

KAZAKHSTAN

RESULTS, REVIEW AND RESOURCE REQUEST

(R4)

USAID Central Asia Regional Mission

ALMATY, KAZAKHSTAN

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TABLE OF CONTENTS

I.	OVERVIEW AND FACTORS AFFECTING PROGRAM PERFORMANCE	1
II.	PROGRESS TOWARDS OBJECTIVES	4
	Summary Table of Strategic Objectives	4
A.	SO 1.2: Increased Soundness of Fiscal Policies and Fiscal Management Practices	6
B.	SO 1.3: Accelerated Development and Growth of Private Enterprises	12
C.	SO 1.4: A More Competitive and Market-responsive Private Financial Sector	18
D.	SO 2.1: Increased, Better Informed Citizens' Participation in Political and Economic Decision-making.....	24
E.	SO 2.3: More Effective, Responsive and Accountable Local Government	38
F.	SO 3.2: Improved Sustainability of Selected Social Benefits and Services	44
G.	SO 4.1: Special Initiatives	50
III.	STATUS OF THE MANAGEMENT CONTRACT	58
IV.	RESOURCE REQUIREMENTS	(Separate Submission)

I. OVERVIEW AND FACTORS AFFECTING PROGRAM PERFORMANCE

USAID's main goal in Kazakhstan is to promote a free market economy with an appropriate social safety net, while promoting necessary legal and infrastructure improvements needed to help create a democratic and civil society. The largest recipient of U.S. assistance in Central Asia, Kazakhstan has made considerable progress in privatizing government assets and setting up the basic framework for a market economy. Overall macroeconomic management has been quite good, especially considering that Kazakhstan at independence lacked the experience needed to take control of its own economic destiny. After several years of economic decline, Kazakhstan now has registered two consecutive years of positive economic growth (1996 and 1997), while maintaining the tight fiscal and monetary discipline of an IMF Extended Fund Facility program. Inflation in 1997 was a modest 12 percent (compared to 29 percent in 1996), significantly below expectations, and continues to decline. The local currency, the Tenge, is fully convertible and very stable.

Kazakhstan's sound short-term macroeconomic performance continued to earn support from international financial institutions, including the IMF and World Bank, as well as, recently, from international rating agencies in the context of recent highly successful Eurobond issues. At the same time, the GOK must tackle key fiscal restructuring issues if it is to protect the macro-stabilization progress which has been made thus far. In particular, revenue intake must be improved dramatically (through a complete overhaul of the tax administration system). In addition, inter-governmental finance reforms must be implemented which will stabilize the revenue flows to regional and local governments, and improve the targeting of fiscal transfers to better match the fiscal needs of different regional and local governments. Finally, the budget planning system must be rationalized so that social expenditure programs are more closely linked to improvement in the well-being of the beneficiary population.

A sound commercial law system is a key component of USAID's economic growth strategy, both to encourage foreign investment and because it has led the Government of Kazakhstan to address a range of macroeconomic and structural reform problems that must be done before Kazakhstan can join the World Trade Organization (WTO). During the past two years, Kazakhstan has made extremely rapid progress in satisfying requirements for WTO membership. For example, with USAID assistance, pro-business bankruptcy, procurement, and foreign investment laws have all been adopted. Also, with USAID assistance, the GOK adopted a comprehensive set of international accounting standards in early FY 1997 that form a critical element in the rationalization of both financial and non-financial enterprises in the economy and that will significantly increase the transparency of financial information for investors.

Kazakhstan, like its CAR neighbors, had almost no experience in establishing modern financial markets. USAID assistance has helped develop the regulatory and technical infrastructure for the operation of a competitive securities market. The country now

has a growing stock market, a significantly healthier banking sector, and a dramatically reformed pension system that became mandatory and private in January 1998. The radical pension reform program will replace the current pay-as-you-go public system with a multi-tiered system that has a major private component. The new system will both, protect the savings of pension contributors, and contribute significantly to the long-term development of the securities market in Kazakhstan.

Although substantial success was achieved with USAID assistance in privatizing small- and medium-sized companies, many large-scale enterprises remain under state control. The Government has committed to privatizing a critical mass of the largest companies and to placing the shares of these companies on the newly created stock exchange. This will provide an attractive option for the newly created private pension funds, which need additional share capital in which to invest.

The deterioration of the health system since 1991 is being addressed through a comprehensive reform program. The introduction of affordable primary health care through family group practice and the introduction of new payment systems has demonstrated that cost-effective quality services are possible and health reform models can work in pilot status. The case-based hospital payment system was introduced in the pilot sites resulted in a twenty percent reduction in the average length of hospital stay. The new cost accounting data analysis system has resulted in payment to health facilities on a per case basis rather than on number of beds, significantly improving the quality of care and producing budget savings at the national level. The USAID demonstrations are being extended to larger areas with a US \$30 million World Bank Loan for health sector reform.

Funds for infectious diseases, reproductive health, and hospital partnerships complemented and extended the health reform agenda in 1997. With medical partnerships, a major focus has been improved nursing education and a Women's Wellness Center to serve the comprehensive needs of women from adolescence to senior citizen. In FY 1998, a new tuberculosis initiative will be undertaken.

In housing reform, USAID's support resulted in the establishment of over 4,000 condominium associations and a nation-wide system of housing allowance centers that operate a means-tested utility subsidy program, resulting in improved services to citizens and significant cost recovery for municipalities.

Kazakhstan's Constitution concentrates power in the presidency. While the president has the authority to legislate by decree, he has chosen to introduce all major reform legislation through the parliament. The lack of an independent judiciary makes it difficult to deal with corruption issues. Additionally, freedom of assembly is at times restricted although the government generally respects the basic human rights of its citizens. The judicial system needs to be restructured. Likewise, the media is generally independent, but practices self-censorship.

USAID assistance has focused on development of the media and a civil society. The independent radio and television stations are working together through the media association to take legal action to address irregularities in the frequency auctioning process. More than 300 local NGOs have participated in USAID-funded training. USAID will assist the central election commission in its preparation for the upcoming parliamentary and presidential elections. Assistance should help duplicate the success with the first ever nationally broadcast political debate in Kazakhstan. USAID recently held a well-attended legislative drafting seminar for the parliament and assistance is also underway to increase the independence of the judiciary. In response to constituent building efforts, the Bar Association brought together lawyers in one oblast to form a lawyers association.

In the environmental sector, the US\$22 million U.S.-led initiative for the region is helping alleviate the effects of desiccation of the Aral Sea Basin by providing potable water for area residents. In addition, USAID is addressing the cause of the disaster through its efforts in facilitating regional cooperation through multilateral water-sharing and resource management projects. One result has been the drafting of a framework agreement for water and energy exchanges on the Naryn Syr Darya cascade.

USAID has funded oil and gas policy advisors to advise on: a) petroleum sector restructuring as required to attract new foreign investment and environmental rules and regulations for on-and off-shore oil and gas operations. USAID is also supporting electricity sector restructuring along with energy trade, contracting, and pricing reform among all five Central Asian Republics through the preparation of regional framework agreement of frequency regulation.

Despite the above-cited solid signs of progress, several concerns should be noted. Official personnel changes at the highest level in the government have caused some uncertainty on the part of international donors regarding the government's willingness to maintain the pace of reform, and the recent move of the national capital and important line ministries to Akmola has spurred concern about coordination.

During FY 1998, USAID will continue to address the priority economic development concerns that have surfaced over the past year. We will expand our partnership activities where possible and feasible. Energy and environment activities will assume a higher priority within the portfolio under the Regional Energy and Environment Initiatives, as emphasis continues to be placed on policy issues and rationalization for the electricity and oil and gas sectors. Assistance in the market transition will focus more heavily on implementation of new laws and improved administration of new regulations. A new USAID local government initiative will start building on successful housing reforms and municipal development results achieved during FY 1997.

II. PROGRESS TOWARD OBJECTIVES

To enable Kazakhstan to use scarce resources efficiently and fairly, the Mission supports activities under the strategic objectives in the chart below. In this connection, the Mission would like to underscore that health earmarks for medical partnerships, contraceptive social marketing, and family planning training are all described under SO 4.1 (Special Initiatives). Also, the Mission would like to emphasize that the cross-cutting nature of activities under SO 4.2 (Cross-cutting Programs) and the fact that the impact of such activities is generally measured in other strategic objectives means that a formal R4 framework and assessment is not required for SO 4.2. Finally, the Mission notes that SO 1.5 (An effective policy framework in place to achieve private investment in an environmentally sound, regionally efficient, market-oriented energy sector) and SO 1.6 (Reduction in regional economic and political tensions generated by transboundary environmental issues) are regional strategic objectives with activities in Kazakhstan. A complete description of their activities is in the Mission's Regional R4 for Central Asia.

Summary Table of Strategic Objectives

Strategic Objective	Rating	Evaluation Findings
1.2 Increased soundness of fiscal policies and fiscal management practices	On target	No recent evaluations
1.3 Accelerated development and growth of private enterprises	On target	No recent evaluations
1.4 A more competitive and market-responsive private financial sector	On target	No recent evaluations
2.1 Increased, better-informed citizens' participation in political and economic decision-making	On target; but Government commitment regarding the media is unclear	No recent evaluations
2.3 More effective, responsive, and accountable local government	New Strategic Objective	New SO; not applicable

3.2	Improved sustainability of selected social benefits and services	Better than expected	The Mission's Health Reform activities, implemented by Abt Associates, were recently evaluated. All recommendations have been incorporated in Mission activities.
4.1	Special Initiatives	Progress on target	Recent evaluations include 1) the Mission's SOMARC project for contraceptive marketing and 2). Mission activities in infectious diseases. All recommendations have been incorporated in Mission activities.
4.2	Cross-Cutting Programs	Not applicable	No recent evaluations
1.5	An effective policy framework in place to achieve private investment in an environmentally sound, regionally efficient, market-oriented energy sector	Described in Regional R4 for Central Asia	See Regional R4 for Central Asia
1.6	Reduction in regional economic and political tensions generated by transboundary environmental issues	Described in Regional R4 for Central Asia	See Regional R4 for Central Asia

As a final note, there are no Kazakhstan initiatives requiring 22 CFR 216 actions in FY 99. The Mission will be thoroughly reviewing the CAR program with Bureau environmental staff in accordance with ENI/EEUD/ENR plans to increase environmental support to the Mission.

A. SO 1.2: INCREASED SOUNDNESS OF FISCAL POLICIES AND FISCAL MANAGEMENT PRACTICES.

Overall progress in the strategic objective “Increased Soundness of Fiscal Policies and Fiscal Management Practices” is on track and is expected to make rapid progress in 1998. A Memorandum of Understanding (MOU) was signed with the Government of Kazakhstan (GOK) in January 1998 which commits the GOK to a comprehensive set of specific reform measures during 1998 in each of the major fiscal areas: tax policy, tax administration, and budget/intergovernmental finance reforms. These measures include:

- restructuring of the current system of intergovernmental finance to allow for a more effective distribution of expenditure and revenue-raising authorities between the national government and local governments;
- rapid development of a state-of-the-art automated system for tax administration;
- establishment of modern program budgeting for all GOK Ministries and Agencies, specifically, providing continued assistance in revenue projection and monitoring techniques, which foster the adoption of a more conservative stance with regard to revenue estimates;
- adoption of measures to increase the transparency of the budget and budget process;
- revision of the tax code to make it more fully accord with international standards;
- rapid enactment of a comprehensive set of tax administration policies and procedures.

