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KAZAKHSTAN SMALL BUSINESS DEVELOPMENT PROJECT

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KAZAKHSTAN SMALL BUSINESS DEVELOPMENT PROJECT

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1.0 EXECUTIVE SUMMARY

During this reporting period KSBD was involved with the following activities under its **Component 1** program to assist the Government to use best practices to support SMEs:

- Formation in November of one new Working Group regarding the provisional launching of the Annual Entrepreneurship Report to the President; one additional partner, the Institute of Economic Research (IER) of the Ministry of Economy and Budget Planning, asked for planning assistance of major SME event in 2009, and a Work Group between KSBD and the Entrepreneurship Development Fund/Damu (EDF/Damu) was established by signing an Memorandum of Understanding (MOU) for future cooperation.
- Allocation by the Government of Kazakhstan (GOK) in November of an additional \$1 billion of SME credit lines via DAMU.
- Assistance in developing EDF/Damu policy amendments which KSBD has suggested in its April report to EDF/Damu, which were confirmed by experience gained during the July 2008 US Small Business Administration (SBA) Study Tour (ST), namely: creation of an Enterprise Development Center (EDC) network; designing a program to create better SME access to public procurement; elimination of sector preferences in EDF/Damu credit lines.
- Preparation and initiation in December of the Study Tour with the EDF/Damu to the US, to study the experience of establishing and maintaining Entrepreneurship Development Centers by the US Small Business Administration (SBA), assistance to the Entrepreneurship Development Department (EDD) of the Ministry of Industry and Trade (MIT). The Study Tour took place in January 27 – February 6, 2009 and has led to revision of the EDF/Damu EDC Program.
- Participation in working group meetings of the Mazhilis, Kazakhstan's lower legislative chamber on the subjects of amendments to the law on micro-credit organizations and on credit partnerships, as well as amendments to the law on private entrepreneurship, following a request from the MIT's Entrepreneurship Development Department (EDD).
- Signed a Memorandum of Understanding (MOU) with MIT/EED on areas of collaboration.
- Provided technical and financial assistance to the Institute of Economic Research (IER) in the Ministry of Economic and Budget Planning (MEBP) to organize the Second Astana Forum, which focused on the Global Crisis and Entrepreneurship. KSBD also participated in the event.
- Participated in EDF/Damu follow-up activities to develop the Enterprise Development Center program after EDF/Damu's KSBD-sponsored Study Tour to the United States and worked on recruiting short-term technical assistance for EDF/Damu in the area of loan guarantees and improving SME participation in government procurement.
- Provided technical assistance to the Prime Minister's Anti-Crisis Council, particularly regarding best practices in OECD countries and policy priorities regarding improving the environment for SMEs.

During this reporting period KSBD was involved with the following activities under its **Component 2** program to build the capacity of local business service providers:

- Received funds through USAID from Baker Hughes and Chevron to implement a program to support implementation of the International Labor Organizations vocational education course

on entrepreneurship called Know About Business in four target cities. KSBD met with the Ministry of Education and Science (MES) Vocation Education Departments in the target cities and a number of vocational schools to organize the first phase of training of teachers in April.

- Signed a Memorandum of Cooperation (MOC) with the Entrepreneurship Department and Atameken branch of Almatinskaya oblast.
- Increased the number of participations by 25% over the last reporting period (December – January) and has now met 45% of its annual target of 4,000 participations.
- Added 10 new BSPs as partners and has expanded its network to 68 BSPs operating in 15 oblasts/administrative districts of Kazakhstan.
- Completed its 3rd Start Your Business training-of-trainer session in Kzyl-Orda and its 6th Business Essentials training-of-trainer session in Almaty.
- Increased the number of retail courses delivered by BSPs by 20% over the last reporting period (December-January) and has now met 47% of its annual target of 200 retail training sessions.

2.0 KSBD COMPONENT I: BUILDING GOVERNMENT OF KAZAKHSTAN (GOK) CAPACITY TO SUPPORT SMEs

2.1 Component I Indicators

2.1.1 Improved policy planning

Based on previous extensive KSBD consultation to the Ministry of Industry and Trade Entrepreneurship Development Department (EDD) applying international best practices to issues regarding micro finance, business associations, government SME support institutions, SME definitions and statistical measures, as well as KSBD participation in public hearings on SME/entrepreneurship-related draft bills, MIT EDD requested KSBD to provide technical assistance to the Mazhilis, Kazakhstan’s lower legislative chamber. This consultation focused on discussion of amendments to three laws covering micro-credit organizations, credit partnerships, and private entrepreneurship. KSBD presented its assistance through the relevant Parliamentary Working Groups.

