights and take advantage of them. Advanced courses for entrepreneurs must include fundamentals of law, particularly, labor and tax laws.

The system of training, retraining and advanced training of personnel for small and medium businesses must be provided with experienced instructors and focused on entrepreneurs' needs.

Modern society sets a number of requirements to people. It is necessary to create a system of education "Education throughout the whole life" that might offer retraining in accordance with market requirements.

It is necessary to organize advanced training for entrepreneurs where they might learn about new methods of business organization.

It is necessary to offer business education to wide sections of public. This will enable more people to be involved in business (people who at present lack special knowledge in the sphere of business organization).

The university curriculum must include the course 'Business organization'.

Entrepreneurs need to upgrade their knowledge necessary for successful running of the business. Such information could be provided at specialized educational websites for entrepreneurs.

Fundamentals of entrepreneurship must be included in the curricula at secondary schools, colleges and universities.

FINANCIAL SUPPORT

It is necessary to elaborate the crediting program via financial institutions that will allow to expand the range of subjects participating in this program.

It is necessary to develop activities of microcredit organizations so as to reduce the interest rates and to shorten the term of loan registration.

It is necessary to isolate business start-ups when giving them a loan, in order to moderate crediting terms and attract people whose main obstacle in business is the lack of capital.

It is necessary to use privileged financing for the new firms during their first years of work to get firmly established.

It is necessary to simplify the crediting system and to reduce the bank interest rate.

New businesses should get a better access to borrowed funds. This will allow to increase small business and get 50% of taxes from these organizations. In this case we'll be able to change the raw material orientation of economy.

The bank crediting of entrepreneurial activity should be further improved to be profitable for both banks and businesses.

It is necessary to support the development of commercial banks that would specialize in preferential crediting of business.

To finance entrepreneurial projects, it is necessary to attract international financial, economic, private funds, as well as public associations' grants.

Financial institutions should develop the appropriate mechanisms for supporting enterprises during the first three years of their work, through preferential financing.

It is necessary to establish venture funds to finance innovative business start-ups.

It is necessary to create preferential financing for business start-ups and reduce interest rates. This will temper price rise for goods and services produced by entrepreneurs.

Preferential crediting will help start-ups to let their business grow.

Financial resources must be accessible to entrepreneurs of different levels. The mechanism of developing financial resources (reduction of cost, quality of services) should be worked out within the framework of a government program.

It is necessary to increase finances accessible to new and growing firms.

MARKET OPENNESS

Access to various scientific research data, favorable market conditions and trade quotas could contribute to development of start-ups.

It is necessary to develop a mechanism that will stimulate usage and development of innovative technologies by small businesses. This might attract new investors.

It is necessary to reduce trade restrictions on tariffs and quotas to support entrepreneurship and their entering the open markets.

It is necessary to improve antitrust legislation, in particular, the issues of fair competition and other aspects of free entrepreneurship.

It would be better to extend business-to-business market. Municipal bodies and large-scale business can be served by small businesses, i.e. territory cleaning, transport maintenance, etc.

It is necessary to have full access to the information on government programs and agreements. Only in these conditions entrepreneurs will have equal opportunities to use the programs for their own business development.

The government must not leave domestic business without control, thus creating more profitable conditions for foreign companies, in particular, giving them different kinds of preferences such as low tax, quotas for using natural resources.

Small business should actively use franchising relations. This will allow to reduce large enterprises' pressure. Coming to an agreement is better than arguing.

To develop competitive environment regardless of entrepreneurship spheres, it is necessary to simplify the procedure of obtaining a license for specific types of activities.

It is necessary to protect the internal market from unfair competition and damping, on the basis of the current legislation. Take measures to eliminate "shadow" import of the goods and create equal competitive conditions for all the subjects of foreign economic activity.

It is necessary to take organizational and legislative measures to prevent forced takeover of small firms by large corporations.

It is necessary to promote fair competition and protect new firms when they enter the market.

It is necessary to revise the antimonopoly law in order to reduce monopolists' pressure on small business by means of raising tariffs.

It is necessary to work out regional entrepreneurship development programs that will take account of the region characteristics (geographic location, economic conditions, people's mentality, level of business development), and give recommendations on the optimal choice of the field of activity in this or that region.

Franchising relations must be developed. Large business can beneficially help small and medium businesses develop (make investments and place orders).

R&D TRANSFER

It is necessary to legally establish and develop the centers for advanced technologies, and promote their cooperation with entrepreneurs.

It is important to create a mechanism that could extend the access to the new high-techs for the new and growing firms.

It is important to intensify cooperation and support in the sphere of innovations and new technologies both at the government level and in the private sector.

Special attention must be paid to development and transfer of technologies, creation and support of business incubators, techno-parks and research, which is an indispensable condition of small business development.

There is a need of government programs that will stimulate the new high-tech development that could be accessible for new and growing firms.

A special mechanism is needed to promote and apply advanced technologies that would produce a significant economic and social effect.

It is necessary to invite experts to develop a mechanism of applying modern methods of resources management, taking into account the specific conditions in Kazakhstan.

To promote enterprises that introduce innovations the government should exempt them from taxes. It is necessary to create a commission of experts to discuss and encourage the introduction of new advanced technologies.

COMMERCIAL&PROFESSIONAL INFRASTRUCTURE

The basis for successful business is the appropriate business idea. In order to formulate this idea and turn it into a business project, the entrepreneurs need consulting firms' support. Lack of such

specialized consulting firms (centers, funds, associations, legal services, audit companies, etc.) in the rural area and in small towns requires a government program on developing business infrastructure.

It is necessary to establish recruitment agencies that would create a data base on fields and professions. These agencies should be combined into one system and assist entrepreneurs in staff selection.

It is necessary to organize and support a network of business centers, business incubators, informational and analytical centers, scientific and consulting centers on entrepreneurship development.

It is necessary to strengthen propaganda of entrepreneurship development in media and Internet, to create the small business web-sites, to publish special brochures, booklets, etc.

It is necessary to extend the variety and quality of business incubator's services. It is very important for new and growing business.

It is necessary to develop consulting service in management and HR-management with the aim to help entrepreneurs and top-management.

It is necessary to develop commercial infrastructure in the remote rural areas. This will raise rural population's awareness of different aspects of business.

It is necessary to establish consulting firms and invite foreign experts. This will enable entrepreneurs who would like to extend their business abroad to get consultations on specific features of foreign business.

CULTURAL&SOCIAL NORMS

The historical monuments preservation, archeological research, environmental protection will contribute to tourist industry. Many entrepreneurs could be engaged in this business in all country regions.

It is necessary to reconsider social norms to fix the affordable price for infant schools, and to increase the donation services for pensioners. In these conditions the housewives who look after their children will have time to start business. Social infrastructure development will create new jobs.

It is necessary to develop the quality of working with entrepreneurs in the state bodies, banks, insurance, notary and juridical firms, etc.

It is necessary to develop socially oriented business, i.e. consider it through social responsibility and social reforms in society.

It is important to reconsider health level, healthy life-style as an economic category, as a capital and source of investments.

GOVERNMENT PROGRAMS

It is useful to study and apply experience of the most effective programs on small business from different countries when developing various programs on entrepreneurship development in Kazakhstan.

It is important to publish reports on the progress and results of budgeting programs in media and other information sources, so as to keep track of their implementation.

The programs aimed at supporting and developing entrepreneurship in the regions must be worked out by the department specialists together with entrepreneurs, and should focus on solving the specific current problems.

ACCESS TO PHYSICAL INFRASTRUCTURE

Reduction of the costs and simplification of the access to the communications and natural resources could contribute to entrepreneurial activity.

It is necessary to develop the republican cargo traffic scheme. It will allow reducing transport expenses and delivery terms for entrepreneurs. For example, the cost of cargo transportation from northern to western regions makes up 30 % of the cargo prime cost.

It is necessary to create centers developing communication links between different parts of the country, markets, and branches. This will allow entrepreneurs to expand their activities and respond to market requirements.

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Appendix 10: The Country of Kazakhstan
Barriers of Entrepreneurship and Support for Entrepreneurship
European Economic Commission

June 18-19, 2007

Geneva, Switzerland Report

By: Ms. A.N. Toxanova, PhD in Economics; Professor, Director of the Macroeconomics Department, Economic Research Institute; Astana, Kazakhstan.

Subject: The Primary obstacles to entrepreneurship development and the means to overcome them within the Republic of Kazakhstan (Slide 1).

Introduction:

Kazakhstan became the first country to sign a joint development agreement directly with the US Government, known as the Program for Economic Development, which will fund the United States Agency for International Development (USAID) at increasing levels per year (Year 1 – 25%, Year 2 – 35%, Year 3 – 45%, Year 5 – 50%) in terms of programs focused on entrepreneurial and economic development in Kazakhstan. Thereby USAID and the Government of Kazakhstan (GOK) have now begun to jointly fund projects such as the Kazakhstan Small Business Development Project, which will provide assistance to business support providers that in turn will strengthen and build SMEs. And, during January 2007 Kazakhstan became the first Central Asian country to become accepted in to the GEM (Global Entrepreneurship Monitoring) Consortium, as a result of assistance provided through USAID's and GOK's Kazakhstan Small Business Development Project. Consequently, a GEM survey focused on Entrepreneurship is now being implemented across the country, and next year we look forward to having an even clearer picture of entrepreneurship development in our country. Overall, Kazakhstan is at a crossroad in its development. The country, government and its people want improvement and change; President Nazarbayev has stressed small and medium enterprise development as an important mechanism for growth. We need to make changes now so that our economy is not alone dependent upon mineral resources. As a result, we are striving to introduce change now to make our economy more competitive and improve the quality of life for Kazakh citizens for the future.

1. Small Business Monitoring -- Republic of Kazakhstan

As of October 1, 2006 data of the Statistics Agency of the Republic of Kazakhstan reports 823156 small business entities as registered, yet the agency also reports that only 48739 are active enterprises. The Statistics Agency also reports 168130 legal entities and 116550 operating entities.

Despite the fact that the number of small businesses during 2006 grew by 22.7% from 2005, still the number of actively operating small business entities is rather small and constitutes only 29%. In Kazakhstan, the primary reason for this lack of strong growth in entrepreneurship is a coinciding lack of knowledge and experience in creating new business.

In our country, the highest entrepreneurial activity continues to be noted in the trade sector, where 341632 entities are registered with a total of 533181 employees. As of this time, there has not been a sufficient level of innovation to counter the downturn in production.

To overcome the organizational, legal and administrative problems associated with the development of small business in Kazakhstan, a new uniform Law on Private Enterprise has been adopted, led by the Ministry of Industry and Trade of the Republic of Kazakhstan [1].

The adoption of this law reduces administrative pressure, regulates all oversight departments in conducting audits of private enterprises, and forbids adopting normative by-laws on audits. A legal project entitled “On Amending and Inserting other Articles into Legislative Acts on Entrepreneurship” has been developed, striving to correct 57 current laws in the Republic of Kazakhstan.

The share of small business (small business and households) in the GDP of the republic amounted to 35.2% in 2006. The number of registered small business entities amounted to 739122 in 2006, 569127 of them are operating, which constitutes 77% (Slide 2).

An analysis of regional small business within Kazakhstan indicates by the number of registered entities that Almaty is undoubtedly ahead of the rest of the country - 35 %, followed by Astana – 9.1 %, and then South-Kazakhstan region – 9.1 %. (Slide 3).

An industry analysis regarding the development of small business within Kazakhstan indicates that the trade sector still shows the highest level of entrepreneurial activity – 45.8% of entities with the number of 161 500 workers, construction follows – 13.8%, industry – 10.9 % (Slide 4).