The GOK has thus indicated that it is strongly committed to rapid fiscal reforms in 1998 with USAID assistance. This assistance responds to the Embassy’s Mission Program Plan by supporting market reform, which is the focus of the Embassy’s second goal in its plan. Specifically, fiscal reform will strengthen the governmental sector, thereby contributing to the creation of a stable and fair economic environment that will attract greater trade and investment. Of special mention, the positive effects of greater budget transparency on combatting governmental corruption will increase the interest of international businesses in Kazakhstan.

1. Performance Analysis

SO 1.2 Increased Soundness of Fiscal Policies and Fiscal Management Practices.

In 1997, the indicator (General Government Deficit as a percent of GDP) has not met its target. The result this year is higher than in 1996 as a consequence of two factors: inadequate revenue performance and the Government's attempt to pay off its pension and salary arrears. Implementation of the MOU described above and the GOK's strong commitment to the reform in fiscal area should lead to progress on this indicator in 1998 and 1999.

Progress rating: Less than expected

IR 1.2.1 Central Government Shifted Roles And Responsibilities as Primary Fiscal Manager And Regulator vis-a-vis Local Government, State Owned Enterprises and Private Sector. In 1997, minimal tangible progress was made but significant progress is expected in 1998 as a result of the strong recent commitment by the Government of Kazakhstan's (GOK) to intergovernmental finance restructuring planned for the first half of 1998.

Progress rating: Less than expected

IR 1.2.2 Government Complied with International Financial Institutions' Conditions. In 1997, the GOK was in compliance with conditions set forth by the IFIs. The GOK satisfied all of the performance criteria set in its program with the IMF for 1997, and it is in compliance with World Bank programs.

Progress rating: On track

IR 1.2.3 Taxes Are More Fairly and Broadly Applied and Enforced. The indicator is generally on track. The result this year has significantly improved from the prior year due to greater tax collections in 1997, although ambitious targets for revenue collections were not met. The GOK's commitment to reforms in this area, as evidenced in the recently signed MOU, should result in substantial progress in 1998.

Progress rating: On track

IR 1.2.4 Improved Budget Management. The result this year far exceeds its target. The positive result is largely due to reduction of most of the pension arrears and partial reduction of salary arrears. A further improvement is expected in 1998 due to the Government's commitment to elimination of its salary arrears next year.

Progress rating: Exceeds expectations

IR 1.2.4.2 Government Borrowing Is less Inflationary. The result this year has

outperformed its target. In 1997, the deficit has been mainly financed by internal sources. Short-term treasury bills account for the main share of deficit financing. The result of strong performance of this indicator has been the sharp decline in inflation from approximately 29 percent in 1996 to approximately 12 percent in 1997.

Progress rating: Exceeds expectations

2. Expected Progress Through FY 2000 And Management Actions

Fiscal activities will continue into 2000. On the tax side, emphasis has shifted to the effective implementation of modern direct and indirect tax administration systems, further rationalization of tax audit and collection methodologies, extension of modernized payment and return processing systems to all oblasts. This will eventually enhance revenue performance and provide greater equity for taxpayers. In the budget area, USAID will continue its efforts in further effective implementation of the revised budget classification system, which will eventually tighten the linkage between programmatic expenditures and the actual delivery of effective services to the client population. In addition, USAID will continue major support for inter-governmental finance reform (including budget reform), thus promoting a more efficient and equitable allocation of expenditure and revenue-raising responsibilities across levels of government as well as greater local autonomy in the budget-setting and administration process. The establishment of fiscal autonomy at the regional level should provide a stable flow of revenues to regional and local governments, and a rationalized inter-governmental transfer system based on objectively-defined expenditure needs. The legislative centerpiece of this will be new budget legislation which establishes a clear and stable autonomous revenue base for local governments and a pool of grant resources to be distributed at the regional level based on objectively defined criteria related to population characteristics and service provision costs at the regional and local level.

3. Performance Data Tables

STRATEGIC OBJECTIVE 1.2: Increased Soundness of Fiscal Policies and Fiscal Management Practices			
APPROVED: 12/07/96		COUNTRY/ORGANIZATION: Kazakhstan/USAID/CAR	
RESULT NAME: SO 1.2 Increased soundness of fiscal policies and fiscal management practices			
INDICATOR: General government deficit as a percent of GDP			
UNIT OF MEASURE: Percent SOURCE: USAID Fiscal Reform Project, Kazakhstan INDICATOR DESCRIPTION: Expenditures less revenues as a percent of GDP COMMENTS: As in 1996, revenue performance in 1997 was inadequate. In addition, the Government of Kazakhstan (GOK) paid off most of its pension arrears and, partially, wage arrears.	YEAR	PLANNED	ACTUAL
	1995 (B)		3.0
	1996	2.9	2.9
	1997	2.5	3.7
	1998	2.4	
	1999	2.3	
	2000	2.2	
	2001(T)	2.1	

STRATEGIC OBJECTIVE 1.2: Increased Soundness of Fiscal Policies and Fiscal Management Practices			
APPROVED: 12/07/96		COUNTRY/ORGANIZATION: Kazakhstan/USAID/CAR	
RESULT NAME: IR 1.2.1 Central government shifted roles and responsibilities as primary fiscal manager and regulator vis-a-vis local government, state owned enterprises, and private sector.			
INDICATOR: Decentralization Ratio			
UNIT OF MEASURE: Percent SOURCE: USAID Fiscal Reform Project, Kazakhstan INDICATOR DESCRIPTION: Local government revenues as a percent of total government revenues COMMENTS: No progress has been made but is expected in 1998 as due to the recent GOK's commitment to intergovernmental finance restructuring in the first half of 1998.	YEAR	PLANNED	ACTUAL
	1996(B)	40.0	49.0
	1997	50	46%
	1998	51	
	1999	52	
	2000	53	
	2001(T)	54	

STRATEGIC OBJECTIVE 1.2: Increased Soundness of Fiscal Policies and Fiscal Management Practices			
APPROVED: 12/07/96		COUNTRY/ORGANIZATION: Kazakhstan/USAID/CAR	
RESULT NAME: IR 1.2.2 Government of Kazakhstan complied with the International Financial Institution's conditions.			
INDICATOR: Compliance			
UNIT OF MEASURE: Yes/No/Partial SOURCE: USAID Fiscal Reform Project, Kazakhstan INDICATOR DESCRIPTION: Government of Kazakhstan adheres to conditions set forth by the IFIs for additional assistance. COMMENTS: The GOK was in compliance with conditions set forth by the IFIs.	YEAR	PLANNED	ACTUAL
	1995 (B)		Y
	1996	Y	P
	1997	Y	Y
	1998	Y	
	1999	Y	
	2000	Y	
	2001(T)	Y	

STRATEGIC OBJECTIVE 1.2: Increased Soundness of Fiscal Policies and Fiscal Management Practices			
APPROVED: 12/07/96		COUNTRY/ORGANIZATION: Kazakhstan/USAID/CAR	
RESULT NAME: IR 1.2.3 Taxes are more fairly and broadly applied and enforced			
INDICATOR: Tax compliance rate			
UNIT OF MEASURE: Percent SOURCE: USAID Fiscal Reform Project, Kazakhstan INDICATOR DESCRIPTION: Tax revenues as a percent of GDP COMMENTS: While the GOK did not meet revenue collection targets in 1997, tax collections were up compared to the previous year.	YEAR	PLANNED	ACTUAL
	1995 (B)		11.5
	1996	13.0	11.0
	1997	15.0	12.5
	1998	18.0	
	1999	20.0	
	2000	22.0	
	2001(T)	24.0	

STRATEGIC OBJECTIVE 1.2: Increased Soundness of Fiscal Policies and Fiscal Management Practices			
APPROVED: 12/07/96		COUNTRY/ORGANIZATION: Kazakhstan/USAID/CAR	
RESULT NAME: IR 1.2.4 Improved budget management			
INDICATOR: Fiscal arrears as a percent of GDP			
UNIT OF MEASURE: Percent SOURCE: USAID Fiscal Reform Project, Kazakhstan INDICATOR DESCRIPTION: General fiscal deficit (accrued basis) less general fiscal deficit (cash basis) as a percent of GDP COMMENTS: The result in 1997 exceeds its target. This is because pension arrears were eliminated, although salary arrears at the local level continue to be a problem.	YEAR	PLANNED	ACTUAL
	1995(B)		6.2
	1996	6.1	4.7
	1997	2.5	1.8
	1998	.6	
	1999	.5	
	2000	.4	
	2001(T)	.2	

STRATEGIC OBJECTIVE 1.2: Increased Soundness of Fiscal Policies and Fiscal Management Practices			
APPROVED: 12/07/96		COUNTRY/ORGANIZATION: Kazakhstan/USAID/CAR	
RESULT NAME: IR 1.2.4.2 Government borrowing less inflationary			
INDICATOR: National Bank of Kazakhstan (NBK) share in deficit financing			
UNIT OF MEASURE: Percent SOURCE: USAID Fiscal Reform Project, Kazakhstan INDICATOR DESCRIPTION: Share of NBK credit to the Government as a percentage of total deficit financing COMMENTS: The actual result in 1997 outperforms expectations. This is because a significant part of the deficit has been financed by state securities.	YEAR	PLANNED	ACTUAL
	1995		25.0
	1996	20.0	17.0
	1997	16.0	4.4
	1998	15.0	
	1999	14.0	
	2000	13.0	
	2001 (T)	12.0	

B. SO 1.3: ACCELERATED DEVELOPMENT AND GROWTH OF PRIVATE ENTERPRISES.

No significant changes have taken place in the development context of Strategic Objective 1.3. “Accelerated Development and Growth of Private Enterprises.”

This objective responds to the Embassy’s Mission Program Plan by supporting market reform, which is the focus of the Embassy’s second goal in its plan. Most notably, this objective addresses WTO accession and commercial law improvement. Both these activities, as well as the others described below, are vital elements in the creation of a favorable trade and investment environment in Kazakhstan. Of special mention, the positive effects of greater transparency resulting from the development and implementation of better commercial laws will help to combat governmental corruption.

1. Performance Analysis

SO 1.3 Accelerated Development and Growth of Private Enterprises. In accordance with all the performance indicators provided, the overall achievement of Strategic Objective 1.3 is meeting or exceeding expectations. The specific objectives described below demonstrate significant progress in the areas of legal and regulatory reform, including in the crucial area of WTO accession, commercial law training of legal and administrative personnel, and promotion of human resources able to function in a market economy.

Progress rating: On track

IR 1.3.1.1 Improved Policies, Laws and Regulations in Place to Ensure Competition and Allow for Easy Market Entry and Exit. This Program is close to its target, indicating continued assistance in the drafting and implementation of legislation and policies designed to improve the investment climate and open competition in Kazakhstan. The project focused on a number of major laws this year crucial to improvement of the business climate in Kazakhstan. The most significant of the laws developed included amendments to the Foreign Investment Law and a new Procurement Law (passed in 1997), significant changes to the Law on Bankruptcy (including the elevation of the status of secured creditors), the Joint Stock Company Law, amendments to the Law on Pledge, amendments to the Customs Law, and major regulatory reforms in the customs area. In addition, the Project has fostered a government policy of open competition and free trade as reflected in Kazakhstan's effort to accede to the WTO. USAID continues to provide strong technical support to Kazakhstan in its desire to gain WTO membership. Kazakhstan has reached the stage of intensive negotiations with the Geneva Working Group Members; and accession in 1998 is possible if the Government can accelerate progress in a number of key areas, including intellectual property rights, anti-dumping and countervailing duty legislation,

and improved offers on goods and (most particularly) a number of key services. In the accounting reform area massive progress was made, with (1) official implementation of the new western business accounting standards which were approved by the government in late 1996; and full conversion of some 427 enterprises to western accounting procedures. Finally, the CAAEF continued its investment and lending activities in support of private enterprise development. As of late 1997, a total of 9 equity investments for \$15.3 million had been approved (\$8.1 million actually disbursed); and 24 loans for approx. \$2.5 million have been approved (\$2.25 million disbursed).