One of the Private Entrepreneurship Law (PEL) amendments tabled by EDD with KSBD support in the parliament is the initiative to produce overall reports on entrepreneurship development. KSBD has been promoting this idea in the form of an Annual Entrepreneurship Report (AER) as is prepared in other transition countries, such as Poland. The Mazhilis still needs to decide whether to adopt the idea and to whom to assign the task. But even in its current formulae, the PEL amendments that have been accepted on KSBD recommendation provide for greater voice to the private sector, through longer periods of public hearings and less restrictive access to GOK SME decision making for business associations (expanding access beyond the current government list of “accredited” business associations)

During the period, KSBD also began consulting to the Prime Minister’s new Anti-Crisis Council. Responding to calls from leading private sector organizations, the PM had established the Council to secure better policy coordination, consolidation of anti-crisis measures and responsiveness to the views of entrepreneurs on how the GOK should adjust its policies. Private sector associations requested KSBD’s opinion on reforms in pipeline. KSBD provided advice and information about

similar efforts in other OECD and transitions countries, on the structure of the Council, and on its priority areas of policy focus.

KSBD and MIT EDD signed an MOU to define the specific areas of cooperation between the two organizations and improve communication and coordination especially in this time of economic crisis.

2.1.2 Improved GOK Access to Best SME Policy Practices

Astana Forum:

In February-March KSBD has become the key consultant to the Institute of Economic Research (IER) in the Ministry of Economic and Budget Planning (MEBP) for the preparation of the Astana Forum, hosted by the President. The Forum was held on March 11-12 and featured two Nobel Prize Laureates, Edmund S. Phelps and Robert A. Mundell.

KSBD assisted IER in several ways: improving the agenda, corresponding with speakers/participants, reviewing applications to speak, etc. The culmination of the effort was KSBD's moderation of the Forum's March 11 session on Entrepreneurship and Global Crisis.

The session was designed to highlight the role of entrepreneurship in economic recovery and economic development and emphasize the principle policies that allow enterprises to perform this role effectively. The KSBD Session benefited first of all from the appearance of Dr. Horst Soboll Vice Chair of the European Research Advisory Board of the European Commission and former DaimlerChrysler AG Director of Research Policy and Communications, Dr. Joachim Ahrens, Professor of International Economics at the private University of Applied Sciences in Goetingen (a leading German expert on business reform in Central Asia) and Igor Gutan, short-term consultant for USAID/BEI and government reform advisor for several former Soviet Union states.

Other contributors were representatives of UNIDO, a Deputy Minister from the Bulgarian Ministry of Economy and Energy, the Kyrgyz Government Task Force on Innovation, the Governor of the Afghanistan Central Bank and a professor of applied economics from Perm University in Russia. The underlying message of the session was that the pivotal role of entrepreneurship in economic recovery can be secured via liberating entrepreneurial "spirit," and through sustained monetary and macroeconomic stability.

Professor Mundell's presentation on the roots of the crisis and Dr. Sobell's and Dr. Ahrens' presentations are uploaded on the KSBD website.

Work with the Parliament:

The current work in the Mazhilis (Lower House of the Parliament) on key laws related to SME development called for SME policy consulting. MIT requested KSBD to resend all key consultation materials produced from the start of the project to date. These materials, which helped the deliberations of Private Entrepreneurship Law amendments and SME policy discussions, are scheduled for uploading to the MIT website.

As mentioned in the previous report, MIT EDD has allocated \$100-120,000 of GOK funds to prepare a study on best practices regarding providing SME services via One-Stop-Shops in the framework of the Road to Europe Program but lacked the knowledge regarding which particular models to review and how to organize the study. KSBD designed the provisional exchange of experience between MIT and One-Stop-Shops of Italy (the Ena Province model for services to SME's/businesses has been copied throughout EU), Poland (which adopted recently a new law on the matter) and/or Bulgaria (where these services developed as private sector initiative).

Additionally, KSBD developed a methodology for SME needs assessment vis-à-vis One-Stop-Shops in order to assist understanding of the current situation in Kazakhstan and allow for focusing on the most important challenges. If implemented, this assistance would directly increase the impact of the study.

BEI has at the same time received a request from EDD to assist MIT, MEBP and the Ministry of Justice to outline a methodology for Impact Analysis (IA) of policies and regulations. On March 26 a joint meeting of relevant department heads of these three ministries approved this outline as a GOK working document. The follow up efforts will include KSBD, in two respects:

- Drafting a set of statistical indicators and SME Impact Tests for MIT and MEBP
- Drafting public sector/business consultation guidelines using the best OECD practices

2.2 Working Groups

During the reporting period two Working Groups in the Kazakhstan Lower House of the Legislature (Mazhilis) continued working on the SME policy initiatives of MIT and lead business associations, including The Forum of Entrepreneurs, ATAMEKEN, Karaganda Entrepreneurs' Association, AMFOK and the Association of Credit Partnerships through its Working Group on amendments to micro finance laws and the its Working Group on amendments to the Private Entrepreneurship Law (PEL). KSBD participation in these groups succeeded in finalizing previous SME policy and assisting in legalization of important initiatives towards further market-based reforms and private sector-led economic development.