2. Obstacles to Entrepreneurship Development

2.1. Financing Small Business

2.1.1. Financing SMEs Through Second-tier Banks.

One source entrepreneurship finance is obtained through a loan with second-tier commercial banks (Slide 5). Recently, interest rates of commercial banks have decreased from 30% down to 12-14%. In addition, one can now obtain a loan with a 10% annual rate through the Small Business Development Fund, a governmental source of finance established specifically to address SME development. Competition in the banking sector is expected to allow further decrease of interest rates down to 6-8 % (Slide 6). As well, loan issuance periods have been broadened to 5 years, however it is still not viewed as sufficient enough to support large innovation projects (Slide 7).

In previous periods, loan guarantees were required to be twice the size of the loan, but now need only amount to 20% of the sum in case of providing a deposit and 80% of the loan sum as acquired fixed assets (Slides 8-9).

Due to the development of the banking sector (according to a World Bank rating), Kazakhstan’s index for access to financial resources has improved by 69 points, from the 117th to the 48th position (Slide 10).

2.1.2 Obstacles to Financing Small Business through the Microcredit Organizations (Slide 11). In March 2003 a Law entitled “On Micro crediting Organizations” was adopted, and subsequently more than 300 such micro credit organizations were created. As a result 77,000 micro credit loans have been issued amounting to 24 billion tenge (\$200,000,000) in Kazakhstan. Presently it is recommended to further develop the micro credit organization network in the rural areas, considering such factors as the low income level, absence of marketable mortgages and securitization, absence of knowledge and experience in organizing a business and seeking credit (Slide 12). On December 8, 2006, law amendment # 198 increased the maximum size of the given credit allowed from approximately \$8,958 up to \$71,666 (Slide 13).

2.1.3. Finance Obstacles in Reference to Small Entrepreneurship Development Fund and Development Institutes.

Governmental support in financing small business is performed by the “Small Business Development Fund” JSC (the Fund). Formed in April 1997 by the Government of Kazakhstan, the Fund seeks to stimulate economic growth of SMEs, by utilizing state financial assets to support small business development (Slide 14).

The Fund provides credits to SMEs, both directly, and through second-tier banks, and has branches in all 14 regional centers of the country, in Astana city, as well as representatives in Zhezkazgan, Semipalatinsk, and Arkalyk. Financial support for the development of small business enterprises in all programs implemented by the Fund has resulted in the creation of approximately 250,000 new jobs throughout Kazakhstan since the beginning of 2005.

On an annual basis, 10 billion tenge (\$83,333,333) are allotted for the development of small business from the state budget to Small Entrepreneurship Development Fund (SEDF). Since the end of 2002 SEDF began to credit small entrepreneurship entities through its own resources with a term of up to 5 years under 12% annual interest rate, and since June 2004 the interest rate has been decreased to 10%. As of October 1, 2006, SEDF financed a total of 1392 projects amounting to 16.5 billion tenge (\$137,500,000), including 343 projects for the first 9 months of 2006 amounting to almost 4.4 billion tenge (\$36,666,666) through its own resources targeted to project financing and leasing.

However the Fund has not been viewed as entirely effective. As bank rates are already equal to 12%-14%, and considering the long decision-making credit process at SEDF, entrepreneurs tend to prefer obtaining credits at commercial banks. To increase the competitiveness of the Fund it is recommended to decrease the interest rate down to 6-8 %, as well as to provide autonomous decision-making on credits to its branches, and reduce the number of procedures for obtaining a credit (Slide 15).

Beginning in 2005, SEDF has begun to provide guarantees to small entrepreneurship entities -- those obtaining credits in second-tier banks backed by SEDF guarantees. The Mortgage requirements are the following – secured to not less than 20% of the loan sum, minimum guarantee sum is 1 000 000 tenge (\$8,333), the maximum guarantee sum is 120 000 monthly calculation indices (131.04 million tenge or \$1,092,000). The Fund guarantee share is up to 80% of the principal debt of small entrepreneurship entities, the basic fee rate on the Fund guarantee is up to 2.5% of the guarantee remainder, and the maximum guarantee term is up to 7 years (84 months). As of October 1, 2006, SEDF provided guarantees for 18 projects amounting to 475.7 million tenge (\$3,962,500), including 11 projects for the first 9 months of 2006 amounting to 298.2 million tenge (\$2,485,000).

In order to improve implementation of the small entrepreneurship guarantee program SEDF branches should develop partnerships with second-tier banks. As well, issuing greater authority to branch offices could decrease the amount of time spent on project consideration, but this would also entail ensuring the branch personnel is sufficiently and adequately trained to do the work.

The Fund guarantee fee rate amounts to 2 % of the loan sum. It is recommended to use the Japan’s experience, with an Association loan guarantee, representative offices in all 52 administrative territories of the country, provides guarantees to small firms for the whole loan sum under 1 % of the total sum.

During the year 2000, the adoption of the Law “On Financial Leasing” allowed entrepreneurs to have access to purchase equipment. According to 2005 data approximately 20 leasing companies were present in the country, with 15 of them actively working, and the leasing portfolio total at roughly US\$ 200 million. (Slide 16).

To obtain leased equipment the following requirements must be fulfilled: advance payment is from 10% to 30%, the finance sum is up to 60000 minimum calculation indices (MCI), the basic fee rate is 10% per annum, the term is from 3 to 5 years with a grace period is to 1 year, repayment is made on a monthly basis, debt principal repayment is made on a monthly, and quarterly basis.

Leasing companies prefer to finance already existing profitable businesses. Particularly, they tend to require a lack of debt by the leaser, and income during the past year of work. In addition, the share of capital in balance should amount to no less than 15% of the value of assets, and the fixed assets value should exceed the valued of the leased equipment.

It is necessary to further develop competition in the leasing services market, among both domestic and foreign companies. “Reiffeisen Leasing” and “IMG Leasing” have already come to the Kazakhstan leasing market, and it is expected that this competition for clientele may cause improvement of conditions in this arena.

To implement the “Strategy of Industrial and Innovation Development (2003-2015)” in Kazakhstan the following development institutes were created with government finances: Kazakhstan Development Bank (KDB), the National Innovation Fund (NIF), Investment Fund of Kazakhstan JSC (IFK), State Corporation on Insurance of Export Credits and Investments JSC (SCI). Creation of these development institutes will also allow to overcome one of primary financing problems in Kazakhstan: unwillingness of banks and other financial institutes to finance the innovation and production projects due to high risk and long payback periods (Slide 17).

The development institutes continue the work implementing investment projects and formation of an innovation infrastructure. As of October 1, 2006, the portfolio of investment projects for development institutes consisted of 144 projects approved for financing amounting to 3.7 billion dollars, with the participation of development institutes of more than 1.0 billion dollars. A total of 117 projects have been financed amounting to almost 2.5 billion dollars, with the participation of development institutes funding at 0.8 billion dollars. As of October 18, 2006, the aggregate authorized capital stock of “Kazyna” JSC, combining the development institutes, amounted to 162.7 billion tenge (\$1.355 billion), including 34.7 billion tenge (\$0.289 billion) allotted from the government budget in 2006 for replenishment of authorized capital stock of “Kazyna” JSC group companies.

At the same time, we should increase the work efficiency of these development institutes, decrease the number of procedures necessary for project consideration, increase the objectivity and justification of project selection, it is also necessary to structure appropriately the financial and credit institutes in Kazakhstan.

2.2. Obstacles in Business Taxation

2.2.1. Lowering Tax Rates.

In Kazakhstan entrepreneurs pay the following taxes: the value added tax is 14 % of taxable income, the corporate tax is 30% of taxable profits, the social tax is 20-22 % of salaries and other taxes. The share of taxes on gross profit amounts to 40 % (Slides 18-19).

A policy of lowering taxes has begun in Kazakhstan. Starting from 2007, the value added tax rate is decreased by 1 %, it is now amounting to 14 % instead of 15% in 2006. Effective in 2008 a decrease in the value added tax is planned to be reduced to 13 %, and from 2009 – down to 12 % (Slide 20).

Earlier there was a progressive individual income tax scale, however now a flat rate of income tax has been introduced amounting to 10 %, and so presently persons of low and high income pay out equal individual income tax in percentage terms.

Special tax incentives have been introduced a) based on a one-time coupon b) patent-based c) based on a reduced declaration. Special tax incentives based on a one-time coupon is applied to physical persons, and are periodic in nature, i.e. performed for no more than ninety days in a calendar year, except on activity performed on the basis of contracts made with tax agents (Slide 21).

Patent-based tax incentives are applied to individual entrepreneurs under the following conditions: 1) they are not using hired labor; 2) they are performing their activity in a form of private entrepreneurship; 3) the income does not exceed 2.0 million tenge for one year. During 2007 the rates of patent-based special tax incentives decreased from 3% down to 2%.

Special tax incentives based on reduced declaration is applied to small business entities with the following characteristics:

1) individual entrepreneurs with a maximum average number of workers for the tax period amounting to twenty-five people (including the individual entrepreneur), and the maximum income for the tax period amounts to 10 000.0 thousand tenge (\$ 83,333);

2) legal bodies with the maximum average number of workers for the tax period amounting to fifty people; the maximum income for the tax period amounts to 25000.0 thousand tenge (\$ 208, 333).

During 2007 a special tax incentive of a 3% flat rate was introduced instead of the separate progressive scale for individual entrepreneurs (3% to 5% rates) and for legal bodies (3% to 7% rates.)

The exceedingly high social tax rates of 20 % and more in the progressive scale causes workers' salaries to remain in a "shadow economy" for the most part. During 2008 it is planned to effect a lowering of the social tax to 5-13% from currently 30%. (Slide 22).

The corporate tax rate in Kazakhstan is considered fairly high and amounts to 30 % of taxable income. The Government adopted a law entitled 11-III "On amending and adding new articles to some statutes of the Republic of Kazakhstan on taxation issues." These measures stipulate:

- exemption from payment of corporate income tax by newly created tax payers while performing activities in priority branches of economy in particular investment projects which focus on a creation of new production;
- introduction of a preferential tax for organizations producing products with high value added and implementing a management system conforming to international standards requirements;

The incentive of special taxation for organizations producing products with high value added takes into account the lowering of corporate income tax by 30%, and, in case of certification of the process of goods production on compliance with the requirements of international quality standards and ecological management, preference on payment of this tax is increased from 30% up to 50%.

Further tax legislation improvement will contribute to entrepreneurship development and lead entrepreneurs to exit "the shadow economy." According to the experience of South Korea, where the corporate tax only amounts to 15 %, it is necessary to further decrease the corporate tax rate. (Slide 23).

2.2.2. Simplifying Tax and Statistical Reporting.

One of the barriers to development of entrepreneurship is the unjustified time-consuming and cumbersome system of tax reporting of small enterprises to the government (Slide 24). The formation of tax reporting within the framework of an "E-government" program and its regional subprograms allowed for substantially facilitating the process of presenting tax reports (Slide 25).

According to the Law on private entrepreneurship, small entrepreneurship entities have a right to apply a simplified form of accounting and financial reporting according to the legislation on accounting and financial reporting. State agencies do not have a right to require information not stipulated by normative statutes according to state statistics.

In the Netherlands the main work on reducing administrative costs is conducted by the independent ACTAL agency created in 2000 (the Advisory committee on control of administrative expenditures). The committee only has 9 staff members and is authorized to offer consultations on

all proposed laws and regulations. Today, administrative procedures have been simplified in enterprise taxation, social insurance, environmental protection, and statistics. According to estimations, a savings of 600 million US dollars has been due to simplifying the tax requirements. It is recommended to use the experience of the Netherlands in this area of simplifying administrative procedures in taxation, social insurance, environmental protection, and statistics.

2.3. Administrative Barriers -- Ways to Overcome Them

2.3.1. Improvement of the Legal Base.

The existence of an extensive list of types of production, goods, and services, subject to licensing, accreditation, standardization, certification, impedes the growth of business activity, and entrepreneurial initiative. In addition, there are authorization systems (permissions, conclusions and agreements), stipulating both the issuing of licenses and licensed activities. It restrains the development of entrepreneurship in the country and, especially, of small and medium enterprise growth and development.