USAID is also actively supporting microenterprise development in Kazakhstan. The CAAEF has organized a micro-credit program in Almaty through a \$1 million grant to Mercy Corps. Lending began in October in Almaty, and is expected to be expanded other parts of Kazakhstan (and possibly elsewhere in the region) if successful. The loan range is from 1-25 thousand dollars. In addition an ACDI/VOCA microlending program has begun in the region of Taldykurgan, with a total of \$1,000,000 in funding currently available. Disbursement of loans under the program began in mid-December.

Progress rating: As expected

IR 1.3.1.2 Courts and Administrative Agencies Strengthened to Enforce Policies, Laws and Regulations. One of USAID's more successful programs in Kazakhstan has been its legal and administrative training regime, focusing primarily on justices, attorneys, customs officials and other administrative personnel. The overall targets were exceeded; progress was significant in this area due to the heavy emphasis of the Project on the training of (a) judges and lawyers on a wide variety of commercial law issues, (b) officials from the state property committee on bankruptcy and liquidation procedures, and (c) customs officials regarding effective customs procedures and the latest customs legislation and regulations. The exceptional number of judicial and legal personnel trained by USAID was a clear indication of the enthusiasm of Kazakh counterparts regarding the relevance and effectiveness of the training. The training itself was also quite effective because of heavy participation form, and coordination with, other USAID contractors and experts.

Progress rating: As expected

IR 1.3.2 Human Resources Improved to Function in a Market Economy. This Project far exceeded its human resource targets by conducting training on a wide variety of individuals and entrepreneurs. Efforts ranged from training foreign and domestic business people regarding critical changes or developments in the law, training Kazakhstani individuals on the practice of bankruptcy and liquidation of enterprises, training commercial bank managers on western commercial banking standards and operations, training numerous individuals regarding financial analysis,

accounting and due diligence techniques, etc. The Project exceeded the target primarily because everyday activity required constant interaction with individuals, either in consultations meetings or training sessions.

Progress rating: Better than expected

2. Expected Progress Through FY 2000 And Management Actions

This Project is generally on track to meet all of its objectives through FY 2000. Within that time frame, the Project expects to complete essentially all tasks included in SO 1.3, including commercial law reform, trade and investment reform and accession of Kazakhstan to the WTO.

It is expected that USAID will continue to support the commercial law reform area through 2000 to fully develop a commercial law framework which effectively promotes cost-effective business formation and operation. USAID's Trade and Investment Project will continue working on the drafting of a number of laws related to World Trade Organization accession, and make amendments to the Customs Code as well as intellectual property rights-related legislation to achieve this aim. The Commercial Law Project is going to propose introducing significant amendments to the Law on Mortgage, and promote pro-market regulatory reform through development of investor friendly Natural Monopoly and Competition Laws, selective civil code revisions, and administrative reforms which will tighten accountability for public regulatory decision-making bodies and officials. In addition, USAID will continue to actively support the accounting reform process, working with the accounting and audit association, private training and accounting firms and enterprises actively interested in conversion to Western accounting procedures. In the training area, efforts will be shifted to focus more directly on detailed training related to effective implementation of adjudication embodied in the new commercial law regulatory framework; and tracking of actual implementation of these reforms through the judicial system.

3. Performance Data Tables

STRATEGIC OBJECTIVE: 1.3 Accelerated development and growth of private enterprises.			
APPROVED: 7/12/1996		COUNTRY/ORGANIZATION: Kazakhstan/USAID/CAR	
RESULT NAME: Accelerated development and growth of private enterprises.			
INDICATOR: Increase in private sector GDP market shares.			
UNIT OF MEASURE: Percent SOURCE: USAID Fiscal Reform Project INDICATOR DESCRIPTION: Share of GDP generated by private enterprises. COMMENTS: This indicator was unchanged from 1996 to 1997, though progress to date in this area has been impressive. As the Government of Kazakhstan proceeds with its Blue Chip Privatization effort in 1998, further gains are expected.	YEAR	PLANNED	ACTUAL
	1995	-	69.0
	1996	75.0	77.0
	1997	80.0	77.0
	1998	81.0	
	1999	82.0	
	2000	83.0	
	2001	84.0	

STRATEGIC OBJECTIVE: 1.3 Accelerated development and growth of private enterprises.			
APPROVED: 7/12/1996		COUNTRY/ORGANIZATION: Kazakhstan/USAID/CAR	
RESULT NAME: IR 1.3.1 Improved operating environment for private sector growth.			
INDICATOR: Increase in private sector capital investment.			
UNIT OF MEASURE: Percent SOURCE: USAID Fiscal Reform Project INDICATOR DESCRIPTION: Percent of total capital investment in the private sector. COMMENTS: Regulatory environment has been approved in support of capital investors.	YEAR	PLANNED	ACTUAL
	1995	-	58.2
	1996	60.0	64.5
	1997	65.0	78.6
	1998	70.0	
	1999	75.0	
	2000	80.0	
	2001	85.0	

STRATEGIC OBJECTIVE: 1.3 Accelerated development and growth of private enterprises. APPROVED: 7/12/1996 COUNTRY/ORGANIZATION: Kazakhstan/USAID/CAR			
RESULT NAME: 1.3.1.1 Improved policies, laws and regulations in place to ensure competition and allow for easy market entry and exit.			
INDICATOR: Critical policies, laws and regulations that are consistent with international standards are published.			
UNIT OF MEASURE: 1) Number of policies, laws and regulations 2) Number of major legislative initiatives, treaty accessions and significant policy determinations SOURCE: USAID Commercial Law and Trade and Investment Projects Reports. INDICATOR DESCRIPTION: Number of policies, laws, regulations published with drafting and implementation assistance provided by USAID COMMENTS: The USAID Commercial law project easily exceeded its target of legislative acts on which USAID assisted. Primary among these include the Law on Bankruptcy, the Foreign Investment Law, the Civil Code and others.	YEAR	PLANNED	ACTUAL
	1995	0.00	1) 10 2) 0.00
	1996	1) 50 2) 8	1) 101 2) 12
	1997	1) 50 2) <u>6</u> 56	1) 46 2) <u>28</u> 74
	1998	1) 30 2) 5	
	1999	1) 20 2) 3	
	2000	-	

STRATEGIC OBJECTIVE: 1.3 Accelerated development and growth of private enterprises.			
APPROVED: 7/12/1996 COUNTRY/ORGANIZATION: Kazakhstan/USAID/CAR			
RESULT NAME: 1.3.1.2 Courts and Administrative agencies strengthened to enforce policies, laws and regulations.			
INDICATOR: Number of legal and administrative positions trained by USAID.			
UNIT OF MEASURE: 1) Number of judicial positions filled with USAID trained professionals. 2) Number of key legal and administrative positions filled with USAID trained professionals. SOURCE: USAID Commercial Law Training, Commercial Law and Trade and Investment Projects' reports. INDICATOR DESCRIPTION: Number of legal and administrative positions trained by USAID. COMMENTS: Through the USAID Commercial law Training program and other training efforts from other USAID contractors, USAID was able to exceed the target for administrative and legal personnel trained in commercial law reform topics.	YEAR	PLANNED	ACTUAL
	1995	0.00) 0.00 2) 0.00
	1996	1) 100 2) 625	1) 155 2) 734
	1997	1) 170 2) 630	1) 320 2) 686
	1998	1) 180 2) 300	
	1999	-	
	2000	-	
	2001	-	

STRATEGIC OBJECTIVE: 1.3 Accelerated development and growth of private enterprises.			
APPROVED: 7/12/1996 COUNTRY/ORGANIZATION: Kazakhstan/USAID/CAR			
RESULT NAME: 1.3.2 Human resources improved to function in a market economy.			
INDICATOR: Number of people trained by USAID.			
UNIT OF MEASURE: Number of people trained. SOURCE: USAID Commercial Law Training and Trade and Investment Projects' reports. INDICATOR DESCRIPTION: Number of people trained through seminars, round tables or one-on-one encounters (excluding 1.3.1.2) COMMENTS: This includes formal and on-the-job training at the Ministry of Economy and Trade, Ministry of Finance, Patent Office, Standards Committee, Customs Committee, Procurement Department, Ministry of Justice plus General Trade and Investment and WTO issues.	YEAR	PLANNED	ACTUAL
	1995	0.00	800
	1996	510	2000
	1997	550	521
	1998	400	
	1999	300	
	2000	-	
	2001	-	

C. SO 1.4: A MORE COMPETITIVE AND MARKET RESPONSIVE PRIVATE FINANCIAL SECTOR.

Overall progress is on track in the strategic objective “A more competitive and market responsive private financial sector.”

This strategic objective responds to the Embassy’s Mission Program Plan by supporting market reform, which is the focus of the Embassy’s second goal in its plan. Specifically, the objective’s emphasis on bank restructuring and securities markets will strengthen the private financial sector. This strengthening is vitally necessary for the creation of a well-functioning modern market economy where US and international entities are able to use the private financial sector to conduct business transactions.

1. Performance Analysis

Overall, financial sector reform performance was solid. The Central Bank implemented stable and responsible monetary management and financial oversight policies, and the country approved a radical pension reform program designed to place the weak pension program on a more sound financial footing and eventually privatize the pension system. The actual number of private sector deposits in Kazakhstan's banking system is now 5.7 percent of GDP. This percent is still significantly lower than in many other developing countries, though the result is approaching its target for this year. The situation should improve as continued macro-economic stability builds depositor's confidence; and could be further stimulated by the adoption of a deposit insurance scheme in the banking system. The funds invested by institutional investors in 1997 was 0.2 percent of GDP whereas the corresponding target was 0.5 percent. The target was not achieved because pension funds will not become operational until 1998, and the transformation of the Privatization Investment Funds into full fledged mutual funds has not yet completed. However, two important positive developments occurred in 1997. First, the Law on Investment Funds passed, and second, a path-breaking Pension Law was passed. These two important measures will allow for considerably more savings to accumulate in the nation's financial system during the 1998-2000 period.

Progress rating: On track

IR 1.4.1 Governmental Regulatory Agencies Supervise, Administer and Enforce Legislation. Basic elementary banking regulations are in place and are being effectively implemented and enforced, new Central and commercial banks charts of accounts have been adopted, though not yet widely implemented. However, more sophisticated regulations need to be developed. Deposit insurance regulations and regulations concerning privatization of state banks need to be adopted in the future.

With USAID assistance, the National Securities Commission (NSC) has made significant progress in the development of the legal and regulatory framework for operation of a stable and competitive securities market. However, its regulatory readiness can be characterized only as "partial" because the agency has yet to fully develop its capability to enforce the laws and regulations governing the securities and pension fund market. USAID assistance is currently being targeted on developing the NSC's surveillance, monitoring and enforcement capabilities.

Progress rating: On track.

IR 1.4.2 More Forms of Financial Intermediation Are Institutionalized and Effectively Supply the Private Sector on a Competitive Basis. The Kazakhstani banking system provides a number of financial services such as deposits in local currency and foreign currencies, loans, investments, factoring, trust operations, securities custodial services, securities clearance services, life insurance, property insurance and casualty insurance.

Progress rating: As expected.

IR 1.4.1.2 Regulatory Framework and Reporting Systems Are Broadly Applied to Effectively Screen Out Deficient Institutions. In 1997, the percentage of banks meeting capital adequacy requirements has exceeded its target as a result of the aggressive program of the National Bank of Kazakhstan (NBK) to close insolvent banks. In 1997, the number of banks licensed in Kazakhstan was reduced to 90, down from approximately 230 in 1993. This positive result was the consequence of the aggressive supervisory program implemented by the NBK through substantial USAID assistance. The program uses both on-site and off-site monitoring of commercial banks to identify vulnerabilities and insolvencies.

