

COVER PAGE

Name of Recipient: Arizona-Kazakhstan Partnership Foundation, Inc. (AzKz)

Title of Program: Kazakhstan-Arizona Partnership II

USAID Grant/Agreement No.: 115-A00-01-00026-00

Period This Report Covers: 31 August 2001- 31 January 2002

Amount of Agreement: \$X,XXX,XXX

Total Value of Program: \$X,XXX,XXX

Funds Received This Period: \$XXX,XXX

Expenditures This Period: \$XXX,XXX

Balance Due Under Agreement: \$X,XXX,XXX

Total of Other Contributions (non-USAID) This Period: \$XX,XXX

Kazakhstan-Arizona Partnership Program II

Semi-Annual Progress Report

Narrative Report

For the Period
31 August 2001 - 31 January 2002

The focus of the past six months has been on implementing one new partnership, maintaining the momentum for continuing partnership activities, establishing connections for a second new partnership, and reinvigorating the Public Administration Training Program. The following summarizes the activities associated with these programs.

NGO Development Partnership II

Impact of Activities In support of the Confederation of Non-Governmental Organizations of Kazakhstan (CNOK), the Vice President of United Way International (UWI) visited UW Asar Kazakhstan in February 2002 to help recruit prospective board members, contact international and Kazakhstani corporations to solicit their financial support, and mentor the staff of CNOK. The following met with CNOK and UWI representatives:

World Bank	Exxon Mobil
Pragma Corporation	Citibank
UNDP	City of Almaty
Eurasia Foundation	Becker & Co.
US Ambassador to Kazakhstan	Chevron
Phillip Morris	Coca Cola
US Chamber of Commerce	Soros Foundation
USAID	

The organizations visited expressed their interest in future support and especially welcomed the accountability and transparency the UW offers.

Having successfully launched UW Asar Kazakhstan, CNOK returned its attentions to advocating the development of the civil sector. After gaining expert insight from the Center for Non-Profit Law, a study trip to Moscow and St Petersburg was organized for deputy ministers of the government of Kazakhstan so they could learn first hand how other communities/governments were contracting with NGOs for public services. The delegation consisted of nine members, six funded through USAID:

Director, National Commission on Family and Women's Issues

Advisor to the Chairman, Agency of Strategic Planning

Deputy Director, Department of Internal Policy, Ministry of Culture, Information and Public Concord

Chief, Department of Methodology, Ministry of State Revenue

President, CNOK

Vice President, CNOK--Chairwoman of the Board for Formation of Tax Culture Fund and VP Central Asian Fund for System Research

Arizona-Kazakhstan Partnership Foundation, Inc.

Deputy Minister of Finance (self-funded)
Representatives of CNOK in Moscow and St Petersburg

The delegation met with the Vice Governor of St Petersburg, Deputy of the Vice Mayor of Moscow, the Prefect of the Northwest Administrative District of Moscow (CZAO), Chairman of Municipal Education in St Petersburg, and committees of the House of Legislation of St Petersburg and the Russian Duma. (CZAO was the pilot program in Russia for contracting social services and the municipal education district provided a set of documents for open tenders for specific programs from 2002 - 2005.)

One eye-opening experience was the presentation by the City Center of St Petersburg. The Center provides research for the Governor on "vital life issues" in the city. Budget policy is formed based on this research and revisions are made to the budget during the fiscal cycle based on changes in society's needs as identified by the on-going research.

Another model for matching government's needs with NGO providers was presented by the Center for Social Partnership in Moscow. Here the Center develops government contracts, practices close cooperation with government authorities and NGOs, organizes tenders on social projects based on the budget, supervises pilot projects, conducts research, and develops training and reference materials. Led by a former government employee, this agency appears to serve effectively as a liaison.

Opportunities The study tour to Russia will be followed by a roundtable meeting to cement support for changes to the draft legislation "On Government Social Order." CNOK is motivated to see this project through and now has garnered important support from key government staffers. Also, using Eurasia funding, CNOK established Councils of Cooperation between local governments and NGOs in six communities. After understanding how similar councils are used in Moscow and St Petersburg, CNOK can help foster greater involvement in Kazakhstan.

Challenges Sivryukova is working with the government of Kazakhstan and United Way International to ensure UW Asar Kazakhstan is recognized as an international organization. This is necessary so monetary contributions to UW Asar will not be taxed under Kazakhstan's tax code which does not distinguish between for profit and not for profit organizations.

Women's Leadership Partnership II

Impact of Activities Hekman met with Tomiris in October and discussed future program possibilities. The club wants to focus on two areas with their American partners-- development of a training program for women who want to run for political office and a young women's leadership development program. A third area of interest is addressed under opportunities.