Mazhilis Working Group (WG) on Micro Finance

In March, the Mazhilis WG on Micro Finance held a series of six special meetings to discuss the draft amendments to the laws on micro credit organizations and on credit cooperatives ("tovarishchestva"). KSBD was the only international project invited. KSBD attended on an equal footing in the sessions with other non-parliamentarian members of the group, which included representatives from the executive branch, banking industry, bank supervision authority, and business associations.

Members of the Mazhilis have approved the amendments drafted in 2007 and 2008, but delayed action on additional amendments submitted by the Ministry of Industry and Trade (MIT) in 2008, due to dealing with constitutional issues and the 2007 elections. They dealt with liberalization of the registration of microcredit organizations (MCOs) and Credit Savings Cooperatives (CSCs) and

allowed them to raise capital through issuing shares and securities according to the general rule applied to Kazakhstan public companies and credit markets.

The time passed since 2007 provided an opportunity to re-think and re-draft some other provisions of these acts. There were complications regarding registration procedures and restrictions on the scope of services MCO's and CSCs could provide to their members, and on investment opportunities.

The deliberations of the Mazhilis WG have resulted in the lifting of all restrictions and significant reduction of unnecessary registration formalities and the standardization of the reporting and publicity requirements for micro lenders. The only restriction that remains in place that is contradictory to common international practices of typical MCOs and CSCs is the prohibition to attract savings from members, but this restriction is rather nominal since members can increase their shares. The broader issue – the attraction of savings from non-members-- has been left for future deliberation. This will happen in the context of Saving Cooperatives Law Concept hearings, after a provisional feasibility study, for which KSBD technical support has been requested by the EDD of MIT. This will include a planned participation of one or two WG members in the Annual International Conference on Micro Finance, scheduled for the end of May 2009, in Belgrade, Serbia. This participation would allow the WG to share experience with other transition countries and negotiate with the International Microfinance Center organization of the next Annual Meeting in 2010 in Kazakhstan.

WG on Private Entrepreneurship Law (PEL) comments and amendments

The organization of the Mazhilis PEL Working Group was the same as described above for the Micro Credit WG. Issues discussed and developments were the following:

- Compulsory membership of all enterprises in one organization, ATAMIKEN (proposed to be introduced via amendments in the Labor Code and PEL). The WG, including the majority of the MPs present, representatives of GOK bodies and other business associations, rejected this proposal; eventually, it appeared in the agenda for the newly established Anti-crisis Council meeting scheduled for April 10, 2009.
- Functioning of ATAMIKEN as “cashier” for all Kazakhstan business associations, suggested as an amendment to PEL. The fate of this proposal was the same as the fate of the previous one. KSBD took part in the discussion, repeating its arguments from its 2007 analysis of the PEL against compulsory membership in and monopolization by any business organization. KSBD's arguments were based on the 2008 ad hoc consultations with MIT and the President's Administration on best practices regarding Chambers of Commerce and compulsory membership traditions in Europe, KSBD also provided additional information and argument in the course of the debate.
- Definitions of SME support institutions, such as business incubators. KSBD suggested long time ago (summer 2007, and winter of 2008) that there is little need to provide for such definitions in an act of the legislature, but the WG decided to keep the definition in the PEL.
- Definition of government regulation of business incubators. These regulations (like “drafting sample bylaws”, “organizing” business incubators and other SME support institutions and the like) were fortunately deleted from the law but some ambiguity remains.

- Principles of establishment of business associations, with a hierarchy of “regional” and “national” associations. The principles were somewhat liberalized – “regional” associations could take part in the hearings at the national level but the hierarchy is retained, though perhaps only on paper.
- Accreditation of business associations with GOK and Parliamentary bodies in order to take part in consultation on policies and draft bill, as part of the so called Expert Councils. KSBD attempted to argue that such practice is very rare, difficult to implement, even contradicts the actual practice in Kazakhstan and has nothing to do with the quality of the assessment of provisional impacts of policies and regulations. The WG decided to keep the accreditation procedure as it is but opened the door to the Expert Councils to all interested parties at the discretion of the GOK bodies responsible for developing policies and regulations;
- GOK functions in SME policy making and its reporting. A few members of Parliament, members of business associations and MIT proposed regular reporting on the state of entrepreneurship in the country, using materials and policy papers previously disseminated by KSBD. The group accepted the rationale for such reports; however, the issue of the format and the normative act assigning the duty to draft such reports remains open. It has been decided to consider these issues further with the Government. MIT disseminated an opinion that outlines two options: 1) a special government decree and 2) such reports as part of the regular report of the government to the legislature;

We believe that all above described work in the Mazhilis allowed KSBD to make a considerable progress in improving GOK SME policy planning.

2.3 Co-operation with the Entrepreneurship Development Fund/DAMU (EDF/DAMU)

KSBD continued its close collaboration with EDF/Damu during the period. In March EDF/Damu went through a challenging change in management. The incumbent Chairman of the Board, Mr. Gosman Amrin, was replaced by Bolat Mukushev, a banker.