Progress rating: Better than expected

2. Expected Progress Through FY 2000 And Management Actions

The Mission intends to deepen involvement in the bank supervision and accounting areas over the next 2-3 years. The Central Bank should have full autonomous capability to effectively monitor and ensure adequate financial performance and reporting standards for commercial banking institutions: weak banking institutions should have been fully weeded-out of the banking system. Commercial banks should be fully converted to modern accounting standards and practices. Modernized payment system instruments and practices should be in routine use.

In the securities market area, USAID/CAR direct support for professionalization of the

regulatory oversight capability of the National Securities Commission; and support for the technical and organizational modernization of the Kazakhstani securities market, should continue until 2000. At the same time, key self-regulatory organizations (stock exchange members, registrar association, pension fund association) should serve as catalysts for the competitive development of the securities market and the technological upgrading of trading, clearing and settlement, and back office operations. Support in the pension fund policy and administrative reform area will be phased out in 1999, while direct technical support and training to promote the development and effective management of a private pension fund industry will continue through 2000.

3. Performance Data Tables

STRATEGIC OBJECTIVE 1.4: A More Competitive and Market Responsive Private Financial Sector			
APPROVED: 07/12/1996 COUNTRY/ORGANIZATION: Kazakhstan/USAID/CAR			
RESULT NAME: A more competitive and market responsive private financial sector			
INDICATOR: Bank deposits as percent of GDP			
UNIT OF MEASURE: Percent SOURCE: National Bank of Kazakhstan INDICATOR DESCRIPTION: Private sector deposits in Kazakhstan's banking system as percent of GDP COMMENTS: The 1997 figure of 5.7% is still significantly lower than in many other developing countries. This situation will likely continue until some form of deposit insurance is introduced in the banking system, and until private pension funds are established and widely utilized by the public.	YEAR	PLANNED	ACTUAL
	1995(B)		4.9
	1996	5.0	5.0
	1997	6.0	5.7
	1998	7.0	
	1999	9.0	
	2000	12	
	2001	15	

STRATEGIC OBJECTIVE 1.4: A More Competitive and Market Responsive Private Financial Sector			
APPROVED: 07/12/1996 COUNTRY/ORGANIZATION: Kazakhstan/USAID/CAR			
RESULT NAME: A more competitive and market responsive private financial sector.			
INDICATOR: Funds invested by institutional investors as percent of GDP.			
UNIT OF MEASURE: percent SOURCE: National Securities Commission INDICATOR DESCRIPTION: Funds invested with institutional investors (Investment Funds, Pension Funds). COMMENTS: No private pension funds were operational in 1997 and the only investment funds that exist in Kazakhstan, the Privatization Investment Funds, have not been actively collecting funds.	YEAR	PLANNED	ACTUAL
	1995(B)		N/A
	1996	0.3	0.21
	1997	0.5	0.21
	1998	1.5	
	1999	2.0	
	2000	5.0	
	2001	10.0	

STRATEGIC OBJECTIVE 1.4: A More Competitive and Market Responsive Private Financial Sector			
APPROVED: 07/12/1996		COUNTRY/ORGANIZATION: Kazakhstan/USAID/CAR	
RESULT NAME: Government regulatory agencies supervise, administer and enforce legislation.			
INDICATOR: Assessed regulatory capacity in place and functioning.			
UNIT OF MEASURE: Yes/No/Partial SOURCE: National Bank of Kazakhstan INDICATOR DESCRIPTION: USAID assessment of regulatory readiness of National Bank of Kazakhstan. COMMENTS: The basic elements of bank regulation are in place, but more complicated regulations dealing with deposit insurance and the privatization of state banks are required.	YEAR	PLANNED	ACTUAL
	1995(B)		P
	1996	Y	P
	1997	Y	P
	1998	Y	
	1999	Y	
	2000	Y	
	2001	Y	

STRATEGIC OBJECTIVE 1.4: A More Competitive and Market Responsive Private Financial Sector			
APPROVED: 07/12/1996		COUNTRY/ORGANIZATION: Kazakhstan/USAID/CAR	
RESULT NAME: Government regulatory agencies supervise, administer and enforce legislation.			
INDICATOR: Assessed regulatory capacity in place and functioning.			
UNIT OF MEASURE: Yes/No/Partial SOURCE: National Securities Commission (NSC) INDICATOR DESCRIPTION: USAID assessment of operational self-sufficiency and regulatory readiness of National Securities Commission. COMMENTS: The NSC has made great strides in the regulatory oversight area, but its regulatory readiness can be characterized only as "partial" because the agency has yet to fully develop its capability to enforce laws and regulations governing the securities market and private pension funds.	YEAR	PLANNED	ACTUAL
	1995(B)		N
	1996	N	N
	1997	N	P
	1998	P	
	1999	P	
	2000	P	
	2001	Y	

STRATEGIC OBJECTIVE 1.4: A More Competitive and Market Responsive Private Financial Sector			
APPROVED: 07/12/1996		COUNTRY/ORGANIZATION: Kazakhstan/USAID/CAR	
RESULT NAME: more forms of financial intermediation are institutionalized and effectively supply the private sector on a competitive basis.			
INDICATOR: Increasing number of financial services available.			
UNIT OF MEASURE: Number SOURCE: Ministry of Finance, National Bank, National Securities Commission INDICATOR DESCRIPTION: Number of distinct services available COMMENTS: The financial services available in Kazakhstan include deposits in local currency and foreign currencies, loans and investments, factoring, trust operations, securities custodial services, securities clearance services, Insurance (life, property and casualty), etc.	YEAR	PLANNED	ACTUAL
	1996	12	20
	1997	18	28
	1998	20	
	1999	22	
	2000	25	
	2001	26	

STRATEGIC OBJECTIVE 1.4: A More Competitive and Market Responsive Private Financial Sector			
APPROVED: 07/12/1996		COUNTRY/ORGANIZATION: Kazakhstan/USAID/CAR	
RESULT NAME: Regulatory framework and reporting systems are broadly applied effectively screen out deficient institutions.			
INDICATOR: Increasing percent of banks meeting capital adequacy requirements.			
UNIT OF MEASURE: Percent SOURCE: National Bank of Kazakhstan INDICATOR DESCRIPTION: Percentage of all licensed commercial banks that meet capital adequacy requirements COMMENTS: The target was exceeded in 1997 following continued implementation of an aggressive program by the National bank to close insolvent banks.	YEAR	PLANNED	ACTUAL
	1995(B)		66
	1996	75	77
	1997	80	88
	1998	85	
	1999	90	
	2000	92	
2001	95		

D. SO 2.1: INCREASED, BETTER-INFORMED CITIZENS' PARTICIPATION IN POLITICAL AND ECONOMIC DECISION-MAKING.

The strategy for increased, better-informed citizens' participation in economic and political decision making in Kazakhstan combines three areas of simultaneous development: strengthening citizen participation through NGOs, increasing the availability of information, and increasing accountability and responsiveness in the government by developing and working with a core group of government officials interested in working with citizens.

The underlying rationale for this approach in Kazakhstan is that the government will give NGOs and the independent media the opportunity for development, but that these organizations lack the skills to develop sustainable organizations. Further, as government officials outside of the executive branch see patterns of power stabilizing in Kazakhstan, it is clear that the only route open to them to achieve legitimacy is through increasing their power base among the citizens. The goal is to increase the supply of citizens' participation through NGO assistance and increase the demand for citizens' participation through assistance to certain government officials. We plan to develop our programming to meet these openings.

New Government regulations requiring auctioning of TV and radio frequencies were drafted without allowance for public comment, imposed fees far exceeding international norms, and in some instances were implemented arbitrarily. The result to date, a 40 percent decrease in the number of independent television stations, has been a strike against the independent media and calls into question the seriousness of the Government's commitment to further development of this sector. However, recent events give basis for optimism.

The Minister of Information has expressed willingness to reconsider the entire licensing process in early 1998. Also, the Minister of information invited Internews Kazakhstan's Assisting Director Nurzhan Mukhamedjanova to be the only nongovernmental representative to join the Kazakhstan National Commission on Competitive Allocation of Television and Radio Frequencies. At her first meeting on the Commission, Ms. Mukhamedjanova raised the issue of requiring more than one bidder in a frequency permit tender, even when more frequencies are available than their are potential broadcasters. No one raised objections, and the commission agreed to eliminate this practice and set up instead minimal standards for frequency permit applicants. Therefore, the democracy team is optimistic that the final results of the frequency tender may be better than originally anticipated.

The lack of progress during the past year in the media area was offset by significant progress in other areas. The broader development context - as it impacts on non-governmental organizations, the judiciary and elections - has not changed. Non-governmental organizations (NGOs) continue to grow in number and acquire needed skills, and Parliament has taken small but significant steps towards asserting its independence, drafting legislation and establishing semi-open hearings with input by NGOs. In the elections area, the Election Commission took the somewhat bold step of initiating the first nationally televised political

debates in Central Asia, and the U.S.-Kazakhstan Joint Commission joint communique expressed support for holding free and fair parliamentary elections in 1999 and presidential elections in 2000 (as well as for improving the laws governing NGOs). On the other hand, violations of political rights continue. In late 1997, the Government briefly jailed an opposition political leader for violating a public demonstration ordinance, and another opposition leader was mysteriously beaten on a recent visit to Kyrgyzstan.

As noted, the overall development context has not changed, and there are no changes proposed in the strategy. However, corruption, which has the potential to adversely affect all aspects of the democracy program, is becoming an increasing concern in Kazakhstan. Accordingly, additional resources will be made available to expand the Mission's ongoing anti-corruption effort. In addition, if the TV/radio licensing issue is not satisfactorily resolved during the coming year, the media sector strategy will be reassessed.

Based on concerns that performance indicators for SO 2.1 were not adequately reflecting progress toward achieving the strategic objective, USAID/CAR significantly revised its SO 2.1 indicators at all levels. Since the indicators were revised late in 1997, we have not been able to collect data for some of the new indicators, particularly those requiring the procurement of public opinion surveys. USAID/CAR is confident that the revised set of indicators provides a more accurate representation of USAID's performance in the democracy sector.

Assistance under this strategic objective responds to the Embassy's Mission Program Plan by supporting development of democratic institutions, which is the focus of the Embassy's fourth goal in its plan. Specifically, interventions involving information dissemination and government accountability as well as citizen's participation are encouraging the growth of formal and grassroots democracy in Kazakhstan.

1. Performance Analysis

IR 2.1.1 Increased Citizens' Participation. USAID/CAR changed many of its indicators for this Intermediate Result during FY97, in order to reflect the capabilities and relevant activities of NGOs. It is therefore difficult to describe performance in terms of previous year targets and indicators.

The number of NGOs which sought to influence the government remained steady at 75. This level is the same as FY 96, but it exceeds the target by 50. The democracy team is pleased that 50 percent of those NGOs which sought to influence government officials received a positive response. These indicators, as well as those measuring media exposure and coalition formation, show an increase of awareness and participation in the public sector on the part of the NGOs. The use of the media also shows an increasing level of sophistication in the efforts of the NGOs.

Performance rating: Meeting expectations

IR 2.1.2 Increased Availability of Information. USAID/CAR changed its indicators for this Intermediate Result during FY97, in order to reflect the number of citizens who can and do access independent news, rather than the number of independent television and radio stations. It is therefore difficult to describe performance in terms of previous year targets and indicators.