Thus, the primary burden of administrative barriers, includes the following:

- there is a considerable number of acts, and multitude of regulations;
- there exists the excessive statistical and tax reporting required by the government of all such entities;
- certain state agencies do not strive for reduction of their control, supervisory, sanction, and agreement functions and powers but in fact increase it (Slide 26).

The presence of the large number of regulations and instructions restrains the development of entrepreneurship. It is necessary to amend the law, where they should differentiate small business entities depending on their industrial specificity.

Kazakhstan should conduct a revision of the statutes and regulations affecting entrepreneurship activity utilizing the experience of Sweden, where hundreds of out-of-date orders are cancelled after periodic revisions as required by the government.

According to the “Law on Private Entrepreneurship,” Advisory Councils have been created at the central and local state agencies in Kazakhstan, to examine statutes concerning private entrepreneurship (Slide 27).

The explanatory note to the normative statute project, concerning private entrepreneurship entities, must without fail contain the results of calculations confirming the decrease and (or) the increase of costs of private entrepreneurship entities in connection with the enactment of the normative statute.

In many countries, particularly, in South Korea one does not need notarized documents, because the chief manager is responsible for the content of any document, therefore, it is recommended to Kazakhstan to eliminate the need for requiring all notarized documents.

2.3.2. Introducing the Simplified System of Registration and Liquidation of Enterprises.

According to the Law on Private Entrepreneurship, for state registration an individual entrepreneur presents the following to the registration agency:

- 1) registration application;
- 2) payment confirming for state registration of individual entrepreneurs. (All other document demands is prohibited.)

The agency performs state registration of the individual entrepreneur is required to act not later than on the following working day after presentation of documents, however this has not been fully integrated. Introduction of a “one window” registration to some extent facilitated the procedure, however, up to now the problem has not been fully solved (Slide 28).

Registration should be completed within two-three days with the enterprise starting its work during one month according to the experience of developed countries. In countries, where registration of the enterprise takes the least time (e.g., Canada), a uniform registration system is used, which can be downloaded from the Internet.

In the USA registration takes 1 day and costs from 8 to 10 dollars. In Australia opening a business takes completion of only two procedures — registration for statistical purposes and for taxation and social insurance. In Sweden three procedures are proposed, also including registration in employment agencies managing the labor forces.

During 1996 in Denmark the system of regulation of enterprise registration was changed eliminating several procedures, and creating an electronic data processing system and cancellation of all payment duties (Slide 29).

The enterprise bankruptcy procedure is complicated and sometimes expensive. According to the Law on Private Entrepreneurship the activity of an individual entrepreneur is considered stopped upon elimination of the entrepreneur from the Public register (based on an application) or enacted court decision.

For small entrepreneurship entities that do not have liabilities, the laws of the Republic of Kazakhstan can establish a simplified order of voluntary liquidation/bankruptcy. However, there are more than 100 thousand inactive enterprises in Kazakhstan, liquidation becomes problematic because of the high cost of this procedure. It is also important to note that the entrepreneur cannot start a new business without closing the old enterprise.

Therefore, it is suggested to conduct a liquidation of inactive enterprises which do not hold any liabilities, so as not to continue to distort the actual number of small enterprises in Kazakhstan (Slide 30).

The simplicity of business creation is one of criteria, by which we can determine how easy it is to do business, as well as the simplicity of opening and liquidating an enterprise, access to financial assets and so on. As for the simplicity of opening business, Kazakhstan is in the 86th position, ahead of such countries as China, Azerbaijan, Uzbekistan, but lagging behind New Zealand, which holds the 1st place, Armenia, Russia (Slide 31).

The number of procedures necessary for creation of business also plays a significant role in determining the simplicity of doing business, since cumbersome, expensive, lengthy procedures decrease incentives for creation of enterprises. Seven procedures have to be passed in Kazakhstan for creation of business (Slide 32).

The time necessary to create a business is also a criterion -- 24 days are needed in Kazakhstan for the creation of an enterprise. (Slide 33).

2.3.3 Lowering the Number of Licensed Activities; Simplification of Licensing, Certification, and Accreditation procedures.

The current system of mandatory certification in Kazakhstan has created duplication of functions, expensive procedures, increased costs, decreased competitiveness of production both in the domestic and international markets.

Thus is felt that only products which may harm health, and protect the security of citizens or the environment, should be subject to mandatory certification. (Slide 34).

2.3.4 Reducing Bureaucracy and Corruption

In Kazakhstan, complicated problems of development of entrepreneurship include artificial barriers, such as audits and inspections of regulation agencies. According to article 37 of the Law on Private Entrepreneurship, the primary task of state oversight focuses on providing for production safety on goods produced and sold by entrepreneurs, as well as, protection of property, environmental safety, and national security (Slide 35).

The regulative and licensing barriers are a hold over from the soviet times, when it was necessary to obtain permission even for a very simple activities. The economic climate created by the “permission system” is characterized by burdensome regulation. It continues to damage all sectors of economy in Kazakhstan.

According to the Law on Private Entrepreneurship, governmental agencies are prohibited from adopting regulations and statutes on issues pertaining to the conducting of audits of small enterprises.

Quite simply in Kazakhstan, it is necessary to decrease the number of regulating procedures. In Bolivia, where the state regulation is one of the most rigid in the world, 82% of entrepreneurial activity is performed in the informal (or grey economy) sector. According to statistics of the World Bank, the informal economy amounts to 43.2% of GDP in Kazakhstan (73.7 billion dollars) (Slide 36).

Corruption within Kazakh governmental authorities is especially developed in the area of licensing, customs duties, and loans. The corrupt system again pushes business into the informal sector, thus strengthening corruption yet moreso and impeding the freedom of market competition. Other firms, which have decided to operate in the formal sector, find themselves at the mercy of state regulation and licensing and, eventually, are forced out of business.

A Law “On Anticorruption Measures” (1998) has been adopted in Kazakhstan. There has been an Ethics Code for governmental employees which was approved in 2005. As well a Commission under the President focuses on issues of anticorruption and compliance of state employees with the Ethics Code.

The primary measures to counter corruption include:

- Decentralization of functions of the central state agencies with a step-by-step transfer of part of their functions to regions as well as the private sector;
- Reduction of monopolization and creating conditions for the development of competition in particular with the rendering governmental services;
- Implementation of a “one window” principle while servicing population needs;
- Transparency and objectivity in the competitive selection process of state employees, implementation of principles of selection and promotion based on management qualities and professionalism;
- Legislative consolidation so that those persons, who previously committed corruption crimes will not be permitted to enter into state service;
- Implementation of a system of rotation for political state employees;
- Implementation of an “E-government” program for 2005-2007, reducing contact between organizations and the population;
- Countering the “shadow economy” – with the creation of anticorruption committees (Slide 37).

Singapore is one of the few countries, where market methods are used while calculating salaries of ministers and officials. In addition, officials receive bonuses, the size of which depends on how well the economy of the country is doing overall. In case of the economic recession there are salary decreases. The salary of Prime-minister of Singapore is one of the highest in the world

(1.9 million Singaporean dollars). From 2000 the payment of annual bonuses to state officials was connected with the individual success for each individual. Governmental service of Singapore operates based on a system of meritocracy (system of personal merits), neutrality, accountability to society, honesty, and anticorruption discipline. It reacts to complaints of the population – each ministry has a Department focused on improving the quality of their work. One key purpose is to ensure that visitors do not wait for more than 15-20 minutes for servicing.

Another distinctive feature of Singaporean state service is the high level of computerization. A program of computerization for governmental service was initiated in 1981 and completed in 1991. The cost of the program amounted to 61 million dollars. This program helped increase work efficiency and reduced labor power by 5000 people. Computerization also touched upon the provision of citizen services, with an Electronic Government operating efficiently in Singapore, e.g., the E-CITIZEN (Electronic Citizen) Center provides various services to citizens in the electronic form via Internet. There is also a program entitled, “State Service-XXI” in Singapore, which seeks to implement the most advanced ideas and technologies in the government. Admittedly, the government of Singapore is one of the most organized and high-performance in the world, however, we recommend this be used as a benchmark for Kazakhstan.

2.3.5. Entrepreneurship Development

To increase governmental efficiency of management an Order of the Ministry (May 23, 2005), #189 approved “Recommendations on Mechanisms of Transferring non-specialized functions to the Market.” Large private companies including such as -- Aluminum Kazakhstan OJSC, Kazakhmys Corporation JSC, Kazzinc OJSC, Kazphosphate LLC, Mittal Steel Temirtau JSC was transferred into the competitive environment (Слайд 38).

To strengthen the interaction between the public and private sectors of economy a Resolution of the Government of the Republic of Kazakhstan of September 14, 2006, # 868 created a Social and Entrepreneurial Corporation “Saryarka” in the region of Karaganda. The basic purpose of the Social and Entrepreneurial Corporations (SEC) to support and develop small and middle business in regions of the country (regional business communities), provide access to high technologies, financial resources and state development institutes. The primary difference between Social and Entrepreneurial Corporations and Commercial Corporations is the reinvesting of profits received from social projects. Each corporation must become a regional development institute, which will promote strengthening of cooperation.

The development of specific measures for creation of SEC is necessary, with a focus on organization of small business jointly with large national corporations based on franchising, outsourcing, and subcontracting, support of entrepreneurship (Slide 39).

2.3.6. Development of the infrastructure of entrepreneurship support.

Forty-four business incubators have been created in Kazakhstan, including those with support of the Soros-Kazakhstan Fund and Eurasia Foundation, however, many of them were closed after financing ceased from international funds, the remaining business incubators limit their activity with only the provision of premises. Several business incubators working according to the international standards are operating in the Republic, including Sodbi (Shymkent), Almaty City Business Incubator (Slide 40-41).

A franchise Law entitled “On Complex Entrepreneurial Licensing (Franchising)” was adopted with the specific purpose to develop franchising in Kazakhstan. Kazakhstan should utilize the positive Russian experience to further develop franchising and decrease risk by 3 times (Slide 42).

Consulting services are rendered through entrepreneurship support centers, business incubators, resource centers, international funds, public associations, and private consulting firms. In order to increase access of consulting services it is recommended to have an organization of remote consulting via INTERNET system for all regions, support to consulting firms, especially in distant regions, as necessary (Slide 43).

Training of entrepreneurs is performed through the regional entrepreneurship development departments, entrepreneurship support centers, resource centers, international funds, public associations, and private training centers.

The training and support of small and medium entrepreneurship requires development of curricula and programs necessary for entrepreneurs, preparation and raising the skill level of trainers through government funded programs, providing education courses for both beginning entrepreneurs and experienced entrepreneurs wishing to increase their professional level.

It is recommended that in order to make training of small entrepreneurship entities more systematic, through the utilization of the well known FastTrac system, it is recommended to adapt the advanced foreign experience in the development of entrepreneurship and implement in the regions. One important direction with the training process is creating a team of teachers/trainers out of successful entrepreneurs – business veterans -- ready to share their knowledge with other entrepreneurs (Slide 44).

2.3.7. Informational Support of Private Business.

A barrier constantly having adverse affects in entrepreneurship and resulting in growth of the informal sector is the shortage of information on current laws, their complexity, and inconsistency. Many amendments to laws have been adopted recently, and entrepreneurs think that the key to improvement of the situation is in access to information. As a result of the E-government program, there were sites created in all regions, where both general information and information on small business is reflected. It is recommended to post all normative statutes of the central state agencies concerning small and middle entrepreneurship on the WEB-site of the Ministry of Justice (Slides 45-47).

Conclusion:

Small business has already become a rather powerful sector in the development of economy of modern Kazakhstan, however, it is felt to need appropriate governmental support due to the specificity of this sector of economy. The question Kazakhstan must grapple with is what is appropriate government support, as the private sector generally creates economic growth. Today small business has a number of branches and regional associations, qualified to protect and voice the entrepreneurs concerns, provide input into developing laws and regulating acts through advisory councils.