Additionally, the February devaluation of the tenge has had an impact on EDF/Damu’s SME credit lines via intermediary banks and micro credit organizations and on EDF/Damu’s operations as a state-owned non-banking financial institution.

These developments have not ultimately and so far affected the KSBD work plan. KSBD has managed to establish a positive working relationship with the new Chairman, while Mr. Amrin remains involved in the initiatives have been underway since November 2008.

The MOU between KSBD and EDF/Damu outlines the following activities that progressed during the reporting period:

- Assistance in studying, designing, establishing and implementing the Enterprise Development Center (EDC) program;
- Reform of SME participation in public procurement;
- Technical assistance in developing an SME credit quarantine system;

Additionally, DAMU requested a review of SME support institutions based on best practices of Hungary and further assistance in disseminating the SME Handbook compiled with KSBD assistance and comprising a comprehensive overview on best international practices regarding supporting SMEs.

KSBD has provided the information on Hungary. The plan for joint dissemination of the SME Handbook has been put on hold again, because the organizational changes and other changes affecting the economy and EDF/Damu require KSBD to revise certain sections of the Handbook. Once this is completed, KSBD will provide it to EDF/Damu and other organizations for dissemination.

Assistance in the area of EDC development

Regarding the EDC program, the Study Tour to the USA was eventually launched with USAID/KSBD organizational, technical and financial support after the GOK at the last minute could not provide funding because of the President's general travel restrictions resulting from the financial crisis.

EDF/Damu's EDC Program document, which EDF/Damu drafted with KSBD technical advice and assistance, was discussed at the Round Table (RT) on March 31 in Almaty. The original EDC plan has been modified in several significant areas:

- The EDF/Damu Board Member responsible for EDCs, Murat Imankulov, as a result of his participation in the Study Tour and additional KSBD advice, has decided to seek options to build up EDCs on a contractual, inclusive and locally-flexible scheme to allow for private provision of public services with a secured commitment from EDF/Damu financially to subsidize centers for a certain period of time;
- EDF/Damu government (including akimats) as well as EDF/Damu's state-owned holding company, Samruk-Kazyna, appear to have agreed to adjust their original design for the EDCs directly to provide services in competition with the private sector and to charge rent to BSPs to use their facilities in order to generate positive revenues, to instead applying an outsourcing program recommended by KSBD and the US Small Business Administration (SBA) private sector provision of consulting and training to SMEs through subsidies where market gaps and in particular effective demand from SME beneficiaries is evident.
- An agreement has been reached on the principles of financing the EDCs and the set of services they would provide to BSPs and entrepreneurs;
- The new design of EDF/Damu's EDC Program has been developed on two sessions of a KSBD/DAMU working group and has been consulted with DAMU's Advisory Board
- The first Action Plan for the EDC program has been developed and, by and large, so far implemented without significant deviations. All the meetings of the EDF/Damu Advisory Board and the EDF/Damu Board have taken place as planned. The EDC plan has attracted significant attention from the *Akimats* and business associations. Three business associations came to Almaty at their own expense to take part in the March 31st Round

Table. The Astana *Akimat* expressed readiness to finance an EDC from their own resources. The first EDC is to be opened in Almaty, in the second quarter of the year;

- There is a delay, however, in GOK allocating resources for the rest of the program. The new Chairman assured the Round Table participants that the EDC program is there to stay but there is a need for a new look at the budget resources required.
- KSBD provided a very practical follow up, utilizing contacts, commitments and pre-Study Tour materials, requesting additional material from the Small Business development specialist they met in the USA and ensuring that Study Group members had copies of all materials and contacts and collected the trip reports.

SMEs in public procurement and SME loan guarantee Short-Term Technical Assistance (STTAs)

Public procurement and loan guarantee STTA's have been agreed upon, and most importantly KSBD convinced EDF/Damu to assign its own group of experts to work with the KSBD experts. Three EDF/Damu associates will form a team with the loan guarantee expert and two with the public procurement one. Additionally, EDF/Damu has appointed a liaison for both efforts, to provide for better coordination with KSBD. The liaison organized training of EDF/Damu staff by DCA experts at the end of March. This new level of cooperation seems very effective.

In March, USAID sponsored a visit from its Development Credit Authority (DCA) to Kazakhstan to meet with EDF/Damu and commercial banks to discuss access to credit and loan guarantee issues. KSBD provided translation support for the meetings. This visit led to a broader thinking on the EDF/Damu's new SME loan guarantee program, and KSBD is currently redesigning parts of the respective STTA SOW.

2.4 KSBD Website and Information Dissemination

KSBD's knowledge dissemination continued in February-March with the restructuring and improvement of the user-friendliness of the site. In February-March the dissemination campaign to 1,600 subscribers continued via e-mail. Additionally the KSBD team assisted BSP partners in Shymkent in re-designing their myconsultant website.

KSBD also started to consult with MIT on ways to improve its internet provision of information for SME's, including working with MIT on updating its website content, in order to better reflect best practice in SME policy development.