USAID/CAR is pleased that 53 percent of major cities in Kazakhstan receive daily news broadcasts from a non-governmental station. However, Kazakhstan suffered major losses in the independent broadcast media sector in FY97 due to the broadcast frequency tender. The number of independent television stations declined by 40 percent resulting in a drop from 48 to 29 stations currently broadcasting. The tender also resulted in the end of the local news exchange and those stations' cooperation in an independent network, as each station fought for its own survival.

Progress rating: Below expectations; decline in the availability of information due to broadcast frequency tender

IR 2.1.3 Increased Transparency, Responsiveness and Accountability on the part of the government. For the first time in the Republic of Kazakhstan, and in Central Asia, parliamentary candidates confronted each other in a nationally televised debate. This "new style" of campaigning, which constituted a significant step toward increasing transparency and openness in the political process, came about due to a coordinated effort by USAID/CAR Democracy Team; USAID/CAR implementing partners IFES, Counterpart, Internews, and AED; and USIS. Publicly televising the debates raised citizen awareness and understanding that Senators, even though indirectly elected, are their representatives and are held accountable to their constituents. Though the parliament has taken only small steps toward realizing independence, the steps it did take would have been unheard of in 1996. Due in part to USAID/CAR's increased presence in parliament (through ABA/CEELI), the actual number of parliamentary hearings and committee meetings that received nongovernmental input far exceeded the proposed target. Also, two deputies conducted town hall style meetings with their constituents, and the number of instances whereby the parliament asserted its independence increased from 0 in 1996 to 3 in 1997, meeting the indicator target. In a significant step toward establishing transparency and accountability in the judiciary and with assistance from USAID/CAR, a code of ethics for all judges was adopted by the Union of Judges of Kazakhstan.

Progress rating: This IR is above expectations, though considerable progress is needed to achieve the IR.

2. Expected Progress Through FY 2000 And Management Actions

IR 2.1.1 Increased Citizens' Participation. The Democratic Transition Team took over management of the NGO assistance program from the Social Transition Team during FY97. The result has been a significant management change in the focus of the program. While this

program previously assisted every NGO which made a request, the current program focuses on democracy NGOs and NGOs which organize to make a difference in their communities. The new target sectors are: Rule of Law, environment, NGOs that work on women's issues, business, media, human rights, trade union NGOs, consumer rights, civic education NGOs, advocacy, elections, housing, and professional associations. USAID/CAR expects to continue its progress, but expects lower quantity indicators as a result of narrowing its NGO clientele. In FY 98, the democracy team plans to implement partnerships for the pensioners' movement, Pokolenie, and with the League of Women Voters.

IR 2.1.2 Increased Availability of Information. The Democracy Team and the independent stations of Kazakhstan are making concerted efforts to regain the availability of information. USAID/CAR is working together with the Embassy to bring this issue to the highest levels of Government. The Democracy Team is preparing a media law conference which will include media law experts from western countries, the U.S. Federal Communications Commission (FCC) and other notables, in order to publicly address the frequency tender in legal terms. The Embassy may ask the Minister of Information to co-sponsor the conference.

The democracy team has increased the level of assistance activity to existing independent stations and is beginning to target more narrowly on those stations which have the greatest chance of success. The existing stations are planning resumption of the local news exchange. Three of the stations which did not receive frequencies, represented by the Association of Independent Mass Media in Central Asia, are suing the government, claiming the terms of the tender are unconstitutional. The case will be heard in the new capital of Akmola in February. USAID/CAR hopes to return to progress in this intermediate result during FY 98 and continue the progress through FY 2000.

IR 2.1.3 Increased Transparency, Responsiveness and Accountability on the part of the government. The legal infrastructure outlined by the Kazakhstan constitution clearly places the majority of power in the hands of the president; however, the parliament has slowly begun to show signs of independence, moving beyond the shadow of fear that it faced in the aftermath of the 1995 dissolution of the parliament. USAID/CAR assistance to the parliament in CY 1998 will focus on laying the institutional groundwork and technical capacity of deputies to more adeptly draft and review legislation. A major step towards achieving this aim was taken in September 1997 when a significant number of deputies and staffers participated in an ABA/CEELI-organized legislative drafting seminar. Activities in 1998 will include the development of a legislative drafting center in the parliament and U.S.-based training for parliamentary staffers, which will be funded by USIS and followed by in-country training. USAID/CAR activities will continue to emphasize to the parliament the value of nongovernmental input and participation in the legislative process. In FY 98, the democracy team plans to implement partnerships with state judicial associations.

Building on the success of the televised election debates, USAID/CAR will expand its assistance in the area of civic/voter education and technical election assistance, in preparation

for the parliamentary, local, and presidential elections in 1999 and 2000. USAID/CAR, with the cooperation of the Ministry of Education and the Central Election Commission (CEC), will initiate a curriculum reform program to bring civic and voter education into the high schools and universities, where such efforts will have nationwide impact on first-time voters in the upcoming elections. In addition to curriculum reform, USAID/CAR will advance civic education through IFES's proposed regional NGO workshops aimed at promoting election awareness among the citizens of Kazakhstan. As a follow-up to the CEC's participation in a Moscow conference on transparency and openness in elections, USAID/CAR will mount an effort to introduce electoral reforms.

3. Performance Data Tables

OBJECTIVE: 2.1 Increased, better-informed citizens' participation in political and economic decision-making			
APPROVED: 10/1/97		COUNTRY/ORGANIZATION: Kazakhstan; USAID/CAR	
RESULT NAME: SO 2.1.1 Increased, better-informed citizens' participation in political and economic decision making.			
INDICATOR: Percent of population that consider NGOs to be either essential or necessary.			
<p>UNIT OF MEASURE: Using the question below, which IFES included in its 1996 Kazakhstan poll.</p> <p>Unit of measure: BRIF or other organization annual public opinion poll will ask:</p> <p>How necessary are non-governmental organizations (NGOs) - essential, necessary, not very necessary at all?</p> <p>SOURCE: Survey by the private polling company.</p> <p>INDICATOR DESCRIPTION: Goal is that a high percent of the population consider NGOs essential or necessary, indicating that NGOs are serving as effective instruments of citizen involvement in political and economic decision-making.</p> <p>COMMENTS: *FY96 results are from a previous IFES survey. **FY97 data on the questions above are not available because survey will not be complete in time for R4 presentation.</p>	YEAR	PLANNED	ACTUAL
	1995	NA	
	1996	NA	45*
	1997	NA	**
	1998	50	
	1999	55	
	2000	60	
	2001	65	

OBJECTIVE: 2.1 Increased, better-informed citizens' participation in political and economic decision-making			
APPROVED: 10/1/97		COUNTRY/ORGANIZATION: Kazakhstan; USAID/CAR	
RESULT NAME: SO 2.1.2 Increased, better-informed citizens' participation in political and economic decision making.			
INDICATOR: Percent of citizens who demonstrate they are informed about government institutions and officials.			
<p>UNIT OF MEASURE: A list of basic information questions will be included in survey to determine what percentage of the population is made up of informed citizens.</p> <p>Unit of measure: BRIF or other organization's annual public opinion poll. Standard list of 5 questions will be asked annually testing knowledge.</p> <p>SOURCE: Survey by private polling company.</p> <p>INDICATOR DESCRIPTION: Goal is to increase the number of positive responses, which will indicate that the news offered by independent news media is creating better-informed citizens.</p> <p>COMMENTS: *FY96 results are from a previous IFES survey which asked generally about citizens' knowledge about government institutions and officials. ** FY97 data on the questions above are not available because survey will not be complete in time for R4 presentation.</p>	YEAR	PLANNED	ACTUAL
	1995	NA	
	1996	NA	24*
	1997	30	**
	1998	30	
	1999	40	
	2000	40	
	2001	40	

OBJECTIVE: 2.1 Increased, better-informed citizens' participation in political and economic decision-making			
APPROVED: 10/1/97		COUNTRY/ORGANIZATION: Kazakhstan;USAID/CAR	
RESULT NAME: SO 2.1.3 Increased, better-informed citizens' participation in political and economic decision making			
INDICATOR: Ratio of number of contacts by NGOs on government decisions that have positive reception to total number of such contacts.			
UNIT OF MEASURE: Percent of sample of NGOs who report attempting to influence government that indicate that officials contacted listened to their positions and appeared interested in understanding their viewpoint, whether or not policy was changed as a result. This indicator is a proxy for acceptance by government of increased citizen/citizen group participation in decision making. SOURCE: Counterpart data base. INDICATOR DESCRIPTION: Percent of sample of NGOs who report attempting to influence government that indicate that officials contacted listened to their positions and appeared interested in understanding their viewpoint, whether or not policy was changed as a result. COMMENTS: New indicator	YEAR	PLANNED	ACTUAL
	1995	NA	
	1996	NA	
	1997	NA	50%
	1998	60%	
	1999	70%	
	2000	75%	
	2001	75%	

OBJECTIVE: 2.1 Increased, better-informed citizens' participation in political and economic decision-making			
APPROVED: 10/1/97		COUNTRY/ORGANIZATION: Kazakhstan; USAID/CAR	
RESULT NAME: SO 2.1.4 Increased, better-informed citizens' participation in political and economic decision making.			
INDICATOR: Elections are held per international standards at the presidential, parliamentary, and local levels(reported separately).			
UNIT OF MEASURE: IFES will assess using 10 point scale (based on the 10 relevant IPs and sub-IPs of the Copenhagen Document). Goal: Compliance with all standards. SOURCE: IFES INDICATOR DESCRIPTION: The international standards are defined by the Copenhagen Document (Conference on the Human Dimension of the OSCE, Copenhagen 1990. [Paragraphs 6,7 and 8]). COMMENTS New Indicator. FY95 data is based on IFES technical assessment reports. No elections were evaluated in 1996. The Fy97 rating is for the Senate election. No other elections took place.	YEAR	PLANNED	ACTUAL
		par/ loca/pres	par/ loca/presl
	1995	NA/NA/NA	4.5 / 4 / 0
	1996	NA/NA/NA	NA/NA/NA
	1997	NA/NA/NA	4.5/ NA /NA
	1998	5.5 /NA/ NA	
	1999	7/ 7/ NA	
	2000	NA /NA /7.5	
	2001	NA/NA/NA	
2002	NA/NA/NA		

OBJECTIVE: 2.1 Increased, better-informed citizens' participation in political and economic decision-making			
APPROVED: 10/1/97		COUNTRY/ORGANIZATION: Kazakhstan; USAID/CAR	
RESULT NAME: IR 2.1.1.1 NGO participation in civil society strengthened.			
INDICATOR: Increase in number of indigenous NGOs that seek to influence the government or get government support or attention for their activities (advocacy).			
UNIT OF MEASURE: Counterpart data base. SOURCE: Counterpart INDICATOR DESCRIPTION: NGO contacts with media or government officials reported in grant/contract monitoring documents in response to the questions: 1. Did you have any contacts with media organizations regarding NGOs work or issues during the past year? 2. Did you have any contacts with government officials regarding NGOs work or issues during the past year? COMMENTS: Increased targets for FY98 through FY2002, due to high performance.	YEAR	PLANNED	ACTUAL
		med./gov.off	med./gov.off
	1995	NA NA	NA NA
	1996	15 10	75 35
	1997	25 15	75 68
	1998	80 70	
	1999	85 75	
	2000	90 80	
	2001	95 85	
	2002	95 85	