An extensive system of training and consulting in the area of small entrepreneurship has been created in the country, however, not every beginning-entrepreneur is able to succeed in these courses, therefore, the government should provide such an opportunity for them through its development institutes.

A famous American proverb says that instead of just giving a person a fish -- give him a fishing-line -- and teach him to fish. Having received a fishing-line and been taught to fish, a person will be able to help for himself not only for today, but also for tomorrow, and the rest of his or her life.

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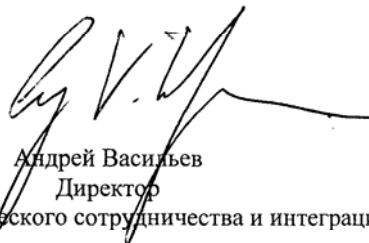
Уважаемый господин министр,

Мы хотели бы поблагодарить Вас за участие профессора Айгуль Токсановой, директора Департамента макроэкономики АО «Института экономических исследований» в Международной Конференции на тему "Снижение барьеров на пути предпринимательства и поощрение развития предприятий: возможные варианты политики", проведенной Европейской экономической комиссией Организации Объединенных Наций 18 - 19 июня 2007 года.

Профессор Токсанова выступила с содержательным докладом по вопросам снижения препятствий развитию предпринимательству в Казахстане и приняла активное участие в дискуссии. Она также была одним из ключевых участников Круглого стола, посвященного борьбе с коррупцией в интересах развития предпринимательства.

В ходе заключительного сегмента Конференции, профессор Токсанова внесла ряд ценных предложений в проект рекомендаций Конференции государственным органам стран членов ЕЭК.

С уважением,



Андрей Васильев
Директор

Отдел экономического сотрудничества и интеграции

Его Превосходительству
Господину Аслану Мусину
Министру экономики и бюджетного планирования
Республики Казахстан
35-ая улица, дом 8
Астана
Казахстан

Mr. Patrick J. Perner
USAID Contractor
Chief-of-Party/Country Director
Kazakhstan Small Business Development

Dear Mr. Perner,

I would like to thank you for the excellent opportunity to participate in the study tour on studying SME Policy, Development and Support Experience in Poland within the USAID Kazakhstan Small Business Development Project and express strong belief that this project will have great impact on SME development in Kazakhstan. The study tour provided strong basis for constructive discussions on SME support practice, system of local governance, legislative acts analysis, lobbying system development, being also an instrument for team building for project realization.

I am grateful to USAID, Pragma and UNILOB team for highly professional organization of the study tour, given chance to meet senior officials of central and local executive bodies in Poland as well as private companies and business support organizations to share their experiences with us in spheres of SME development.

Overall, I think the study tour achieved its goals and our team has got a profound understanding of next steps to be performed in SME support policy development and what is more important created greater awareness and readiness to enhance SME development. I am sure this study tour and future initiatives will greatly contribute to the further development of competitive economy in Kazakhstan.

Kind regards,



Ayana Manassova
Prime Minister's Office
Astana, Kazakhstan

ҚАЗАҚСТАН
РЕСПУБЛИКАСЫНЫҢ
ИНДУСТРИЯ ЖӘНЕ САУДА
МИНИСТРЛІГІ



МИНИСТЕРСТВО
ИНДУСТРИИ И ТОРГОВЛИ
РЕСПУБЛИКИ КАЗАХСТАН

Кәсіпкерлікті дамыту
Департаменті

Департамент развития
предпринимательства

475000, Астана қаласы,
Қабанбай Батыр даңғалы
«Транспорт Тауэр» ғимараты
тел.: (3172) 29-90-25,
факс (тел.): (3172) 24-11-31

473 000, город Астана,
проспект Кабанбай батыра,
здание «Транспорт Тауэр»
тел.: (3172) 29-90-25,
факс (тел.): (3172) 24-14-17

№ 04-2-1/ 952

2007 ж. «13» шілде

**Руководителю проекта
по развитию малого бизнеса
Корпорация Прагма/ЮСАИД
г-ну Патрику Пернеру**

Департамент развития предпринимательства Министерства индустрии и торговли Республики Казахстан выражает благодарность за организацию поездки представителей государственных органов и неправительственных бизнес-организаций Казахстана в Республику Польша (Варшава) с целью изучения передового опыта Польши в области государственной поддержки и развития малого и среднего бизнеса.

Проведение подобных стажировок для представителей государственных органов и объединений предпринимателей в странах с передовым опытом в области развития и поддержки предпринимательства, в частности Польше, оказывают положительное влияние при построении конструктивного диалога между государством и бизнес – сообществом.

Надеемся на дальнейшее плодотворное сотрудничество в рамках совместно реализуемого проекта по развитию малого бизнеса в Казахстане и реализации полученных знаний в период стажировки в Польше.

С уважением,
Директор

 А. Керимбеков





«ШАҒЫН КӘСПКЕРЛІКТІ ДАМУ ҚОРЫ» АҚ
АО «ФОНД РАЗВИТИЯ МАЛОГО ПРЕДПРИНИМАТЕЛЬСТВА»
JSC «SMALL ENTREPRENEURSHIP DEVELOPMENT FUND»

050004, Алматы қаласы, Гоголь көшесі, 111
050004, г. Алматы, ул. Гоголя, 111
050004, Almaty, Gogol str., 111

Тел.: (327) 244 55 66 - многоканальный
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№ 04-15-3/5042
10.07.07

Директору проекта по развитию
малого бизнеса в Казахстане
г-ну Патрику Пернеру

Настоящим выражаю свою благодарность проекту «USAID» за организацию стажировки для представителей государственных органов и негосударственных организаций Республики Казахстан, в том числе и для представителей АО «Фонд развития малого предпринимательства» по изучению политики и системы поддержки малого бизнеса в Польше.

Несомненно, Польша имеет передовой опыт в создании системы поддержки субъектов малого бизнеса, который осуществляется политикой государственного регулирования и успешно проведенными реформами в экономике.

Мы признательны, что благодаря насыщенной программе поездки имели возможность встретиться с представителями государственных и бизнес структур и ознакомиться особенностями партнерства между ними в интересах развития малого бизнеса, изучить примеры национальных, региональных и местных программ развития малого бизнеса. Также примечательным для нас было изучение деятельности государственных институтов развития в осуществлении прямой и косвенной поддержки субъектов малого бизнеса путем применения финансовых инструментов и способствованием в создании инфраструктуры развития предпринимательства.

Мы уверены, что полученные знания найдут применение в деятельности АО «Фонда развития малого предпринимательства» в частности в оптимизации механизма гарантирования займов финансовых институтов, а также в развитии косвенных инструментов поддержки.

Стоит отметить, что стажировка была достаточно познавательной и продуктивной, в связи с чем АО «Фонд развития малого предпринимательства» выражает заинтересованность в организации подобных стажировок для своих региональных представителей в целях более глубокого изучения особенностей региональной политики поддержки предпринимательства.

Надеемся на дальнейшее плодотворное сотрудничество в изучении международного опыта государственной поддержки и развития предпринимательства.

С уважением,

Председатель Правления

Г.Амриш

028348

Appendix 15: Definition of Terms
«Small Business Enterprise»
«Medium Business Enterprise»

Definitions are given in compliance with the Kazakhstan Republic Law «About entrepreneurship» dated 31.01.06. № 124-III.

Small business enterprises are individual entrepreneurs that do not have a status of juridical educated persons with the average annual employees number of not more than 50 people and also juridical persons, running private business, with the average annual employees number of not more than 50 and the average annual value of assets of not more than 60000 fold month's indicator set by the law of the republican budget for the relevant financial year (*Alina's note: 1 monthly indicator now is 1030 KZT*).

Small business enterprise definition exclude private enterprises and juridical persons which are engaged in:

- activity, connected with narcotics, psychoactive substances and precursors;
- production and / or wholesale of excisable goods;
- grain storage in grain reception centers;
- lotteries;
- gambling industry and show business;
- activity in sphere of certification, metrology and quality control;
- mining, refining and sale of oil, oil products, gas, electric and calorific energy;
- radioactive material turnover activity;
- banking (or single products of banking operations) and insurance–market activity (except for insurance broker activity);
- audit activity;
- professional activity in the stock market.

Medium business enterprises are individual entrepreneurs that do not have a status of juridical educated persons with the average annual employees number of more than 50 people and also juridical persons, running private business, with the average annual employees number of more than 50 and the average annual value of assets of not more than 325 000 fold month's indicator set by the law of the republican budget for the relevant financial year (*Alina's note: 1 monthly indicator now is 1030 KZT*).

**SME Statistics as of October 1, 2006
(Government Statistic Register Data)**

a) Oblasts Breakdown

units

	Small Business Enterprises						Medium Business Enterprises	
	Registered			Acting			Juridical persons	Individual entrepreneurs
	Total	Consisting of		Total	Consisting of			
		Juridical persons	Individual entrepreneurs		Juridical persons	Individual entrepreneurs		
KAZAKHSTAN	629901	168130	461771	564177	116550	447627	3299	3020
Akmolinskaja	31491	5362	26129	29181	3891	25290	295	250
Aktyubinskaja	28529	6432	22097	26500	4647	21853	158	136
Almatinskaja	38471	7127	31344	35093	4345	30748	291	259
Atyrauskaja	19567	4443	15124	18652	3671	14981	98	97
East Kazakhstan	66486	10563	55923	62936	7588	55348	271	243
Zhambylskaja	20335	4582	15753	18621	3005	15616	134	113
West Kazakhstan	19892	3332	16560	19062	2820	16242	107	107
Karagandinskaja	54252	10438	43814	45599	7402	38197	245	231
Kostanaiskaja	38650	6121	32529	36050	4185	31865	222	214
Kyzylordinskaja	19123	3143	15980	18190	2511	15679	167	154
Mangistauskaja	23497	4736	18761	22354	3993	18361	82	78
Pavlodarskaja	34541	7663	26878	31206	4762	26444	145	125
North Kazakhstan	26386	3765	22621	23512	3051	20461	178	176
South Kazakhstan	57763	14744	43019	52250	9539	42711	185	183
Astana city	42900	16343	26557	37713	11486	26227	186	181
Almaty city	108018	59336	48682	87258	39654	47604	535	473

b) Urban and Rural areas
units

	Small Business Enterprises						Medium Business Enterprises	
	Registered			Acting			Juridical persons	Individual entrepreneurs
	Total	Consisting of		Total	Consisting of			
		Juridical persons	Individual entrepreneurs		Juridical persons	Individual entrepreneurs		
KAZAKHSTAN	629901	168130	461771	564177	116550	447627	3299	3020
Urban area	528447	152940	375507	469262	105563	363699	2450	2267
Rural area	101454	15190	86264	94915	10987	83928	849	753

c) Industries Breakdown
units

	Small Business Enterprises						Medium Business Enterprises	
	Registered			Acting			Juridical persons	Individual entrepreneurs
	Total	Consisting of		Total	Consisting of			
		Juridical persons	Individual entrepreneurs		Juridical persons	Individual entrepreneurs		
KAZAKHSTAN	629901	168130	461771	564177	116550	447627	3299	3020
Agriculture, hunting and forestry	24267	10186	14081	20914	7346	13568	649	564
Fishery	1413	362	1051	1277	241	1036	13	13
Mining industry	1182	1119	63	896	835	61	76	68
Manufacture industry	29146	15965	13181	23875	11257	12618	612	572
Production and allocation of electric energy, gas and water	482	289	193	404	216	188	90	77
Construction	31120	24967	6153	25414	19434	5980	525	489
Trade; cars maintenance, household goods and individual needs items	330855	75771	255084	294278	47690	246588	453	402
Hotels and restaurants	20459	2577	17882	18994	1640	17354	58	54
Transport and connection	70519	8941	61578	66386	6395	59991	264	254
Operations with real estate, renting and providing consumer services	63184	21252	41932	57671	16756	40915	362	344
Education	2082	1414	668	1675	1029	646	35	31
Public health service and social services	7993	2332	5661	7233	1737	5496	70	66
Provision of municipal, social and personal services	47199	2955	44244	45160	1974	43186	92	86