KSBD continued to work closely with SODBI Business Incubator in March regarding www.myconsultant.ru and contacted each consultant attested since project inception to increase the number of posted profiles. Additionally, KSBD provided SODBI with access to its project library to select those publications most applicable for posting to increase site traffic. KSBD will continue to provide SODBI with additional materials of interest for inclusion on this site and liaise with newly attested consultants regarding profile submission.

3.0 KSBD COMPONENT 2: BUILDING BSP CAPACITY TO SUPPORT SMEs

3.1 Component 2 Indicators

3.1.1 Number of organizations assisted through KSBD BSP Program

INDICATOR	FEBRUARY-MARCH		YEAR TOTAL 3		YEAR 3 TARGET	% OF TARGET	YEAR TOTAL 2	YEAR TOTAL 1	PROJECT TOTAL
	Total	New	Total	New					
Total number of organizations	185	111	591	349	N/A	N/A	1000	366	1957
SMEs	140	90	458	277	975	46.97%	818	300	1576
NGOs	22	9	46	26	N/A	N/A	68	10	124
GOK Entities	5	3	35	26	N/A	N/A	43	25	103
HEIs	5	4	13	5	N/A	N/A	25	10	48
Vocational/ Technical	5	2	13	2	N/A	N/A	20	6	39
Financial Institutions	6	2	19	8	N/A	N/A	20	7	46
Large Companies (international)	0	0	0	0	N/A	N/A	0	1	1
Large Companies (domestic)	2	1	7	5	N/A	N/A	5	6	18
Development Organizations	0	0	0	0	N/A	N/A	1	1	2

KSBD increased its assistance to 140 SMEs this period and has now achieved 47% of its annual target. Such progress is in line with KSBD's work plan and with continued, steady growth will allow KSBD to fulfill its obligation of assisting at least 975 SMEs this project year. This is further strengthened by the fact that KSBD has yet to complete the majority of its planned year 3 Business Essentials and Consulting Essentials training-of-trainer sessions which will greatly increase the number of attested consultants able to deliver retail training in the regions. Similar to other reporting periods, SMEs comprise nearly 80% of all organizations assisted by KSBD.

3.1.2 Total training participations and participants

INDICATOR	FEBRUARY-MARCH	YEAR TOTAL 3	YEAR 3 TARGET	% OF TARGET	YEAR TOTAL 2	YEAR TOTAL 1	PROJECT TOTAL
Total participations	543	1785	4000	44.63%	2828	1783	6396
Total unique participants	414	1253	N/A	N/A	1591	961	3805
Female unique participants	299	877	N/A	N/A	1105	725	2707
Male unique participants	115	376	N/A	N/A	486	236	1098

KSBD increased the number of participations by 25% over the last bi-monthly period and has now met 45% of its annual target of 4,000 participations. It's important to note that this target is a 40% increase over the baseline established during year 2 and is a reflection of the increased awareness and perception of value regarding our project resources and network of BSPs. In fact, throughout year 3, participation results have been successfully achieved primarily through retail training courses offered by partner BSPs. This in itself is a sign of success in KSBD's ability to transfer the requisite

knowledge and skills to empower its BSP network to deliver high-quality training and consulting expertise throughout Kazakhstan.

3.2 Business Service Provider (BSP) Capacity Building Program

3.2.1 BSP partner breakdown (by highest partner status achieved)

INDICATOR	FEBRUARY-MARCH	YEAR TOTAL 3	YEAR 3 TARGET	% OF TARGET	YEAR TOTAL 2	YEAR TOTAL 1	PROJECT TOTAL
Total	68	68	N/A	N/A	56	15	68
Status 1 (Attended TOT)	45	45	N/A	N/A	35	10	45
Status 2 (SME Toolkit Self-Application)	2	2	N/A	N/A	1	0	2
Status 3 (Retail Training)	13	13	N/A	N/A	14	5	13
Status 4 (Retail SME Toolkit)	8	8	N/A	N/A	6	0	8

This period, KSBDB added 10 new BSPs as partners through completion of its Almaty-based Business Essentials training-of-trainers:

- Public Fund Kazygurt (Almatinskaya oblast)
- Taldy-Korgan Regional Women Support Center (Almatinskaya oblast)
- International Environment Association of Women of the East (Almatinskaya oblast)
- Women's Rural Network (Almatinskaya oblast)
- Uniqcon (Almaty City)
- Social Initiatives Development Center (Almaty City)
- Key Partners Consulting (Almaty City)
- Sodeistviya Plus (Almaty City)
- Seimar Social Fund (Almaty City)
- Youth Center Aynalain (Zhambul'skaya oblast)

Through this addition, KSBDB now has expanded its partnership network to 68 BSPs operating in 15 oblasts/administrative districts of Kazakhstan. KSBDB met with several of these new BSPs this period to establish a plan for future collaboration (e.g., retail training provision, SME toolkit consulting, etc...) which will positively impact KSBDB's key performance indicators throughout the duration of the project.