OBJECTIVE: 2.1 Increased, better-informed citizens' participation in political and economic decision-making			
APPROVED: 10/1/97		COUNTRY/ORGANIZATION: Kazakhstan; USAID/CAR	
RESULT NAME: IR 2.1.1.2 NGO participation in civil society strengthened.			
INDICATOR: Percent of NGOs that demonstrate their improved skills in advocacy, community organizing, government relations, and public outreach/education.			
UNIT OF MEASURE: Counterpart data base. SOURCE: Counterpart INDICATOR DESCRIPTION: Increased media exposure by NGOs highlighting their role in a democratic society and their achievements in providing services to the community and advocating on their behalf; joint NGO/government seminars and public forums on the need for an effective legal structure to protect the rights of the NGO sector and public interest; growth of NGO coalitions and advocacy groups actively engaged in influencing public policy governing the NGO sector; increased number of community advisory councils; professional associations, and coalitions seeking to influence government policies and community services. COMMENTS: New indicator	YEAR	PLANNED	ACTUAL
	1995	NA	
	1996	NA	
	1997	NA	25%
	1998	35%	
	1999	45%	
	2000	60%	
	2001	75%	
2002	75%		

OBJECTIVE: 2.1 Increased, better-informed citizens' participation in political and economic decision-making			
APPROVED: 10/1/97		COUNTRY/ORGANIZATION: Kazakhstan; USAID/CAR	
RESULT NAME: IR 2.1.1.3 NGO participation in civil society strengthened.			
INDICATOR: Increased number of sector coalitions.			
UNIT OF MEASURE: Counterpart data base. SOURCE: Counterpart INDICATOR DESCRIPTION: Groups of NGOs which are formed around an issue, and have met to discuss this issue. COMMENTS: Increased targets for FY98 through FY2002, due to high performance.	YEAR	PLANNED	ACTUAL
	1995	0	0
	1996	0	0
	1997	2	10
	1998	14	
	1999	16	
	2000	18	
	2001	20	
	2002	25	

OBJECTIVE: 2.1 Increased, better-informed citizens' participation in political and economic decision-making			
APPROVED: 10/1/97		COUNTRY/ORGANIZATION: Kazakhstan; USAID/CAR	
RESULT NAME: IR 2.1.1.4 NGO participation in civil society strengthened.			
INDICATOR: Improved NGO sustainability.			
UNIT OF MEASURE: The democracy roundtable will calculate the NGO sustainability index (per ENI model) every twelve months. SOURCE: SO 2.1 Extended team INDICATOR DESCRIPTION: The democracy roundtable will use the ENI NGO sustainability index to assess the sustainability of the NGO sector. COMMENTS: New indicator. 1 is best, 7 is worst.	YEAR	PLANNED	ACTUAL
	1995	NA	
	1996	NA	
	1997	NA	4.23
	1998	4	
	1999	3.5	
	2000	3	
	2001	3	
	2002	2.5	

OBJECTIVE: 2.1 Increased, better-informed citizens' participation in political and economic decision-making			
APPROVED: 10/1/97		COUNTRY/ORGANIZATION: Kazakhstan; USAID/CAR	
RESULT NAME: IR 2.1.2.1 Information on domestic economic policies and politics available			
INDICATOR: Public availability of draft laws prior to passage by government.			
Long term target: Law requiring publication of draft laws upon submission to Parliament.			
UNIT OF MEASURE: Performance will be the total points measured against four point criteria. SOURCE: ABA INDICATOR DESCRIPTION: 1) Passed laws are published. 2) Practice of making draft law, that has been submitted to Parliament for review, available after the first reading in a public place for review is common practice. 3) Law requires the public availability of draft laws prior to second reading. 4) Schedule of Parliamentary meetings and hearings is publicly available. COMMENTS: New Indicator	YEAR	PLANNED	ACTUAL
	1995	NA	1
	1996	NA	1
	1997	NA	1
	1998	2	
	1999	2	
	2000	2	
	2001	3	
	2002	3	

OBJECTIVE: 2.1 Increased, better-informed citizens' participation in political and economic decision-making			
APPROVED: 10/1/97		COUNTRY/ORGANIZATION: Kazakhstan; USAID/CAR	
RESULT NAME: IR 2.1.2.2 Information on domestic economic policies and politics available			
INDICATOR: Increased number of viewers watching independent TV news.			
UNIT OF MEASURE: Rating will be provided by independent rating service(BRIF). SOURCE: Ratings survey by the private polling company. INDICATOR DESCRIPTION: Interviews with a sample of citizens in Almaty, Karaganda, Shymkent, Pavlodar, Ust-Kamenogorsk, Semipalatinsk, Akmola, Aktyubinsk, Aktay and Kustanai will produce ratings of TV viewership. Goals: Increased viewership on independent channels. COMMENTS: New indicator	YEAR	PLANNED	ACTUAL
	1995	NA	
	1996	NA	
	1997	NA	16.5%
	1998	20%	
	1999	25%	
	2000	30%	
	2001	35%	
	2002	40%	

OBJECTIVE: 2.1 Increased, better-informed citizens' participation in political and economic decision-making			
APPROVED: 10/1/97		COUNTRY/ORGANIZATION: Kazakhstan; USAID/CAR	
RESULT NAME: IR 2.1.2.3 Information on domestic economic policies and politics available			
INDICATOR: Average daily independent electronic media local TV news programming.			
UNIT OF MEASURE: Unit: Average daily number of minutes from Internews data. SOURCE: Internews INDICATOR DESCRIPTION: Average daily minutes of independent local news programming from sample of television and radio stations. Stations: Karavan(Shymkent), Rika (Aktiubinsk), Tsesna(Akmola), Irbis(Pavlodar), TV-6(Semipalatinsk), KTV-5(Ust-Kamenogorsk), Ikar-TV(Karaganda), Lada-TV(Aktau), Alau(Kustanai), 31 kanal (Almaty). COMMENTS: Decreased targets for FY98 through FY 2000 due to low performance. *To understand drop in indicator, see performance analysis.	YEAR	PLANNED	ACTUAL
	1995	NA	NA
	1996	NA	15
	1997	18	9.7*
	1998	13	
	1999	15	
	2000	17	
	2001	20	
2002	20		

OBJECTIVE: 2.1 Increased, better-informed citizens' participation in political and economic decision-making			
APPROVED: 10/1/97		COUNTRY/ORGANIZATION: Kazakhstan; USAID/CAR	
RESULT NAME: IR 2.1.2.4 Information on domestic economic policies and politics available			
INDICATOR: Increased willingness of in-dependent media to report on democratic processes, public policy issues.			
UNIT OF MEASURE: Questionnaire SOURCE: Questionnaire INDICATOR DESCRIPTION: A selected group of Peace Corps volunteers will be given a questionnaire, prepared by Internews, which they will use to evaluate the objectivity of reporting by independent media. COMMENTS: New indicator. *Questionnaire data will not be available at time of R4 presentation.	YEAR	PLANNED	ACTUAL
	1995	NA	
	1996	NA	
	1997	NA	*
	1998		
	1999		
	2000		
	2001		
2002			

OBJECTIVE: 2.1 Increased, better-informed citizens' participation in political and economic decision-making			
APPROVED: 10/1/97		COUNTRY/ORGANIZATION: Kazakhstan; USAID/CAR	
RESULT NAME: IR 2.1.3.1 Increased responsiveness and accountability of Government to citizens/citizens organizations.			
INDICATOR: Improved election laws and procedures.			
UNIT OF MEASURE: Unit: On a scale of seven possible attributes, how many are present in the law. SOURCE: IFES INDICATOR DESCRIPTION: Reform of existing laws and adoption of comprehensive codes: 1) Establish independent and permanent election administration structure; (met) 2) Facilitate the participation of political parties in the many phases of the electoral process; 3) Establish legal basis for participation of domestic monitors; (met) 4) Establish transparent and fair procedures for candidate registration; (met) 5) Establish methods to address complaints and adjudicate grievances; 6) Provide for adequate public and or private campaign finance 7) Establish ethical standards for candidates and mechanisms for addressing violations. COMMENTS: New indicator	YEAR	PLANNED	ACTUAL
	1995	NA	3
	1996	NA	3
	1997	NA	3
	1998	5	
	1999	6	
	2000	6	
	2001	6.5	
	2002	7	

OBJECTIVE: 2.1 Increased, better-informed citizens' participation in political and economic decision-making			
APPROVED: 10/1/97		COUNTRY/ORGANIZATION: Kazakhstan; USAID/CAR	
RESULT NAME: IR 2.1.3.2 Increased responsiveness and accountability of Government to citizens/citizens organizations.			
INDICATOR: Increase in citizen understanding of election procedures and rights.			
<p>UNIT OF MEASURE: Unit of measure: BRIF or other organization public opinion survey.</p> <p>SOURCE: Private survey firm.</p> <p>INDICATOR DESCRIPTION: Public opinion survey will determine percent of population that is aware of basic election procedures and rights.</p> <p>1. Which of the following organizations have the rights to nominate candidates for the Majilis?</p> <p>a. President b. Political Parties c. Akim d. Public Associations e. Self - nomination f. Labor collectives g. Election commissions (more than one choice allowed)</p> <p>2. Does the election law allow you to cast a ballot in place of your spouse?</p> <p>* Yes * No</p> <p>3. Do citizens of Kazakhstan vote directly for members of Senate?</p> <p>* Yes * No</p> <p>4. Candidates are elected to the Majilis on the basis of :</p> <p>* which ever candidate receives the most votes * which ever candidate receives 50% of the votes * proportional representation</p> <p>COMMENTS: *FY95 and FY96 results are from a previous IFES survey which asked generally about citizens' knowledge of electoral procedures.</p> <p>**FY97 data on the questions above are not available because survey will not be complete in time for R4 presentation</p>	YEAR	PLANNED	ACTUAL
	1995	NA	27*
	1996	NA	40*
	1997	NA	**
	1998		
1999			

OBJECTIVE: 2.1 Increased, better-informed citizens' participation in political and economic decision-making			
APPROVED: 10/1/97		COUNTRY/ORGANIZATION: Kazakhstan; USAID/CAR	
RESULT NAME: IR 2.1.3.3 Increased responsiveness and accountability of Government to citizens/citizens organizations.			
INDICATOR: Number of parliamentary hearings and committee meetings addressing legislative/policy issues that receive non-governmental input on the national level.			
UNIT OF MEASURE: ABA reports SOURCE: ABA/CEELI INDICATOR DESCRIPTION: ABA reports on number of parliamentary hearings. COMMENTS: Due to the 1997 target being exceeded, targets for 1998 on have been revised upwardly.	YEAR	PLANNED	ACTUAL
	1995	NA	0
	1996	NA	2
	1997	2	7
	1998	12	
	1999	20	
	2000	25	
	2001	30	
	2002	35	

OBJECTIVE: 2.1 Increased, better-informed citizens' participation in political and economic decision-making			
APPROVED: 10/1/97		COUNTRY/ORGANIZATION: Kazakhstan; USAID/CAR	
RESULT NAME: LLR 2.1.3.3.1 More effective and independent elected officials.			
INDICATOR: Number of major changes in draft laws by legislatures or refusals to pass legislation.			
UNIT OF MEASURE: ABA reports SOURCE: ABA/CEELI INDICATOR DESCRIPTION: ABA reports. COMMENTS:	YEAR	PLANNED	ACTUAL
	1995	NA	
	1996	NA	0
	1997	3	3
	1998	5	
	1999	7	
	2000	9	
	2001	12	
	2002	15	

E. SO 2.3: MORE EFFECTIVE, RESPONSIVE, AND ACCOUNTABLE LOCAL GOVERNMENT

SO 2.3 was submitted without resource request as a Conceptual Objective in FY 97. Funds for this SO were requested and were obtained through the R4 submission for FY 1998 and the program utilizing those funds is in the final stages of design. The design has resulted in a refinement of the Strategic Framework for the SO. With the new funding we will move in FY 1998 from collecting and encouraging results in other strategic objectives to supporting specific results-oriented activities in this strategic objective.