**SME Statistics as of April 1, 2007
(Government Statistic Register Data)**

a) Oblasts Breakdown

	Small Business Enterprises						Medium Business Enterprises	
	Registered			Acting			Register Juridical persons	Acting Juridical persons
	Total	Consisting of		Total	Consisting of			
Juridical persons		Individual entrepreneurs	Juridical persons		Individual entrepreneurs			
Republic of Kazakhstan	682779	177402	505377	611619	113347	498272	3287	3007
Akmolinskaya	32773	5575	27198	30568	3516	27052	278	225
Aktobinskaya	30034	6899	23135	28209	5090	23119	193	173
Almatinskaya	43162	7671	35491	39839	4463	35376	266	236
Atyrauskaya	21653	4741	16912	20618	3716	16902	102	98
East-Kazakstanskaya	70602	10850	59752	67217	7738	59479	246	223
Zhambylskaya	24626	4786	19840	22806	3234	19572	86	81
West-Kazakstanskaya	21500	3450	18050	20917	2883	18034	103	101
Karagandinskaya	53880	10929	42951	45052	7293	37759	231	217
Kostanaiskaya	41533	6331	35202	38913	3888	35025	230	223
Kyzylordinskaya	20762	3250	17512	19918	2431	17487	189	174
Mangistauskaya	24804	5087	19717	24098	4381	19717	92	89
Pavlodarskaya	36876	8054	28822	33227	4638	28589	151	129
Nor-Kazakstanskaya	26097	3892	22205	24599	2531	22068	188	184
South-Kazakstanskaya	67831	15481	52350	61907	9572	52335	186	182
Astana	47302	17998	29304	40657	11552	29105	208	199
Almaty	119344	62408	56936	93074	36421	56653	538	473

b) Rural Urban Breakdown

	Small Business Enterprises						Medium Business Enterprises	
	Registered			Acting			Register Juridical persons	Acting Juridical persons
	Total	Consisting of		Total	Consisting of			
Juridical persons		Individual entrepreneurs	Juridical persons		Individual entrepreneurs			
Republic of Kazakhstan	682779	177402	505377	611619	113347	498272	3287	3007
Urbar area	549763	158447	391316	485427	100469	384958	2362	2190
Rural area	133016	18955	114061	126192	12878	113314	925	817

c) Industries Breakdown

	Small Business Enterprises						Medium Business Enterprises	
	Registered			Acting			Register Juridical persons	Acting Juridical persons
	Total	Consisting of		Total	Consisting of			
Juridical persons		Individual entrepreneurs	Juridical persons		Individual entrepreneurs			
Republic of Kazakhstan	682779	177402	505377	611619	113347	498272	3287	3007
Agriculture, hunting and forestry	25262	10361	14901	21397	6830	14567	613	528
Fishery	1461	368	1093	1309	217	1092	11	9
Промышленность	32253	17791	14462	25286	11303	13983	776	714
Mining industry	1235	1169	66	915	849	66	88	82
Manufacture industry	30471	16332	14139	23925	10257	13668	604	561
Production and allocation of electric energy, gas and water	547	290	257	446	197	249	84	71
Construction	34717	27598	7119	27590	20561	7029	581	549
Trade; cars maintenance, household goods and individual needs items	355644	79007	276637	317558	44885	272673	470	415
Hotels and restaurants	21543	2606	18937	20143	1550	18593	70	66
Transport and connection	75053	9571	65482	71024	6315	64709	273	262
Poperations with real estate, renting and providing consumer services	71980	23275	48705	65578	17330	48248	392	371
Education	2200	1478	722	1637	934	703		
Public health service and social services	8300	2376	5924	7533	1658	5875		
Provision of municipal, social and personal services	54366	2971	51395	52564	1764	50800	101	93

**SME Statistics as of July 1, 2007
(Government Statistic Register Data)**

a) Oblasts Breakdown

	Small Business Enterprises						Medium Business Enterprises	
	Registered			Acting			Register Juridical persons	Actining Juridical persons
	Total	Consisting of		Total	Consisting of			
Juridical persons		Individual enpreneurs	Juridical persons		Individual enpreneurs			
Republic of Kazakhstan	887079	182445	704634	669629	117657	551972	3973	3589
Akmolinskaya	40685	5717	34968	31647	3648	27999	327	257
Aktobinskaya	34850	7121	27729	27861	5243	22618	225	200
Almatinskaya	92258	8020	84238	78492	4565	73927	277	242
Atyrauskaya	30534	4896	25638	29106	3764	25342	112	108
East-Kazakstanskaya	76528	11078	65450	58305	7935	50370	307	271
Zhambylskaya	42630	4836	37794	33895	3283	30612	94	93
West-Kazakstanskaya	26789	3530	23259	20896	2922	17974	125	119
Karagandinskaya	57923	11342	46581	39963	7742	32221	283	265
Kostanaiskaya	51756	6439	45317	43696	3971	39725	261	249
Kyzylordinskaya	23715	3322	20393	16093	2483	13610	232	209
Mangistauskaya	26115	5290	20825	21726	4570	17156	119	116
Pavlodarskaya	41978	8214	33764	27984	4827	23157	192	168
Nor-Kazakstanskaya	31627	3960	27667	23775	2608	21167	215	209
South-Kazakstanskaya	135086	15839	119247	103288	9537	93751	238	229
Astana	52289	19000	33289	33567	12627	20940	245	231
Almaty	122316	63841	58475	79335	37932	41403	721	623

b) Urban and Rural areas

	Small Business Enterprises						Medium Business Enterprises	
	Registered			Acting			Register Juridical persons	Acting Juridical persons
	Total	Consisting of		Total	Consisting of			
		Juridical persons	Individual entrepreneurs		Juridical persons	Individual entrepreneurs		
Republic of Kazakhstan	887079	182445	704634	669629	117657	551972	3973	3589
Urban area	712712	163097	549615	535363	104825	430538	2985	2726
Rural area	174367	19348	155019	134266	12832	121434	988	863

c) Industries Breakdown

	Small Business Enterprises						Medium Business Enterprises	
	Registered			Acting			Register Juridical persons	Acting Juridical persons
	Total	Consisting of		Total	Consisting of			
		Juridical persons	Individual entrepreneurs		Juridical persons	Individual entrepreneurs		
Republic of Kazakhstan	887079	182445	704634	669629	117657	551972	3973	3589
Agriculture, hunting and forestry	198279	10412	187867	176188	6576	169612	642	547
Fishery	1261	369	892	774	217	557	12	11
Промышленность	29191	18083	11108	19944	11564	8380	863	783
Mining industry	1266	1203	63	915	878	37	98	91
Manufacture industry	27337	16584	10753	18633	10490	8143	672	613
Production and allocation of electric energy, gas and water	588	296	292	396	196	200	93	79
Construction	35527	29061	6466	26633	21748	4885	629	590
Trade; cars maintenance, household goods and individual needs items	367667	80785	286882	255187	46667	208520	521	452
Hotels and restaurants	22385	2643	19742	16956	1583	15373	77	73
Transport and connection	74465	9915	64550	53414	6630	46784	306	283
Poperations with real estate, renting and providing consumer services	62563	24251	38312	49608	18269	31339	477	435
Education	2536	1511	1025	1705	957	748	217	207
Public health service and social services	8867	2402	6465	6888	1661	5227	126	118
Provision of municipal, social and personal services	84338	3013	81325	62332	1785	60547	103	90

Registered and active juridical persons - SME's on the regions RK

	as of 01.07.2007		as of 01.01.2007		as of 01.07.2006		as of 01.01.2006		as of 01.07.2005		as of 01.01.2005		as of 01.07.2004		as of 01.01.2004	
	Registe red	Acting	Registe red	Acting	Registe red	Acting	Regist ered	Acting	Registe red	Acting	Registe red	Acting	Regist ered	Acting	Regist ered	Acting
Республика Казахстан	182445	117657	172277	114850	166631	116676	157568	115126	153393	111610	145087	103291	138379	97471	130779	93494
Акмолинская	5717	3648	5477	3628	5319	3877	5134	3789	5021	3814	4790	3534	4525	3265	4305	3477
Актюбинская	7121	5243	6693	4905	6416	4698	6040	4792	5882	4693	5487	4298	5200	4084	4879	3757
Алматинская	8020	4565	7317	4250	6997	4504	6493	5084	6405	4908	6108	4574	5992	4349	5730	4564
Атырауская	4896	3764	4572	3722	4404	3647	4194	3680	4033	3553	3735	3245	3539	3097	3354	2879
Восточно- Казахстанская	11078	7935	10668	7662	10468	7533	10199	7429	10009	7224	9569	6838	9184	6556	8904	6309
Жамбылская	4836	3283	4658	3127	4542	2766	4460	2943	4346	3076	4206	2990	4095	2852	4005	2874
Западно- Казахстанская	3530	2922	3370	2842	3314	2813	3219	2759	3180	2714	3039	2586	2945	2501	2859	2404
Карагандинская	11342	7742	10649	7373	10457	7356	9861	7265	9675	7155	9129	6649	8935	6489	8482	6542
Костанайская	6439	3971	6180	3972	6083	4104	5916	4637	5795	4468	5551	4332	5441	4208	5317	4018
Кызылординская	3322	2483	3179	2410	3113	2576	2955	2459	2879	2383	2762	2349	2658	2231	2560	2124
Мангистауская	5290	4570	4880	4165	4624	3883	4329	3560	4198	3567	3936	3282	3761	3062	3610	2896
Павлодарская	8214	4827	7825	4950	7620	4759	7413	5160	7302	5076	6962	4749	6745	5152	6489	4962
Северо- Казахстанская	3960	2608	3815	2531	3759	3046	3741	2994	3648	2886	3496	2725	3199	2620	3033	2448
Южно- Казахстанская	15839	9537	15068	9392	14662	9653	14284	10375	13942	9987	13248	9194	12615	8393	11819	7614
г. Астана	19000	12627	17047	11338	15888	11547	14160	11976	13221	11244	11953	9950	11046	9016	9921	8477
г. Алматы	63841	37932	60879	38583	58965	39914	55170	36224	53857	34862	51116	31996	48499	29596	45512	28149

Registered and active juridial persons - SME's on the regions RK (by Industries)

	as of 01.07.2007		as of 01.01.2007		as of 01.07.2006		as of 01.01.2006		as of 01.07.2005		as of 01.01.2005		as of 01.07.2004		as of 01.01.2004	
	Registe red	Acting	Registe red	Acting	Registe red	Acting	Regist ered	Acting	Registe red	Acting	Registe red	Acting	Regist ered	Acting	Regist ered	Acting
Total for republic	182445	117657	172277	114850	166631	116676	157568	115126	153393	111610	145087	103291	138379	97471	130779	93494
Agriculture, hunting and forestry	10412	6576	10214	6892	10287	7433	10147	7744	10280	7873	10005	7539	9207	6799	8772	6473
Fishery, fish-breeding	369	217	365	236	359	245	342	254	336	253	324	242	313	229	312	238
Manufacturing	18083	11564	17556	11287	17328	12349	17107	12327	16985	12298	16325	11526	15861	11048	15174	10669
extractive	1203	878	1151	844	1106	837	1112	827	1070	809	969	704	928	658	861	608
processing	16584	10490	16116	10246	15928	11297	15037	10816	14911	10753	14377	10106	13962	9703	13382	9401
Production and distribution electric power, gas, water	296	196	289	197	294	215	958	684	1004	736	979	716	971	687	931	660
Construction	29061	21748	26067	19978	24483	19248	21670	17953	20409	16912	18234	14652	16940	13387	15174	11863
Trade; repair of cars, domestic goods and personal appliances	80785	46667	77312	47749	75421	48055	72177	48946	70612	47445	68029	44984	65590	43018	62519	42308
Hotels and restaurants	2643	1583	2594	1618	2521	1612	2429	1574	2449	1593	2343	1503	2279	1434	2265	1486
Transport and communication	9915	6630	9220	6158	8756	6341	8092	5999	7845	5867	7460	5370	7111	5172	6607	4879
Operation with real estate, rent and services	24251	18269	22227	16578	20858	16698	18982	15379	17983	14493	16091	12747	14987	11750	14078	11070
Education	1511	957	1444	933	1373	985	1301	983	1268	955	1221	926	1165	897	1123	880
Public health and social service	2402	1661	2337	1648	2299	1697	2215	1743	2170	1729	2083	1667	2019	1651	1938	1566
Public utilities, social and individual services	3013	1785	2941	1773	2946	2013	3106	2224	3056	2192	2972	2135	2907	2086	2817	2062