3.2.2 BSP Partner Breakdown (by Oblast/Administrative District)

INDICATOR	FEBRUARY-MARCH	YEAR TOTAL 3	YEAR 3 TARGET	% OF TARGET	YEAR TOTAL 2	YEAR TOTAL 1	PROJECT TOTAL
Oblasts with 1 BSP	15	15	16	93.75%	14	3	15
Oblasts with at least 2 BSPs	13	13	16	81.25%	12	2	13
Average BSPs per 16 oblasts	4.25	4.25	N/A	N/A	3.5	N/A	4.25

KSBD has now reached 93.75% of its annual target of having BSP partners operating in all 16 oblast/administrative districts. To achieve national coverage, KSBD has only to formalize partnerships with BSPs located in Mangistauskaya oblast. Progress was made towards this goal through an introductory trip in March. During this trip, KSBD representatives met with the following organizations to outline the program and discuss methods for potential collaboration:

- Entrepreneurship and Industry Department
- Entrepreneurship Development Fund/DAMU
- Association of Entrepreneurs and Employers
- Women Entrepreneurship Support Center “Zamandas”
- Zaman Micro-Credit
- Caspian Training Group
- Progress Service Teaching Center
- Aktau Consulting

Through discussions with potential partner organizations, KSBD plans to conduct a Business Essentials training-of-trainers session in Aktau during June. Furthermore, KSBD began a review of additional (non-KSBD partners) BSPs operating in all oblasts that may be interested in joining its network to further expand project impact.

3.2.3 BSP TOT Business and Consultant Training and Attestation Program (Status I)

- KSBD TOTs for BSPs

INDICATOR	FEBRUARY-MARCH	YEAR TOTAL 3	YEAR 3 TARGET	% OF TARGET	YEAR TOTAL 2	YEAR TOTAL 1	PROJECT TOTAL
BE TOTs	1	2	7	28.57%	3	1	6
CE TOTs	0	0	7	0%	5	0	5
CCS TOTs	0	0	N/A	N/A	3	0	3
SYB TOTs	1	2	3	66.67%	1	0	3

In March, KSBD completed its 3rd Start-Your-Business training-of-trainer session in Kzyl-Orda. Through discussions with BSPs this period, KSBD has discovered great interest in this product, particularly since it's available in Kazakh and is targeted at nascent entrepreneurs with limited business knowledge. In fact, KSBD in April began making preparations to conduct the next two Start-Your-Business training-of-trainer sessions in Taldy-Korgan and Karaganda. As such, KSBD is well poised to exceed its annual target of 3 such training-of-trainer sessions. In addition, KSBD completed its 6th Business Essentials training-of-trainer session in Almaty. This course included participants from 10 BSPs in 3 oblasts/administrative districts and brings us to nearly 30% of our annual target. KSBD has developed a plan to conduct multiple Business Essentials and Consulting Essentials training-of-trainer sessions during the remaining months of this project year to ensure its targets are achieved.

- KSBD attestations of individual consultants and trainers

INDICATOR	FEBRUARY-MARCH	YEAR TOTAL 3	YEAR 3 TARGET	% OF TARGET	YEAR TOTAL 2	YEAR TOTAL 1	PROJECT TOTAL
Total # of BE attested	8	14	112	12.50%	49	16	79

Total # of CE attested	0	0	117	0%	86	0	86
Total # of BE+CE attested	0	0	90	0%	55	0	55
Total # of SYB attested	3	22	42	52.38%	14	0	36

KSBD attested 8 consultants in Business Essentials and 3 consultants in Start Your Business this period; bringing year 3 total to 14 and 22 attestations respectively. KSBD is well positioned to not only meet but exceed its target of 42 attestations in Start Your Business, considering at least 3 additional training-of-trainer sessions are planned. In regard to Business Essentials and Consulting Essentials, KSBD has developed an aggressive plan to quickly build up its pool of attested consultants in each discipline through multiple training-of-trainer sessions. Furthermore, KSBD is more directly managing the recruitment process to ensure a higher number of participants attend and more importantly become attested in each course.

3.2.4 BSP partners providing retail training to SME clients and participants (Status 2)

- All retail courses provided by BSP partners

INDICATOR	FEBRUARY-MARCH	YEAR TOTAL 3	YEAR 3 TARGET	% OF TARGET	YEAR 2 TOTAL	YEAR 1 TOTAL	PROJECT TOTAL
Total courses given (including EM grantees)	28	94	200	47.00%	165	101	360
Average value of each retail course (including EM grantees)	\$1,459.43	\$1,378.29	N/A	N/A	\$1,720.01	\$1,720.01	\$1,606.10
# of KSBD co-financed retail courses	14	52	N/A	N/A	34	0	86
# of fully commercial courses	0	1	N/A	N/A	0	0	1
Total value KSBD co-financed retail courses	\$20,432.00	\$67,338.50	N/A	N/A	\$72,240.32	\$0	\$139,578.82
KSBD contribution	\$10,587.50	\$33,189.00	N/A	N/A	\$31,622.00	\$0	\$64,811.22
BSP contribution	\$3,489.50	\$11,559.50	N/A	N/A	\$26,905.08	\$0	\$38,464.58
Sponsor contribution	\$160.00	\$5,546.00	N/A	N/A	N/A	N/A	\$5,546.00
Participant fees	\$6,195.00	\$17,044.00	N/A	N/A	\$13,713.02	\$0	\$30,757.02