This strategic objective responds to the Embassy's Mission Program Plan by supporting development of democratic institutions, which is the focus of the Embassy's fourth goal in its plan. Specifically, this strategic objective will promote decentralization, citizen involvement, and appropriate resource management at the local level. These measures are fundamental to the establishment of a working democracy in Kazakhstan.

1. Performance Analysis

The Government of Kazakhstan has greatly increased the responsibilities of local officials in a series of pragmatic moves based more on the central government's diminished desire and capacity to fulfill all the functions previously performed by the soviet state than on a philosophical decision to decentralize authority. As local governments have taken on these responsibilities, they have become more accountable for providing services to their citizens. Local governments are coming to recognize the need for greater authority commensurate with increased responsibilities; and local officials increasingly see the benefits of greater transparency. There are a number of progressive local officials anxious to undertake reforms.

The central government has not made a concerted effort to address local government reform in a systematic way. Recent efforts to produce draft legislation on local self governments proved largely inconclusive. To date the legislative route to increased fiscal and administrative decentralization and greater empowerment of municipal governments has not borne fruit. However, in a message to the people of Kazakhstan of January 3, 1998 President Nazarbaev stated that the existing government system would be decentralized starting in 1998. Akims of all levels should change their approach in working with residents. They have to know the needs of residents and deliver appropriate services to the population.

Thus, it appears to be a particularly propitious time to begin a major commitment to this Strategic objective. This SO 2.3 will work to create more effective, responsive and accountable local governments through three intermediate results: (1) promoting and facilitating citizen involvement in local government; (2) adopting practices and policies that improve local government delivery of service and management of resources, (i.e. improve governments performance), and (3) establishing the necessary enabling environment for local government.

IR 2.3.1 Practices Promoting Citizen Input and Involvement Adopted.

Activity related to this new IR has been undertaken under SO 2.1, principally in terms of strengthening NGOs so they are better able to involve citizens in local government. The new Local Government Program will build on this effort (which will continue under SO 2.1) by working with local governments so they are more amenable to citizen involvement..

IR 2.3.2 Practices Improving Delivery of Services and Management of Resources Adopted.

The widespread adoption by local governments of practices and policies that improve their delivery of services to citizens and their allocation and management of resources and assets is essential to the achievement of more effective local government. Activities related to this IR have been undertaken under 3.2 and major achievements have been obtained with respect to management of the housing stock. In 1997 management and building ownership of apartment buildings were transferred to resident cooperatives. These cooperatives have organized themselves into 22 regional associations and a national association. In January 1998 a decree transferring ownership of the land adjacent to the buildings was issued. Building on this significant progress, efforts will concentrate on creation of more resident associations and their democratic governance and on the development and promotion of other good practices for resource management and service delivery.

IR 2.3.3 Measures Increasing Local Government's Legal and Financial Foundation Adopted.

The enabling environment for increased empowerment of local government has been largely absent in Kazakhstan. To date, the central government has not made a concerted effort to address local government reform. Activities related to this IR were undertaken under SO 1.2; an effective local government law was drafted but was substantially modified and weakened before it was submitted to Parliament. Efforts to achieve fiscal decentralization through the Fiscal Reform Project have not been successful to date. However, as noted, the President has indicated that the existing government system would be decentralized starting in 1998. USAID will participate with other donors in assisting the government in this endeavor by undertaking analyses of the functions currently being performed at various levels and with what resources and making recommendations for changes that will provide local government with the legal basis required for the exercise of increased authority in fiscal and operational matters. The Fiscal Reform Project will continue its work on fiscal decentralization and municipal financial management activities undertaken in the Local Government Program will be closely coordinated with those efforts.

2. Expected Progress Through FY 2000 and Management Actions

The concept of local self-government, with little control from the center, is a concept quite alien to the culture of the country and will take some time to take root. The current government appears to be committed to decentralization of authority (less so with respect to financial resources), and to the creation of strong local governments, but is hesitant to grant too much autonomy. Within this environment it is expected that over the next three years local governments in Kazakhstan can be strengthened to the point where services can be delivered with a fair degree of efficiency by local officials who operate more transparently

and with a greater degree of responsiveness to local citizens. With the existence of locally elected councils and professional training of chief administrators (akims) the opportunity exists to move local government in Kazakhstan in a direction similar to the U.S. system of elected councils/appointed professional city managers. Thus, AID proposes to work with the locally elected councils so they can begin to play a more meaningful oversight role in the municipal affairs and to work with the akims to enhance their skills so they become more professional city managers responsive to democratically elected councils and citizens in general.

The FY 1998 program has several ambitious initial steps. Demonstrations of "good practices" promoting citizen input and involvement and improving delivery of services and management of resources will be developed in specific localities and the experience disseminated to other local governments. The specific practices will be (1) an informative budget format and end-of-year financial report; (2) an improved financial management system and budget process and organization; and (3) a competitive procurement system.

In addition, an in-service training curriculum will be developed at the institute responsible for training local officials that will provide the base of skills in municipal governance and management on which the next stages of the program can build. Training will focus on management, including financial management skills, needed by professional managers, and leadership skills needed by local council deputies and chief administrators. Trainees will be expected to indicate how they intend to apply their newly acquired skills and beginning in FY 1999 technical assistance will be offered to these officials in their municipalities to aid them in applying the skills in implementing new systems, procedures and policies.

The FY 1998 program will continue for an additional year activities which will consolidate and expand the substantial gains made under SO 3.2 in shifting the responsibility for managing housing from municipalities to resident associations. This shift empowers individuals to control a major aspect of their environment, their living space, and relieves local government of a responsibility it is ill equipped to carry out. Future activities will focus on expanding resident participation in the cooperatives.

Lastly, we will participate with other donors in assisting the GOK by undertaking analyses of the functions currently being performed at various levels and with what resources and making recommendations for changes that will provide local governments with the legal basis required for the exercise of increased authority in fiscal and operational matters.

3. Performance Data Tables

STRATEGIC OBJECTIVE: 2.3 More effective, responsible, and accountable local government			
APPROVED:		COUNTRY/ORGANIZATION: Kazakhstan, USAID/CAR	
RESULT NAME: SO 2.3 - Demonstrate more effective, responsible, and accountable local government			
INDICATOR: Average rating for effectiveness, responsiveness and accountability in random sample of target municipalities.			
UNIT OF MEASURE: Rating based on one point per criteria of effective, responsive and accountable local government based on a qualitative assessment. Average taken from a representative sampling of target municipalities. Criteria (to be elaborated but may include) demonstrated improvements in: 1) transparency/openness 2) accessibility to citizens 3) responsiveness to citizens 4) improved management techniques 5) improved service delivery 6) resource allocation by priority 7) budget process improved SOURCE: INDICATOR DESCRIPTION: COMMENTS:	YEAR	PLANNED	ACTUAL
	1998 baseline		0
	1999	TBD	
	2000	TBD	
	2001	TBD	
	2002	TBD	
	2003	TBD	

STRATEGIC OBJECTIVE: 2.3 More effective, responsible, and accountable local government			
APPROVED:		COUNTRY/ORGANIZATION: Kazakhstan, USAID/CAR	
RESULT NAME: IR 2.3.1 Practices promoting citizen input and involvement adopted			
INDICATOR: % target municipalities adopting techniques that facilitate citizen participation			
UNIT OF MEASURE: % of local bodies that create vehicles for citizen involvement such as open hearings, task forces, commissions, understandable budget documents, information offices. SOURCE: INDICATOR DESCRIPTION: COMMENTS:	YEAR	PLANNED	ACTUAL
	1998 baseline		0
	1999	TBD	
	2000	TBD	
	2001	TBD	
	2002	TBD	
	2003	TBD	

STRATEGIC OBJECTIVE: 2.3 More effective, responsible, and accountable local government			
APPROVED:		COUNTRY/ORGANIZATION: Kazakhstan, USAID/CAR	
RESULT NAME: IR 2.3.2 Practices improving delivery of services and management of resources adopted			
INDICATOR: % target municipalities using improved management techniques			
UNIT OF MEASURE: % of local governments that adopt techniques such as competitive procurement, program-based budget format, market-oriented zoning procedures SOURCE: INDICATOR DESCRIPTION: COMMENTS:	YEAR	PLANNED	ACTUAL
	1998 baseline		0
	1999	TBD	
	2000	TBD	
	2001	TBD	
	2002	TBD	
	2003	TBD	

STRATEGIC OBJECTIVE: 2.3 More effective, responsible, and accountable local government			
APPROVED:		COUNTRY/ORGANIZATION: Kazakhstan, USAID/CAR	
RESULT NAME: IR 2.3.3 Measures increasing local government's legal and financial foundation adopted			
INDICATOR: Number of conditions that exist and enable local government autonomy			
UNIT OF MEASURE: Rating of 1-6 based on establishment of necessary criteria for local government to function: Conditions are: 1) authority to manage services delivered at local level 2) access to revenue base they can influence 3) power to make budget decisions independently 4) leadership accountable to citizens through elections 5) control over local property 6) department heads are accountable to the municipal government and not the central government SOURCE: INDICATOR DESCRIPTION: COMMENTS:	YEAR	PLANNED	ACTUAL
	1998 baseline		0
	1999	TBD	
	2000	TBD	
	2001	TBD	
	2002	TBD	
	2003	TBD	

F. SO 3.2: IMPROVED SUSTAINABILITY OF SELECTED SOCIAL BENEFITS AND SERVICES.

Over the past three years, assistance toward this goal has focused on increasing the efficiency and effectiveness of the health sector and developing private sector capacity in the housing and health sectors.

The activities under this SO are designed to introduce cost effective reform models but also to build a policy consensus and legal framework for the reforms, provide technical assistance to develop and implement specific products or interventions, provide training to make change a reality, and finally, to inform the public about the reforms and their impact on the population's daily lives. Reforms that are introduced to maintain the social system are: restructuring the delivery system, introducing competition, improving financing mechanisms, introducing modern management techniques, involving the population in decision-making, and developing a set of minimum benefits which are essential and affordable. The activities under SO 3.2 represent an integrated package of reforms which together accomplish the goal of improving the sustainability of social benefits and services.

This strategic objective responds to the Embassy's Mission Program Plan through supporting market reform and development of democratic institutions, which respectively are the second and fourth goals in the Embassy plan. Specifically, improving the sustainability of social benefits and services increases public satisfaction with the economic and political reforms that are transforming Kazakhstan into a market democracy. The resulting social stability enhances the ability of policy makers and international donors to implement difficult transition measures.

1. Performance Analysis

SO 3.2 Improved Sustainability of Selected Social Benefits and Services. The time frame for achieving sustainability was established at 2-5 years. Two indicators, number of programs introduced and policies for vulnerable populations introduced, were selected to demonstrate the achievement of this objective. However, given the five year time frame to achieve results, intermediate results (IR) were identified which will demonstrate progress towards the long term strategy. Data for the IR indicators is currently being collected and monitored on a periodic basis. Progress in many of the stated intermediate results and indicators demonstrates that some aspects of reform, as noted below, are moving more rapidly than others towards the achievement of mission objective.

Progress rating: Better than expected in all of the three intermediate results.

Four intermediate results are considered to be most significant in accomplishing SO 3.2. They are: 3.2.1, Critical social benefits and services needs identified for vulnerable populations; 3.2.2, Demonstration that quality health care and municipal services (housing) can be made available on a cost effective basis; 3.2.2.1, Increased efficiency and

accountability of health system contributing to a market oriented economy; and 3.2.3, National legal and regulatory framework established for housing and health reforms. The performance of each of these areas is described below.