Appendix 16: PARTICIPANT TRAINING (October 2006 - October 2007)

Training Program Data					
Training Program Name:	Kazakhstan Small Business Development Project (KSBD)				
USAID Managing Activity (Funding Contract):	115-C-00-06-00014				
USAID Strategic Objective:	SO 1.3 Improved Environment for the growth of small and medium enterprises. Particularly: SO 1.3.1 Increased opportunity to acquire business information, knowledge and skills				
Field of Study:	Entrepreneurship skills training				
Training Type:	Multiple (refer below)				
Training Location:	Multiple (refer below)				
Program Start Date:	Multiple (refer below)				
Program End Date:	Multiple (refer below)				
Program Status:	Completed				
Training Provider (Name, City, State, & Country):	Multiple (refer below)				
Name of the Prime Contractor for the Activity:	Kazakhstan Small Business Development Project implemented by the Pragma Corporation				
Street Address and country of the contractor:	17 Nauryzbai Batyr, Office 211, Almaty 050004, Kazakhstan				
TRAINING COMPONENTS: If the Training Program has multiple events, Please list all components:					
Component Name	Training Type	Training Provider (Name, City, State, & Country)	Start Date	End Date	Full-Time Equiv.
Business Planning	EDC Business Course	Federation of Small and Medium Enterprise Development, Astana, Akmolinsk Oblast, Kazakhstan	11.12.06	15.12.06	16 hrs
Marketing Planning	EDC Business Course	Federation of Small and Medium Enterprise Development, Astana, Akmolinsk Oblast, Kazakhstan	11.12.06	15.12.06	16 hrs
Marketing Planning	EDC Business Course	Center for Business Education and Marketing Research, Astana, Akmolinsk Oblast, Kazakhstan	13.12.06	17.12.06	16 hrs
Tax and Law	EDC Business Course	Center for Business Education and Marketing Research, Astana, Akmolinsk Oblast, Kazakhstan	14.12.06	18.12.06	20 hrs
Analysis of Financial Statement for Non-financial managers	EDC Business Course	Center for Business Education and Marketing Research, Astana, Akmolinsk Oblast, Kazakhstan	25.12.06	28.12.06	16 hrs
Human Resources Management	EDC Business Course	Zhumanova LLP, Astana, Akmolinsk Oblast, Kazakhstan	21.12.06	24.12.06	16 hrs
Business Planning	EDC Business Course	Center for Business Education and Marketing Research, Astana, Akmolinsk Oblast, Kazakhstan	15.01.07	18.01.07	16 hrs

<p>“Entrepreneurship, Competitiveness and Quality of Life: Problems and Perspectives” GEM Conference</p>	<p>Conference</p>	<p>Innovative Eurasia University, 102/4 Gorky Str., Pavlodar 140003, Kazakhstan Over hundred representatives from state agencies (Ministry of Education, Statistic Agency of KZ, Pavlodar oblast Entrepreneurship and Industry Department), SMEs, leading national business associations, Universities, and Media participated in the Conference. The following activities were done within the Conference: 1. The first GEM survey, which is the National Expert Survey (NES), has started. The results will be processed by InEU and presented to the GEM Consortium and later to Kazakhstan policy makers. 2. Alex Liu (GEM Expert) and Olga Rastrigina (GEM team member from Latvia) presented GEM in context of competitiveness to the audience.</p>	<p>23.02.07</p>	<p>24.02.07</p>	<p>16 hrs</p>
<p>GEM Research</p>	<p>Seminar</p>	<p>GEM training Innovative Eurasia University, 102/4 Gorky Str., Pavlodar 140003, Kazakhstan There was a “Global Entrepreneurship Monitor” seminar hold in Pavlodar organized by KSBD. This activity was done according to the GEM Kazakhstan Report conducting. The seminar was prepared for the GEM team. There were 12 participants at the seminar: GEM team (4 people), Brif (Vendor company – 1), SMEF (4), ASK (3).</p>	<p>25.02.07</p>	<p>26.02.07</p>	<p>16 hrs</p>
<p>Best Practices - Business Service Provider Services in Kazakhstan</p>	<p>Conference</p>	<p>USAID’s Kazakhstan Small Business Development Project and USAID’s Regional Competitiveness Initiative; Almaty, Kazakhstan The conference covered the definition of “Business Services” and how they contribute to economic growth; different forms/models of “Business Service Providers”; diagnosing service needs of SMEs in Kazakhstan; best practices from Bulgaria, Montenegro, Poland; Kazakhstan Experience; breakout sessions (Group 1: Expansion of business services to SMEs; Group 2: Collaboration and business service providers networks; Group 3: Cooperation with Government on national and local levels). There were 52 participants from 43 organizations throughout the country (Semipalatinsk, Almaty, Kyzylorda, Kostanai, Aktobe, Taraz, Astana, Ust-Kamenogorsk, Uralsk, Astana, Karaganda, Pavlodar, Shymkent, Atyrau, Petropavlovsk). At the end of the seminar based on breakout sessions work the recommendations and solutions were developed which were summarized by Patrick Perner for the further KSBD project implementation.</p>	<p>12.04.07</p>	<p>12.04.07</p>	<p>8 hrs</p>

Forum on Economic Growth and Competitiveness in Kazakhstan	Forum	<p>USAID’s Kazakhstan Small Business Development Project and USAID’s Regional Competitiveness Initiative; Astana, Kazakhstan</p> <p>The forum covered the Practical Look at “Competitiveness”; Analyzing the World Economic Forum (WEF) Competitiveness Index; Two Case Studies in Economic Transformation; Ways of Competitiveness Improvement in Kazakhstan; Breakout Sessions – How to improve KZ Competitiveness and Growth Prospects (Based on the Three Groups of WEF Indicators). There were 54 participants from Government of Kazakhstan, akimats, other partner organizations. The result of the forum was discussions in breakout sessions with further recommendations developed.</p>	17.04.07	17.04.07	8 hrs
“National Economy: Forming of Innovative and Competitive Model”	Conference	<p>T. Ryskulov Kazakh Economic University; Almaty, Kazakhstan</p> <p>The conference work is organized into the following sessions: Session 1: National Economy System Session 2: State Management of National Economy in an age of Globalization Session 3: Factors of Economy Competitiveness Session 4: Innovation Factor of Economic Development Round-tables on the issues of sustainable economic development, competitiveness and modernization: 1. “Central-Asian region: economics, politics, cooperation”; 2. “Almaty – regional financial center: business, investments, perspectives”; 3. “Universities as innovation centers in educational system”.</p> <p>Participants from KSBD were Alex Liu, GEM Expert, and Guzal Baimuldinova GEM Team Leader, from Innovative Eurasia University, who presented and distributed the a “Research of entrepreneurship activity through the GEM”.</p>	23.05.07	23.05.07	8 hrs
Microfinance and SME Policy Institution: Study Tour for Kazakhstan Government Officials	Study Tour + meetings	<p>KSBD in Cooperation with CEED - Bulgaria; Sofia, Bulgaria</p> <p>Content: Microfinance frameworks of other countries, guarantee schemes, encouragement banks, agribusiness; meetings with Council of Ministers Economic Policy Department, Ministry of Economy, or Labor, SME agency, etc.; action planning follow-up.</p>	29.5.2007	4.6.2007	6 days
Human Resource Management	Short Business Course	Federation for Small and Medium Enterprise Development, Astana, Akmolinsk Oblast, Kazakhstan	2.4.2007	4.4.2007	16 hrs
Analysis of Financial Statements for Non-financial Managers	Short Business Course	Federation for Small and Medium Enterprise Development, Astana, Akmolinsk Oblast, Kazakhstan	11.4.2007	13.4.2007	16 hrs
Business Planning	Short Business	Federation for Small and Medium Enterprise Development, Astana,	19.4.2007	21.4.2007	16 hrs

	Course	Akmolinsk Oblast, Kazakhstan			
Analysis of Financial Statements for Non-financial Managers	Short Business Course	Federation for Small and Medium Enterprise Development, Astana, Akmolinsk Oblast, Kazakhstan	10.5.2007	12.5.2007	16 hrs
Marketing Planning	Short Business Course	Federation for Small and Medium Enterprise Development, Astana, Akmolinsk Oblast, Kazakhstan	28.5.2007	30.5.2007	16 hrs
Human Resource Management	Short Business Course	Center for Business Education and Marketing Research, Astana, Akmolinsk Oblast, Kazakhstan	9.4.2007	13.4.2007	16 hrs
Tax and Law	Short Business Course	Center for Business Education and Marketing Research, Astana, Akmolinsk Oblast, Kazakhstan	15.5.2007	20.5.2007	20 hrs
Analysis of Financial Statements for Non-financial Managers	Short Business Course	Center for Business Education and Marketing Research, Astana, Akmolinsk Oblast, Kazakhstan	29.5.2007	1.6.2007	16 hrs
Analysis of Financial Statements for Non-financial Managers	Short Business Course	Zhumanova LLP, Astana, Akmolinsk Oblast, Kazakhstan	5.4.2007	8.4.2007	16 hrs
Business Planning	Short Business Course	Zhumanova LLP, Astana, Akmolinsk Oblast, Kazakhstan	13.4.2007	15.4.2007	16 hrs
Human Resource Management	Short Business Course	Zhumanova LLP, Astana, Akmolinsk Oblast, Kazakhstan	27.4.2007	29.4.2007	16 hrs
Business Planning	Short Business Course	Zhumanova LLP, Astana, Akmolinsk Oblast, Kazakhstan	27.4.2007	29.4.2007	16 hrs
Analysis of Financial Statements for Non-financial Managers	Short Business Course	Zhumanova LLP, Astana, Akmolinsk Oblast, Kazakhstan	4.5.2007	7.5.2007	16 hrs
Human Resource Management	Short Business Course	Zhumanova LLP, Astana, Akmolinsk Oblast, Kazakhstan	7.5.2007	9.5.2007	16 hrs
Human Resource Management	Short Business Course	Zhumanova LLP, Astana, Akmolinsk Oblast, Kazakhstan	10.5.2007	13.5.2007	16 hrs
Marketing Planning	Short Business Course	Zhumanova LLP, Astana, Akmolinsk Oblast, Kazakhstan	14.5.2007	17.5.2007	16 hrs
Marketing Planning	Short Business Course	Zhumanova LLP, Astana, Akmolinsk Oblast, Kazakhstan	18.5.2007	20.5.2007	16 hrs
Tax and Law	Short Business Course	Zhumanova LLP, Astana, Akmolinsk Oblast, Kazakhstan	21.5.2007	24.5.2007	20 hrs
Marketing Planning	Short Business Course	Turan-Profi, Astana, Akmolinsk Oblast, Kazakhstan	28.4.2007	29.4.2007	16 hrs
Human Resource Management	Short Business Course	Turan-Profi, Astana, Akmolinsk Oblast, Kazakhstan	28.4.2007	29.4.2007	16 hrs
Marketing Planning	Short Business	Turan-Profi, Astana, Akmolinsk Oblast, Kazakhstan	2.5.2007	5.5.2007	16 hrs