KSBD's network of BSPs delivered 28 retail training courses during February and March, a 20% increase over the last reporting period. KSBD has met 47% of its annual target and has generated nearly \$140,000 since project inception in value of its co-financed retail courses. Of the 28 retail courses, 14 were delivered and co-financed by 5 BSPs:

- Institute of Partnership and Business (Karaganda): Strategic and Business Planning (2), Finance for Non-Financiers, Marketing and Sales, Quality Management and Human Resource Management (2)
- Association of Barmen and Victuallers (Karaganda): Marketing and Sales
- Alim Training Center (Uralsk): Human Resource Management and Finance for Non-Financiers
- Decenta Public Fund (Pavlodar): Strategic and Business Planning, Human Resource Management and Finance for Non-Financiers
- Dialog Agency (Aktobe): Strategic and Business Planning

In addition, KSBD representatives met with partner BSPs in Karaganda and Shymkent in March to identify ways in which to increase retail training in both regions. These meetings proved very fruitful and KSBD expects to see an increase in the submission of retail training applications during the next few months.

3.2.5 BSP self-application of SME Improvement Toolkit to improve performance (Status 3)

INDICATOR	FEBRUARY-MARCH	YEAR TOTAL 3	YEAR 3 TARGET	% OF TARGET	YEAR TOTAL 2	YEAR TOTAL 1	PROJECT TOTAL
Total from SME Toolkit	0	6	15	40%	12	0	18
# of SAPs developed	0	1	N/A	N/A	5	0	6
# of KMRs reported	0	5	N/A	N/A	7	0	12

KSBD did not facilitate self-application of the SME Improvement Toolkit this period. Although several BSPs did express interest, particularly in use of the key monitoring ratio model, all preferred to delay assistance from KSBD until April or May. Although KSBD has achieved 40% of its annual target, efforts were undertaken in March to increase demand for self-application, through both visits with BSPs in high-activity oblasts (e.g., Karaganda and Shymkent) and development of a SME Improvement Toolkit summary sheet which is to be sent to each attested consultant as part of the third version roll-out of the Business Essentials course.

3.2.6 BSPs retailing SME Improvement Toolkit (Status 4)

INDICATOR	FEBRUARY-MARCH	YEAR TOTAL 3	YEAR 3 TARGET	% OF TARGET	YEAR TOTAL 2	YEAR TOTAL 1	PROJECT TOTAL
Total from SME Toolkit	0	16	21	76%	7	0	23
# of SAPs developed	0	5	N/A	N/A	7	0	12
# of KMRs reported	0	5	N/A	N/A	N/A	0	5
# of QM workbook developed	0	6	N/A	N/A	0	0	6

Similar to self-application, there were no retail toolkit engagements completed by KSBD's network of BSPs. Feedback from key partners indicated a need for more training on utilization of the tools to improve BSPs' proficiency in delivery. As such, KSBD has decided to pilot a series of condensed (4-8

hours) SME Improvement Toolkit training courses. This idea is based on prior success achieved during the Enterprise Development Project (EDP) and will utilize the same batch training approach involving both BSPs and SMEs. KSBD will use real-life examples and guide each participant through completion of each selected tool. By doing so, KSBD will continue to develop a highly-qualified pool of trainers to outsource, as well as strengthen financial sustainability by creating an additional stream of revenue for BSPs.

3.3 Public-Private Partnership (PPP)/Sponsor Program

3.3.1 ExxonMobil Public Private Partnership (PPP) grant program for women in business in Astana

- ExxonMobil grant program overview

INDICATOR	FEBRUARY-MARCH	YEAR TOTAL 3	YEAR 3 TARGET	% OF TARGET	YEAR TOTAL 2	YEAR TOTAL 1	PROJECT TOTAL
Total amount of grants	N/A	N/A	N/A	N/A	\$320,840	\$300,000	\$620,840
# of retail courses	14	41	N/A	N/A	131	101	273
# of participations	97	503	N/A	N/A	1981	1645	4,129

- Grantee BSP: Turan Profi

INDICATOR	FEBRUARY-MARCH	YEAR TOTAL 3	YEAR 3 TARGET	% OF TARGET	YEAR TOTAL 2	YEAR TOTAL 1	PROJECT TOTAL
Total amount of grant	N/A	N/A	N/A	N/A	\$156,752	N/A	\$620,840
# of retail courses	14	41	N/A	N/A	61	15	117
# of participations	97	503	N/A	N/A	781	150	1,434

Turan Profi delivered 14 retail courses this period, resulting in a total of 41 retail trainings this year and 117 since project inception:

- Finance for Non-Financiers (5)
- Human Resource Management (4)
- Quality Management (2)
- Strategic and Business Planning
- Tax and Law

In doing so, Turan Profi has generated over 1,400 participations and will continue delivering retail training until the remainder of the grant has been fully spent.