Successes Elly Anderson of the Arizona Women's Political Caucus put together an outline of activities to identify, recruit, and train women to run for political office. The materials

included a comprehensive syllabus, all of which has been translated into Russian and provided to Tomiris. The other American partners have conducted extensive research on young women's leadership programs. The "Tucson Tomiris" will meet soon to evaluate the programs and outline elements common to all. They will then work with Tomiris and develop a program unique to the culture and challenges facing young Kazakhstani women.

Opportunities Rausa Balmagambetova, Executive Director of the Tomiris Business Women's Club, is exploring funding sources for their activities. Besides the training programs mentioned above, another activity they are exploring is to develop a program targeted at orphans who must leave the orphanages due to age, but are still too young to be fully independent. Tomiris would like to reach out and assist by offering a course in life skills. If additional funds become available, AzKz is in a position to assist further development of this objective.

The Business Study Tour

Impact of Activities Hekman met in September with Rick Gurley and Paul Peiper (Pragma) to discuss what was, in essence, a follow-on activity of the Entrepreneur's Partnership started under the original Kazakhstan-Arizona Partnership Program. The study tour was designed by USAID to address a request from the Agency on Regulation of Natural Monopolies and Protection of Competition and Support of Small Business for a meaningful exchange in the US. It would serve to develop rapport between the national government and private entrepreneurs, and give Pragma a hand in connecting the two entities.

Peiper and Hekman diagramed a value chain to use as an outline for the tour--starting at the national level of the US, through the state level, culminating at the local government level. Peiper conducted a needs assessment with the Kazakhstan government agency and AzKz developed the following schedule:

- The tour would begin in Washington, D.C with the Small Business Administration (SBA), US Chamber of Commerce, the International Franchise Association, the Association of Associations, the US Congress, and an office visit with Representative Kolbe of Arizona's 5th District and Chairman of the House Foreign Operations Committee
- Next, a stop in Arizona's capital would entail a visit to the Arizona Regional Office of the SBA, Arizona Department of Commerce, and a session of the Arizona State Legislature
- Then in Tucson, the group would focus on local-level activities. Study sessions would include managing business development loans, training programs for entrepreneurs, why chambers of commerce, local government economic development activities, city and county development services, international trade assistance organizations, et al

This schedule was tentatively coordinated for a November/December 2001 time frame, approved by the government of Kazakhstan, and then rescheduled to January to

accommodate schedules. On 26 November, USAID and Pragma postponed the study tour when the Kazakhstan government agency head was removed from his position.

Opportunities The new agency head is not interested at this time in such a tour. However, the groundwork is laid and the program outline is still valuable. Should the need arise--AzKz stands ready to implement the activity.

The Real Estate Appraisers Partnership

Hekman met with Gurley and Dave Luchterhand (Pragma) to begin assessing the developmental stage of the proposed Kazakhstani partner organization--the Chamber of Professional Appraisers of Kazakhstan. Founded in September and registered in December 2001, the organization has about 100 members drawn from the ranks of the Institute of Appraisers, originated in the construction industry, and the Chamber of Auditors. Real estate appraisers are critical to the development of the nascent mortgage lending industry so this partnership will help establish their professional credentials. The Chamber sees its primary tasks as:

- Unite appraisers around the country
- Assist them to develop professionally
- Improve legislation affecting the profession
- Develop and improve standards that can correlate with international standards
- Provide continuing education

Impact of Activities Back in Arizona, Hekman contacted a renowned appraiser from Phoenix, Walt Winus, whom she convinced to volunteer as a content expert. Winus trains nationally and internationally for the Appraisal Institute, a worldwide organization dedicated to real estate appraisal education, publishing, and advocacy. Hekman also secured the participation of the Southern Arizona Chapter of the Appraisal Institute as the American partner. The Chamber of Professional Appraisers of Kazakhstan has nominated a delegation to participate in the training phase of partnership development.

Successes The Southern Arizona Chapter's new president, Andria Burke, made a presentation to the combined Arizona chapter meeting at the end of January. She received official agreement to co-partner with the Greater Phoenix Chapter of the Appraisal Institute to improve access to state government issues, and echoed the Appraisal Institute's willingness to participate fully for a national perspective.

Pragma has been very generous sharing documentation of their work to date to ensure complementary activities with the Partnership Program.

Opportunities Winus has offered to travel to Kazakhstan and oversee practice appraisals with working appraisers based on the newly approved European Standards as he has done recently in Bulgaria and Macedonia. Later, building on the work Pragma has accomplished, he could offer additional courses based on the Appraisal Institute's curriculum.

Challenges It is not known if the real estate appraisers will have the data necessary to support conducting appraisals at this time. AzKz plans to use Winius' expertise to determine further developments needed in the mortgage banking industry to assist with the development of professional appraisers.