	Course				
Tax and Law	Short Business Course	Turan-Profi, Astana, Akmolinsk Oblast, Kazakhstan	26.5.2007	29.5.2007	20 hrs
Business Planning	Short Business Course	Turan-Profi, Astana, Akmolinsk Oblast, Kazakhstan	24.5.2007	29.5.2007	16 hrs
Human Resource Management	Short Business Course	Sphera MAB-110 LLP, Astana, Akmolinsk Oblast, Kazakhstan	4.4.2007	7.4.2007	16 hrs
Tax and Law	Short Business Course	Sphera MAB-110 LLP, Astana, Akmolinsk Oblast, Kazakhstan	10.4.2007	18.4.2007	20 hrs
Analysis of Financial Statements for Non-financial Managers	Short Business Course	Sphera MAB-110 LLP, Astana, Akmolinsk Oblast, Kazakhstan	19.4.2007	26.4.2007	16 hrs
Human Resource Management	Short Business Course	Sphera MAB-110 LLP, Astana, Akmolinsk Oblast, Kazakhstan	30.4.2007	5.5.2007	16 hrs
Tax and Law	Short Business Course	Sphera MAB-110 LLP, Astana, Akmolinsk Oblast, Kazakhstan	2.5.2007	10.5.2007	20 hrs
Business Planning	Short Business Course	Sphera MAB-110 LLP, Astana, Akmolinsk Oblast, Kazakhstan	7.5.2007	11.5.2007	16 hrs
Tax and Law	Short Business Course	Sphera MAB-110 LLP, Astana, Akmolinsk Oblast, Kazakhstan	18.5.2007	22.5.2007	20 hrs
Business planning	Short Business Course	Zhumanova LLP, Astana, Akmolinsk Oblast, Kazakhstan	01.06.07	03.06.07	16 hrs
Tax and Law	Short Business Course	Zhumanova LLP, Astana, Akmolinsk Oblast, Kazakhstan	01.06.07	04.06.07	20 hrs
Business planning	Short Business Course	LLC Sfera MAB 110, Astana, Akmolinsk Oblast, Kazakhstan	01.06.07	05.06.07	16 hrs
Tax and Law	Short Business Course	LLC Sfera MAB 110, Astana, Akmolinsk Oblast, Kazakhstan	01.06.07	05.06.07	20 hrs
Human Resource Management	Short Business Course	Federation for Small and Medium Enterprise Development, Astana, Akmolinsk Oblast, Kazakhstan	06.06.07	08.06.07	16 hrs
Marketing Planning	Short Business Course	Zhumanova LLP, Astana, Akmolinsk Oblast, Kazakhstan	07.06.07	10.06.07	16 hrs
Human Resource Management	Short Business Course	Zhumanova LLP, Astana, Akmolinsk Oblast, Kazakhstan	09.06.07	12.06.07	16 hrs
Tax and Law	Short Business Course	Zhumanova LLP, Astana, Akmolinsk Oblast, Kazakhstan	11.06.07	14.06.07	20 hrs
Tax and Law	Short Business Course	Federation for Small and Medium Enterprise Development, Astana, Akmolinsk Oblast, Kazakhstan	13.06.07	16.06.07	20 hrs
Business planning	Short Business Course	Zhumanova LLP, Astana, Akmolinsk Oblast, Kazakhstan	14.06.07	17.06.07	16 hrs

Human Resource Management	Short Business Course	Zhumanova LLP, Astana, Akmolinsk Oblast, Kazakhstan	15.06.07	17.06.07	16 hrs
Human Resource Management	Short Business Course	MPA Turan Profi, Astana, Akmolinsk Oblast, Kazakhstan	16.06.07	17.06.07	16 hrs
Tax and Law	Short Business Course	Center for Business Education and Marketing Research, Astana, Akmolinsk Oblast, Kazakhstan	17.06.07	22.06.07	20 hrs
Marketing Planning	Short Business Course	Zhumanova LLP, Astana, Akmolinsk Oblast, Kazakhstan	18.06.07	21.06.07	16 hrs
Business planning	Short Business Course	MPA Turan Profi, Astana, Akmolinsk Oblast, Kazakhstan	19.06.07	22.06.07	16 hrs
Business planning	Short Business Course	Federation for Small and Medium Enterprise Development, Astana, Akmolinsk Oblast, Kazakhstan	20.06.07	22.06.07	16 hrs
Tax and Law	Short Business Course	Zhumanova LLP, Astana, Akmolinsk Oblast, Kazakhstan	20.06.07	23.06.07	20 hrs
Human Resource Management	Short Business Course	Zhumanova LLP, Astana, Akmolinsk Oblast, Kazakhstan	21.06.07	24.06.07	16 hrs
Analysis of Financial Statement	Short Business Course	Center for Business Education and Marketing Research, Astana, Akmolinsk Oblast, Kazakhstan	23.06.07	26.06.07	16 hrs
Analysis of Financial Statement	Short Business Course	Zhumanova LLP, Astana, Akmolinsk Oblast, Kazakhstan	25.06.07	28.06.07	16 hrs
Tax and Law	Short Business Course	Zhumanova LLP, Astana, Akmolinsk Oblast, Kazakhstan	25.06.07	28.06.07	20 hrs
Analysis of Financial Statement	Short Business Course	Federation for Small and Medium Enterprise Development, Astana, Akmolinsk Oblast, Kazakhstan	26.06.07	28.06.07	16 hrs
Business planning	Short Business Course	Zhumanova LLP, Astana, Akmolinsk Oblast, Kazakhstan	26.06.07	29.06.07	16 hrs
Analysis of Financial Statement	Short Business Course	MPA Turan Profi, Astana, Akmolinsk Oblast, Kazakhstan	28.06.07	30.06.07	16 hrs
“Business Essentials”: Strategic and Business Planning	Training	<p>USAID’s Kazakhstan Small Business Development Project ; Karaganda, Kazakhstan</p> <p>USAID’s Kazakhstan Small Business Development Project (KSBD) created a Business Essentials course as a part of the Component 2. The primary objectives of the training were to:</p> <p>a) train the trainers who will provide the “Business Essentials” course in the regions after successful attestation;</p> <p>b) collect the feedbacks for further improvement, which is planned to be done after 3 months.</p> <p>There were 25 participants from 15 organizations.</p> <p>The training included the following:</p> <ul style="list-style-type: none"> • Understanding the planning process and its necessity, • Definition of Strategic Planning, • Model of Strategic planning, stepwise process, 	23.07.07	25.07.07	20 hrs

		<ul style="list-style-type: none"> • Local government and private involvement, • Business plan objectives and main sections. • Analyze of business plan's sections, • Examples, • Effective presentation of a business idea, • Practice, • Attestation. <p>The feedbacks were positive.</p>			
<p>“Business Essentials”: Finance for non-financiers</p>	<p>Training</p>	<p>USAID’s Kazakhstan Small Business Development Project ; Karaganda, Kazakhstan USAID’s Kazakhstan Small Business Development Project (KSBD) created a Business Essentials course as a part of the Component 2. The primary objectives of the training were to: a) train the trainers who will provide the “Business Essentials” course in the regions after successful attestation; b) collect the feedbacks for further improvement, which is planned to be done after 3 months. There were 25 participants from 15 organizations. The training included the following:</p> <ul style="list-style-type: none"> • Financial basics, • Financial statements, • Financial management, • Financial rates and financial analysis, • KMR model, • Examples, • Practice. <p>The feedbacks were positive.</p>	<p>25.07.07</p>	<p>27.07.07</p>	<p>20 hrs</p>

<p>“Business Essentials”: Marketing and Sales</p>	<p>Training</p>	<p>USAID’s Kazakhstan Small Business Development Project ; Karaganda, Kazakhstan USAID’s Kazakhstan Small Business Development Project (KSBD) created a Business Essentials course as a part of the Component 2. The primary objectives of the training were to: a) train the trainers who will provide the “Business Essentials” course in the regions after successful attestation; b) collect the feedbacks for further improvement, which is planned to be done after 3 months. There were 24 participants from 17 organizations. The training included the following:</p> <ul style="list-style-type: none"> • Marketing Basics (4P), • Pricing, Planning, Promotion, • SWOT and marketing plan, • Successful sales, • Customer service, • Practice, • Attestation. 	<p>27.08.07</p>	<p>29.08.07</p>	<p>24 hrs</p>
<p>“Business Essentials”: Quality Management</p>	<p>Training</p>	<p>USAID’s Kazakhstan Small Business Development Project ; Karaganda, Kazakhstan USAID’s Kazakhstan Small Business Development Project (KSBD) created a Business Essentials course as a part of the Component 2. The primary objectives of the training were to: a) train the trainers who will provide the “Business Essentials” course in the regions after successful attestation; b) collect the feedbacks for further improvement, which is planned to be done after 3 months. There were 20 participants from 13 organizations. The training included the following:</p> <ul style="list-style-type: none"> • Quality Management System, ISO series 9000 • Quality Management principles, process approach • ISO 9000:2000 requirements, resources management, product life cycles processes • Measurement, analysis and improvement, • Quality tools, practical planning, • Practice, Attestation. 	<p>30.08.07</p>	<p>01.09.07</p>	<p>24 hrs</p>

<p>“Business Essentials”: Strategic and Business Planning</p>	<p>Training</p>	<p>USAID’s Kazakhstan Small Business Development Project ; Shymkent, Kazakhstan USAID’s Kazakhstan Small Business Development Project (KSBD) created a Business Essentials course as a part of the Component 2. The primary objectives of the training were to: a) train the trainers who will provide the “Business Essentials” course in the regions after successful attestation; b) collect the feedbacks for further improvement, which is planned to be done after 3 months. There were 17 participants from 16 organizations. The training included the following:</p> <ul style="list-style-type: none"> • Understanding the planning process and its necessity, • Definition of Strategic Planning, • Model of Strategic planning, stepwise process, • Local government and private involvement, • Business plan objectives and main sections. • Analyze of business plan’s sections, • Examples, • Effective presentation of a business idea, • Practice, Attestation. 	<p>10.09.07</p>	<p>12.09.07</p>	<p>24 hrs</p>
<p>“Business Essentials”: Finance for non-financiers</p>	<p>Training</p>	<p>USAID’s Kazakhstan Small Business Development Project ; Shymkent, Kazakhstan USAID’s Kazakhstan Small Business Development Project (KSBD) created a Business Essentials course as a part of the Component 2. The primary objectives of the training were to: a) train the trainers who will provide the “Business Essentials” course in the regions after successful attestation; b) collect the feedbacks for further improvement, which is planned to be done after 3 months. There were 17 participants from 16 organizations. The training included the following:</p> <ul style="list-style-type: none"> • Financial basics, • Financial statements, • Financial management, • Financial rates and financial analysis, • KMR model, • Examples, • Practice, • Attestation. 	<p>13.09.07</p>	<p>15.09.07</p>	<p>24 hrs</p>
<p>Study Tour to Poland Follow-up</p>	<p>Seminar</p>	<p>USAID’s Kazakhstan Small Business Development Project and SMEF ; Almaty, Kazakhstan</p>	<p>03.09.07</p>	<p>03.09.07</p>	<p>8 hrs</p>