3.3.2 Total Sponsor (PPPs) by Status (including ExxonMobil)

INDICATOR	FEBRUARY-MARCH	YEAR TOTAL 3	YEAR 3 TARGET	% OF TARGET	YEAR TOTAL 2	YEAR TOTAL 1	PROJECT TOTAL
Total	41	41	N/A	N/A	28	1	41
Status 1 (initial meeting)	13	13	N/A	N/A	12	0	13
Status 2 (signed MOC/proposal submitted)	17	17	N/A	N/A	7	0	17
Status 3 (Direct/In-kind contribution)	11	11	N/A	N/A	9	1	11

KSBD now has 41 organizations designated as sponsors (status 1-3). During this period, KSBD expanded its impact through the following activities:

- Signed a MOC with the Entrepreneurship Department of Almatinskaya oblast. During this meeting, Mr. Murat Ocerbayev (Deputy Director) pledged support via in-kind contributions to conduct the Start Your Business training-of-trainers session in Taldy-Korgan.
- Signed a MOC with the Atameken-Almatinskaya oblast branch. As above, Mr. Termurbalat Akazanov also pledged support to conduct the Start Your Business training-of-trainer session in Taldy-Korgan.
- Conducted initial meetings with the Entrepreneurship and Industry Department and Entrepreneurship Development Fund/DAMU in Aktau to garner support for KSBD program activities in Mangistauskaya oblast. Preliminary agreement was reached to conduct a Business Essentials training-of-trainers session in Aktau in June.
- Procter&Gamble delivered a course titled “Marketing Wars” to participants of the Almaty Business Essentials training-of-trainers course.
- KSBD is in discussion with Procter&Gamble, Toyota and Price Waterhouse Coopers regarding sponsorship of the Business Essentials Marketing and Sales, Quality Management and Tax and Law modules. We have reached preliminary agreement with Procter&Gamble and Toyota that both will provide KSBD with training materials that could be incorporated into respective module. Price Waterhouse Coopers agreed to review the Tax and Law module and provide us with suggestions for improvement.
- KSBD met with Mr. John Sasser, Peace Corps Kazakhstan Director, to outline KSBD’s program objectives and ideas for potential collaboration. Following this meeting, KSBD provided Mr. Sasser with a copy of the Business Essentials course.

4.0 MEDIA COVERAGE OF KSBD ACTIVITIES

INDICATOR	FEBRUARY-MARCH	YEAR TOTAL 3	YEAR 3 TARGET	% OF TARGET	YEAR TOTAL 2	YEAR TOTAL 1	PROJECT TOTAL
Total # of media occurrences	3	17	60	23.3%	51	N/A	68
TV	0	1	N/A	N/A	7	N/A	8
Magazines	1	1	N/A	N/A	13	N/A	14
Newspapers (print)	0	11	N/A	N/A	29	N/A	40
Newspapers (electronic)	2	4	N/A	N/A	2	N/A	6

5.0 KSBD UPCOMING ACTIVITIES

5.1 Component 1: Cooperation with GOK

- Short-term technical assistance (STTA) for EDF/Damu on public procurement and loan guarantees for DAMU will begin their work in April.
- Launch of first pilot EDC in Almaty. EDF/Damu has indicated that it may request STTA specific to EDCs from KSBD to support this.
- The Parliamentary Work Groups policy initiative that would require support to implement; we expect those to be in the area of:
 - Ad hoc advice to the operations on the Anti-crisis council, via MIT and business associations;
 - Further assistance in the area SME definitions and statistics, with a practical application to assess policies and impacts on businesses;
 - Design and support for the micro finance initiatives: access to best practice, and survey of the demand for macro financing.
 - Assistance to the GOK to derive the best result from the Road to Europe program;
 - Assistance in the area of promoting and drafting in some form the equivalent of an Annual Entrepreneurship Report (AER)

5.2 Component 2: BSP Support

- Complete delivery of Business Essentials training-of-trainers in Petropavlovsk
- Launch Business Essentials training-of-trainers in Atyrau
- Complete Start Your Business training-of-trainers in Karaganda
- Launch Start Your Business training-of-trainers in Taldy-Korgan
- Preparation for Business Essentials training-of-trainers in Aktau
- Complete Consulting Essentials in Almaty
- Launch revised KSBD website
- Launch updated MyConsultant website
- Continue KSBD-sponsored retail training: Aktobe, Karaganda and Uralsk
- Pilot SME Improvement Toolkit training
- Develop Business Trainer Methodology product for Business Service Providers
- Launch Know About Business training-of-trainers in Almaty, Astana and Atyrau