In order to ensure Winius' availability, this program has slipped on the calendar by one month. This may produce further impact down the road, but will not affect the programs materially.

Actuarial Partnership

Hekman met with Dina Urzhumova, Chair of the newly formed Actuarial Society of Kazakhstan, and consultant to Pragma. Urzhumova expressed the association's interest in forming a partnership with a comparable organization in the US. Hekman and she reviewed the new association's prime areas of interest with respect to this partnership opportunity--organizational structure, role of associations, training, data collection and use, regulatory issues, code of ethics, and what role each agency plays.

The Actuarial Society of Kazakhstan is organized into four committees--education and examinations, statistics and analysis, methods and examination of legislation, and public relations. They have a charter but are looking to develop a code of ethics to guide the development of a cadre of professional actuaries.

Impact of Activities Hekman was initially challenged to find actuaries in the Tucson area. After making contact with the Society of Actuaries in Schaumburg, IL, she learned of the Arizona Actuarial Club and was able to make contact with a local member and an officer of the club. The club will be informed of the opportunity to participate in the partnership program after mid-February. All signs point to a dynamic partnering. A primary objective will be to involve the Society of Actuaries, who are anxious to participate, providing a national association perspective.

Local Government Training Program

Although new to AzKz, this program is not new to Hekman or the City of Tucson. The original version was funded through the US Information Service, *cum* State Department, in conjunction with the International Executive Service Corps (IESC). Ms Hekman worked as a volunteer executive to run this program in Kazakhstan and Tucson for over 8 years. The last offering in Tucson was October 2000.

Impact of Activities In October 2001, Hekman coordinated the new program parameters with Sundaa Bridgett, Susan Fritz and Ivan Aphanasevich. It was agreed the target audience for training will be elected officials, with some appointed officials included, and to try and involve the Kazakhstan government's training academies in appropriate ways. The program should use this opportunity to: introduce roles and responsibilities given different forms of

government, e.g., city manager v. mayoral; involve local experts as trainers; and bring government academy trainers on the US portion of the program.

Hekman met in Astana with the contact person from the Administration of the President of the Republic of Kazakhstan (ROK) to establish what sort of program the government is willing to support at this time. It was agreed the initial program will be held in Northern Kazakhstan in June, with the follow-on training in the US scheduled for September or October 2002. The Representative of ROK formally requested that trainers from Kazakhstan be included on the training staff for the Kazakhstan portion, and that the training academies be able to send participants who may become eligible for the US portion of the program. AzKz will kick off the process with a formal letter to the ROK in March.

Opportunities Hekman was able to garner support from three key individuals for the next round of local government training sessions. Back by popular demand, University of Arizona Political Science Professor (Dr.) Tom Volgy will travel to Kazakhstan in June. Volgy was Mayor of Tucson when the Sister City agreement was signed with the Deputy Akim of Alma Ata in early 1988. In addition, the current City Manager of Tucson, Jim Keene, MA in Urban Studies, will participate. He established a wonderful rapport recently with two groups from Almaty for the Resource Cities program, as well as guiding Akim Khrapunov and his staff through an understanding of Tucson's government structure. The third key staff member will be Michael Palmbach of the Santa Cruz Institute. His insightful facilitation guarantees program objectives are met in this very dynamic presentation format. Of course, Hekman will lend her expertise and leadership skills to ensure a powerful experience for all concerned.

Other Partnership News

The **Kazakhstan Tourism Association** continues to thrive with occasional mentoring by their American partners, the Metropolitan Tucson Convention and Visitors Bureau. The two have kept in contact and see each other regularly now at worldwide tourism events.

The **Almaty Association of Entrepreneurs** and The Forum remain engaged in economic development issues at the local and national levels. As more small and medium business owners meet to network, the concept of working together to make change happen seems to really be catching on. Why else would the President have to warn business people to stay out of politics?

The **Atyrau Local Government Partnership** led to a real business connection for some members of the Tucson community. A personal friend of the Akim, Askhat Aitzhanov, owner of a construction company and nouveau hotelier from Aktobe, participated in the exchange last August at his own expense. Here he met a couple of entrepreneurs who have since contracted with him to finish a refurbishment project and manage his hotel in Atyrau that will cater to oil company executives. Another local chef has been hired to outfit the kitchen and train the kitchen staff for the same hotel.

The **Arizona-Kazakhstan Partnership Foundation** is pleased to have celebrated the 10th Anniversary of Kazakhstan last October. Having followed their progress every step of the way, it is often frustrating but also heartening to see how far these wonderful people have come in a relatively short period of time. We look forward to participating in their accomplishments over the next decade.