		<p>USAID’s Kazakhstan Small Business Development Project (KSBD) organized, led and implemented a Follow up seminar as a result of the Study Tour to Poland for public and private sector leaders in Kazakhstan.</p> <p>The seminar included the following:</p> <ul style="list-style-type: none"> • Presentation of Guarantee Program by Kanat Sultangazyev; • Lobbying Practices and Legislation in Poland: Lessons for Kazakhstan by Mirosław Zielinski, Unilob, Poland; • Annual SME Reports on Entrepreneurship in Various Countries by Mirosław Zielinski, Unilob, Poland; • Assessment Tools of Policy and Legislation that have preliminary impact on entrepreneurs and economy by Mirosław Zielinski, Unilob, Poland; • Q & A Session. <p>The 16 participants were from the Small and Medium Enterprise Fund (SMEF).</p>			
A Dialogue of Government and Business on Policy and Legislation	Seminar	<p>USAID’s Kazakhstan Small Business Development Project, USAID’S Business Environment Improvement Project, CIPE and Forum of Entrepreneurs of KZ; Astana, Kazakhstan</p> <p>USAID’s Kazakhstan Small Business Development Project together with USAID’S Business Environment Improvement Project, CIPE and Forum of Entrepreneurs of KZ organized a seminar to discuss with entrepreneurs and GOK public servants:</p> <ul style="list-style-type: none"> • Annual SME Reports (by the examples of Poland, United Kingdom, USA and Bulgaria); • Tools to Discuss Impacts of Policies and Regulations in Different Countries; • Cost Assessment Toolkits • Lobbying practice and legislation in Poland <p>32 representatives from Business associations, government agencies, and CIPE took part in the seminar</p>	04.09.07	04.09.07	8 hrs
		<p>Project, CIPE and Forum of Entrepreneurs of KZ; Almaty, Kazakhstan</p> <p>USAID’s Kazakhstan Small Business Development Project together with USAID’S Business Environment Improvement Project, CIPE and Forum of Entrepreneurs of KZ organized a seminar to discuss with entrepreneurs and GOK public servants:</p> <ul style="list-style-type: none"> • Lobbying and Business Coalitions (Practices and Regulations in Poland); • the Annual Reports on the Status of Entrepreneurs (Examples from Different Countries) and Results from the 			

		<p>Astana;</p> <ul style="list-style-type: none"> • CAR and Transition Countries Tools to Discuss Impacts of Policies and Regulations; • Business Associations Lobbying in Kazakhstan; • Cost Assessment Toolkits (Standard Cost Models used in Sweden, Holland and Bulgaria); • Entrepreneurs Unions' Interests Lobbying in Kyrgyz Republic and Tajikistan. <p>30 representatives from Business associations from Kazakhstan, Tajikistan and Kyrgyz Republic, SMEF, CIPE, USAID, USAID/BEI, USAID/KSBD took part in the seminar</p>			
<p>“Secrets of the Successful Consultant Attraction” “Secrets of the Successful Consulting”</p>	Seminar	<p>USAID’s Kazakhstan Small Business Development Project; Shymkent, Kazakhstan The seminars were developed by Mukhtar Musabetov and includes the following:</p> <ul style="list-style-type: none"> • The purpose of the management consulting; • Consulting project management; • Management consulting services. <p>There were 15 participants from 12 companies.</p>	07.09.07	07.09.07	8 hrs
<p>“Business Essentials”: Strategic and Business Planning</p>	Training	<p>USAID’s Kazakhstan Small Business Development Project ; Aktobe, Kazakhstan USAID’s Kazakhstan Small Business Development Project (KSBD) created a Business Essentials course as a part of the Component 2. The primary objectives of the training were to: a) train the trainers who will provide the “Business Essentials” course in the regions after successful attestation; b) collect the feedbacks for further improvement, which is planned to be done after 3 months. There were 10 participants from 9 organizations. The training included the following:</p> <ul style="list-style-type: none"> • Understanding the planning process and its necessity, • Definition of Strategic Planning, • Model of Strategic planning, stepwise process, • Local government and private involvement, • Business plan objectives and main sections. • Analyze of business plan’s sections, • Examples, • Effective presentation of a business idea, • Practice, • Attestation. 	17.09.07	19.09.07	24 hrs

<p>“Business Essentials”: Finance for non-financiers</p>	<p>Training</p>	<p>USAID’s Kazakhstan Small Business Development Project ; Aktobe, Kazakhstan USAID’s Kazakhstan Small Business Development Project (KSBD) created a Business Essentials course as a part of the Component 2. The primary objectives of the training were to: a) train the trainers who will provide the “Business Essentials” course in the regions after successful attestation; b) collect the feedbacks for further improvement, which is planned to be done after 3 months. There were 10 participants from 9 organizations. The training included the following:</p> <ul style="list-style-type: none"> • Financial basics, • Financial statements, • Financial management, • Financial rates and financial analysis, • KMR model, • Examples, • Practice, Attestation. 	<p>20.09.07</p>	<p>22.09.07</p>	<p>24 hrs</p>
<p>“Business Essentials”: Strategic and Business Planning</p>	<p>Training</p>	<p>USAID’s Kazakhstan Small Business Development Project ; Astana, Kazakhstan USAID’s Kazakhstan Small Business Development Project (KSBD) created a Business Essentials course as a part of the Component 2. The primary objectives of the training were to: a) train the trainers who will provide the “Business Essentials” course in the regions after successful attestation; b) collect the feedbacks for further improvement, which is planned to be done after 3 months. There were 20 participants from 10 organizations. The training included the following:</p> <ul style="list-style-type: none"> • Understanding the planning process and its necessity, • Definition of Strategic Planning, • Model of Strategic planning, stepwise process, • Local government and private involvement, • Business plan objectives and main sections. • Analyze of business plan’s sections, • Examples, • Effective presentation of a business idea, • Practice, • Attestation. 	<p>24.09.07</p>	<p>26.09.07</p>	<p>24 hrs</p>

<p>“Business Essentials”: Finance for Non-</p>	<p>Training</p>	<p>USAID’s Kazakhstan Small Business Development Project ; Astana, Kazakhstan USAID’s Kazakhstan Small Business Development Project (KSBD) created a Business Essentials course as a part of the Component 2. The primary objectives of the training were to: a) train the trainers who will provide the “Business Essentials” course in the regions after successful attestation; b) collect the feedbacks for further improvement, which is planned to be done after 3 months. There were 20 participants from 10 organizations. The training included the following:</p> <ul style="list-style-type: none"> • Financial basics, • Financial statements, • Financial management, • Financial rates and financial analysis, • KMR model, • Examples, • Practice, Attestation. 	<p>27.09.07</p>	<p>29.09.07</p>	<p>24 hrs</p>
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Section 1.02

FUNDING DATA: (Line-1: Amount Budgeted; Line-2: Amount Spent)											
Business Planning, Astana											
USAID			Host Country Government*			Provider			Private		
Instruction	Trainee	Travel	Instruction	Trainee	Travel	Instruction	Trainee	Travel	Instruction	Trainee	Travel
						\$349.60			\$437.56		
						\$349.60			\$437.56		
Business Planning, Astana											
USAID			Host Country Government*			Provider			Private		
Instruction	Trainee	Travel	Instruction	Trainee	Travel	Instruction	Trainee	Travel	Instruction	Trainee	Travel
						\$349.60			\$437.56		
						\$349.60			\$437.56		
Marketing Planning, Astana											
USAID			Host Country Government*			Provider			Private		
Instruction	Trainee	Travel	Instruction	Trainee	Travel	Instruction	Trainee	Travel	Instruction	Trainee	Travel
						\$349.60			\$437.56		
						\$349.60			\$437.56		
Marketing Planning, Astana											
USAID			Host Country Government*			Provider			Private		
Instruction	Trainee	Travel	Instruction	Trainee	Travel	Instruction	Trainee	Travel	Instruction	Trainee	Travel
						\$349.60			\$437.56		
						\$349.60			\$437.56		
Tax and Law, Astana											
USAID			Host Country Government*			Provider			Private		
Instruction	Trainee	Travel	Instruction	Trainee	Travel	Instruction	Trainee	Travel	Instruction	Trainee	Travel
						\$349.60			\$437.56		
						\$349.60			\$437.56		
Analysis of Financial Statement for Non-financial managers, Astana											
USAID			Host Country Government*			Provider			Private		
Instruction	Trainee	Travel	Instruction	Trainee	Travel	Instruction	Trainee	Travel	Instruction	Trainee	Travel
						\$349.60			\$437.56		
						\$349.60			\$437.56		

\$4051.00	\$940.00	\$3,982.00	See below note *								
\$4051.00	\$940.00	\$3,082.00									
“Study Tour to Poland for Kazakhstan Public and Private Sector Leaders”											
USAID			Host Country Government*			Provider			Private		
Instruction	Trainee	Travel	Instruction	Trainee	Travel	Instruction	Trainee	Travel	Instruction	Trainee	Travel
\$27.592		\$8.000	See below note *								
“Business Essentials”: Strategic and Business Planning/ Finance for non-specialists											
USAID			Host Country Government*			Provider			Private		
Instruction	Trainee	Travel	Instruction	Trainee	Travel	Instruction	Trainee	Travel	Instruction	Trainee	Travel
\$5.354			See below note *								
“Business Essentials”: Marketing and Sales (Karaganda)											
USAID			Host Country Government*			Provider			Private		
Instruction	Trainee	Travel	Instruction	Trainee	Travel	Instruction	Trainee	Travel	Instruction	Trainee	Travel
			See below note *								
\$3900	\$470	\$200									
“Business Essentials”: Quality Management (Karaganda)											
USAID			Host Country Government*			Provider			Private		
Instruction	Trainee	Travel	Instruction	Trainee	Travel	Instruction	Trainee	Travel	Instruction	Trainee	Travel
			See below note *								
\$3900	\$1855	\$572									
“Business Essentials”: Strategic and Business Planning (Shymkent)											
USAID			Host Country Government*			Provider			Private		
Instruction	Trainee	Travel	Instruction	Trainee	Travel	Instruction	Trainee	Travel	Instruction	Trainee	Travel
			See below note *								
“Business Essentials”: Finance for non-specialists (Shymkent)											
USAID			Host Country Government*			Provider			Private		
Instruction	Trainee	Travel	Instruction	Trainee	Travel	Instruction	Trainee	Travel	Instruction	Trainee	Travel
			See below note *								
Study Tour to Poland Follow-up (Almaty)											

			See below note *									
“Business Essentials”: Finance for non-specialists (Astana)												
USAID			Host Country Government*			Provider			Private			
Instruction	Trainee	Travel	Instruction	Trainee	Travel	Instruction	Trainee	Travel	Instruction	Trainee	Travel	
			See below note *									

For In-Country Programs Only	
# of Males Attended	# of Females Attended
444	1193

- With reference to Host Country Government, it should be noted that the Kazakhstan Small Business Development Project is jointly funded with the Government of Kazakhstan under the PED (Program for Economic Development). Funding for Yr. 1 is at 25%, Yr. 2 is 35%, Yr. 3 is 45% and Yr. 4 is 50%.

Trainee (Participant) Data for U.S. and Third-Country Programs Only							
First Name	Last Name	Date of Birth (MM/DD/YY)	Gender	Country of Residence	Trainee Status	Return Status	Return to Work Date
Guzal	Baimuldinova	1/27/1979	female	Kazakhstan	Return	Jan 16,07	Jan 17,07
Zhanat	Altaibayeva	11/14/1968	female	Kazakhstan	Return	Jan 16,07	Jan 17,07
Zharkyn	Zhengaziev	N/A	Male	Kazakhstan	Return	6/05/07	6/05/07
Kaushyn	Akparova	N/A	Female	Kazakhstan	Return	6/05/07	6/05/07
Dinara	Arysbekova	06/10/74	Female	Kazakhstan	Return	6/24/07	7/05/07
Isa	Kudabekov	10/08/82	Male	Kazakhstan	Return	6/24/07	7/05/07
Ayana	Manasova	07/08/79	Female	Kazakhstan	Return	6/24/07	7/05/07
Eduard	Tsoy	10/21/74	Male	Kazakhstan	Return	6/24/07	7/05/07
Amantay	Bekniyazov	11/18/73	Male	Kazakhstan	Return	6/24/07	7/05/07
Gosman	Amrin	02/09/61	Male	Kazakhstan	Return	6/24/07	7/05/07
Munavara	Paltasheva	07/01/59	Female	Kazakhstan	Return	6/24/07	7/05/07

Kanat	Sultangaziyev	02/08/78	Male	Kazakhstan	Return	6/24/07	7/05/07
Mukhtar	Mussabetov	06/04/65	M	Kazakhstan	Return	10/1/07	10/02/07
Alina	Khakalo	03/02/82	F	Kazakhstan	Return	10/01/07	10/02/07

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