IR 3.2.1 Critical social benefits and services. Two performance indicators are established for this IR, one which demonstrates the successful assessment of the vulnerable population for targeting and the other which deals with strengthening capacity to meet the needs of the people. Concerning capacity, the NGO initiative has been extremely successful and is reported under another strategic objective. In case of housing and municipal services, metering municipal utilities and introducing fees to help sustain other services have been expanded nationwide. This project ended in 1997 and successful lessons will be rolled in a new Local Self Government being designed.

In the coming year, increased emphasis will be focused at identifying the vulnerable populations, determining their needs with respect to health and other municipal services, and implementing pilot activities to better target services to those most in need.

Progress rating: Satisfactory

IR 3.2.2 Demonstrate that quality health care and municipal services can be made available on a cost effective basis. Two performance indicators: 1) Number of independent primary care practices increased is progressing rapidly towards achieving Mission SO. For example, 155 family group practices have now been established in USAID demonstration sites, which cover approximately 85 percent of the population in the sites. Establishing these Family Group Practices is one of the most fundamental reforms in restructuring the overall health care systems of the Former Soviet Union. Basic primary care services, including family planning, are integrated and delivered to entire families in a patient-centered, cost-effective manner. Independent community-based family group practices ensure better access to health care by the population, allow market-oriented payment systems to be introduced, and transfer decision-making and control over health care to individual physicians and patients. The increased involvement of physicians and consumers is already evident in the USAID demonstration sites. Newly trained family physicians have organized non-governmental professional associations to jointly resolve problems and influence government policy decisions. A recent public information and marketing campaign, sponsored by USAID, resulted in more than 75 percent of the population of Zhezkazgan City enrolling in the family group practice of their choice. This is the first time ever that such choice has been made available to the population in Kazakhstan. This new model of primary care will be rolled out to two additional oblasts in Kazakhstan under the upcoming World Bank health sector loan.

The housing allowances program has demonstrated the successful results and lessons will be rolled into and expanded in a new initiative currently under design.

Progress rating: The overall progress for this IR has exceeded expectations and is accorded

excellent rating

3.2.2.1 Increase efficiency and accountability of the health system contributing to a market-oriented economy. Market mechanisms are introduced into the health sector with new payment mechanisms that increase the efficiency by creating competition and rewarding health facilities that provide high quality services at a lower cost. An economic incentive is created to allocate resources more cost-effectively within health facilities and to reduce medically unjustifiable referrals from primary care to more expensive polyclinics and specialty hospitals. There has been significant progress on the performance indicator, percentage of health care providers reimbursed by incentive-based provider payment methods. Currently, more than 50 percent of health care providers in the USAID demonstration sites now receive financing according to incentive-based payment methods. New independent primary care facilities receive a per capita payment to meet all primary health care needs of their enrolled populations, and a new hospital payment system has been implemented that is based on the United States experience with the Medicare program. USAID has been assisting health facilities to respond to the market incentives created by the new payment systems by training them in modern management techniques. For example, independent family group practices now submit annual business plans to government health departments, and practice managers have been hired and trained with USAID assistance to monitor and improve the clinical and financial performance of the practices.

Progress rating: Overall progress is better than expected.

3.2.3 National legal and regulatory framework established for housing and health reform. During the previous year, experience from the USAID health reform demonstration sites has been used as a basis for national level policy dialogue on health reform. As a result, there has been significant progress on the performance indicator: government policies endorsing new methodologies. The national Ministry of Health convened a health reform working group that positively evaluated the reform programs in Zhezkazgan and Semipalatinsk and developed a detailed plan to continue and expand the programs in both sites according to the USAID model. The work plans became official government policy documents when they were signed by the Minister of Health, the General Director of the Federal Mandatory Health Insurance Fund, and in the case of Zhezkazgan, the Governor (Akim) of the Oblast. In addition, the Federal Mandatory Health Insurance Fund issued a decree requiring nationwide implementation of the health provider payment systems developed in the USAID demonstration sites for hospital services and for rural primary care.

Successful lessons learned from the pilot, will be expanded under SO 2.3--the Mission's local governance objective.

Progress rating: The overall progress is satisfactory.

2. Expected Progress Through FY 2000 and Management Actions

In health reform, the integrated models of reform will continue to be refined and expanded in the demonstration areas. USAID/CAR will work with other donors to reinforce or roll out successful models and strategies; in particular, USAID/CAR will collaborate with the World Bank to expand the reform models to two additional oblasts under the health sector loan.

Because much experience has now been gained from the health reform demonstration areas, USAID/CAR will increasingly focus program resources on a comprehensive information dissemination strategy to disseminate products and lessons learned to policy makers, professionals at all levels of the health care system, and to other donors. A public information campaign will be a critical part of the information dissemination strategy in order to educate the population on their new rights and responsibilities in the health care system, to promote healthy behavior and lifestyle choices, and to build public consensus in support of health reform.

An assessment in summer of 1998 will be conducted to establish strategy for future directions for the health reform initiative.

3. Performance Data Tables

STRATEGIC OBJECTIVE: 3.2 Improved sustainability of social benefits and services.			
APPROVED: 7/26/96		COUNTRY/ORGANIZATION: Kazakhstan, USAID/CAR	
RESULT NAME: IR 3.2.1 Critical social benefits and services improved.			
INDICATOR: Number of demonstrated projects developed.			
UNIT OF MEASURE: Grants given out to NGOs performing community service. SOURCE: Project based data base INDICATOR DESCRIPTION: # of pilot projects in social services. COMMENTS: Activity now reported under another so	YEAR	PLANNED	ACTUAL
	1996	31-grants	65
	1997	TBD	
	1998		

STRATEGIC OBJECTIVE: 3.2 Improved sustainability of selected social benefits and services.			
APPROVED: 1996		COUNTRY/ORGANIZATION: Kazakhstan, USAID/CAR	
RESULT NAME: IR 3.2.3 National legal and regulatory framework established for housing and health reforms.			
INDICATOR: Government policies adopted.			
UNIT OF MEASURE: # of successful project/interventions rolled out # cities exposed to better information on housing and health care reform. SOURCE: Office of Social Transition and project data sources INDICATOR DESCRIPTION: Number of decrees, laws, or regulations requiring the use of techniques developed and tested on a pilot basis that are enacted nationally. COMMENTS: FY 1996 Housing - completed Decree 437 - Allowances - completed Decree 438 - Coops - completed FY 1997 Housing - Competitive Bidding - completed Health - HIF payment systems prekazi - 1 FY 1998 Health - 2 planned	YEAR	PLANNED	ACTUAL
	1996	1 national	2 national
	1997	2 national	2 national
	1998	2national	

STRATEGIC OBJECTIVE: 3.2 Improved sustainability of social benefits and services			
APPROVED: 1996		COUNTRY/ORGANIZATION: Kazakhstan, USAID/CAR	
RESULT NAME: IR 3.2.2 Demonstrate that quality health care and municipal services can be made available on cost effective basis.			
INDICATOR: # of independent primary care practices increased.			
UNIT OF MEASURE: # of primary care practices. SOURCE: Project data base INDICATOR DESCRIPTION: Increase in # of primary care practices actually staffed and providing services in demonstration oblasts. COMMENTS: Zhezkazgan focused on an urban model and Semipalitinsk on a rural model.	YEAR	PLANNED	ACTUAL
	1996	20	Zh: 5 Sem: 46
	1997	Zh: 10 Sem: 50 Alma: 4	Zh: 16 Sem: 135 Alma: 4
	1998	Zh: 15 Sem: 100 Alma: 8	
	1999		

STRATEGIC OBJECTIVE: 3.2 Improved sustainability of social benefits and services			
APPROVED: N/A		COUNTRY/ORGANIZATION: Kazakhstan, USAID/CAR	
RESULT NAME: IR 3.2.2.1 Increased efficiency and accountability of health system contributing to a market oriented economy.			
INDICATOR: Percentage of health care providers reimbursed by incentive-based provider payment methods.			
UNIT OF MEASURE: Percentage of hospitals and outpatient care providers, both public and private, using incentive-based provider payment methods in demonstration sites. SOURCE: Project data base INDICATOR DESCRIPTION: Increase percentage of hospitals and outpatient care providers reimbursed by incentive-based provider payment methods in demonstration oblasts. COMMENTS:	YEAR	PLANNED	ACTUAL
	1996	Zh: 0% Sem: 0%	20%10%
	1997	Zh: 40% Sem: 20%	58% 62%
	1998	Zh: 70% Sem: 80%	
	1999		

SO 4.1 SPECIAL INITIATIVES

USAID/CAR does not have a strategy tree or a results framework for Special Initiatives 4.1. Activities under this initiatives are funded from congressional earmarks for reproductive health, infectious diseases and medical partnerships. They contribute to strategic objective 3.2 but are too disparate to be integrated into that framework. This strategic objective supports the Embassy's MPP in the same manner as SO 3.2.

The main activity under the reproductive health earmark is support to improve the availability of contraceptives through the private sector. Since 1995, when USAID started support in the reproductive area, USAID has been the lead donor. Since then a number of donors, primarily the UNFPA have signed agreements to assist the public sector. UNFPA is also updating and improving the reproductive health/family planning curricula in the medical and nursing schools using the model developed by USAID/ JHPIEGO. USAID therefore has concentrated its efforts in strengthening the role of the private sector in marketing and selling contraceptives through the Social Marketing project. Significant results have been achieved in demonstrating the viability of the commercial market as a supplier of health services. A recently completed 1997-2000 USAID Reproductive Health Strategy for Kazakhstan supported this approach and recommended continuation until September 2000. In addition, made recommendations to provide support in the policy arena by providing tools that would help officials make rational population and reproductive health policies.

There are two medical partnership activities in Kazakhstan. The first with Tucson Medical Coalition of Tuscon, Arizona and a selected medical institute of Almaty. This partnership ends in 1998. The second, started under the humanitarian assistance component of Project Sapphire Compensation package, enters the graduation phase in 1998 and ends in the year 2000. The Mission has had difficulties in identifying the nature of results achieved as partnership activities are diverse and fragmented in nature. The partnerships have contributed immensely in hospital based technology transfer between the partners. Efforts to expand to primary health care were initiated in 1997, but have been limited to date.

Under the infectious disease program, Kazakhstan is introducing more effective, efficient, and cost-effective surveillance measures; and working on reducing morbidity and mortality due to acute respiratory infections, and childhood diarrheal diseases in Zhambyl Oblast of Kazakhstan. Models now exist to better manage these diseases preventing unnecessary childhood deaths. This work has been effectively integrated into the Health Reform demonstration sites being supported by USAID under SO 3.2. Starting in 1997, the focus of the infectious disease assistance in Kazakhstan will be to improve the efficiency and effectiveness of the tuberculosis system by implementing the WHO approved Directly Observed Treatment, Short-course (DOTS) in pilot areas of one oblast.

Per guidance from USAID/W, one indicator was selected for each earmark activity to best reflect their results.

1. Performance Analysis

4.1. Special Initiatives. SO 4.1 does not have its own tree and intermediate results. The following four indicators were selected in 1997 to reflect results. As ongoing programs complete, existing indicators will be modified to reflect new program thrusts, for example tuberculosis.

Reduction in General Abortion Rate. Induced abortions have serious detrimental effect on women's health and is one of the major factors contributing to maternal mortality. Therefore, USAID/CAR programs in reproductive health under the Reproductive Health Services Expansion Program (RHSEP) is directed at increasing the options women have in selecting their method of contraception as well as making contraceptives widely available. Initially, assistance was directed both at the public and the commercial sector, however in 1997, USAID has focused on the commercial sector as other donors have entered the arena. Significant results have been achieved as a result of RHSEP, which also supported the public sector. Ministry of Health data, and data from the Demographic Health Survey, show that General Abortion rates have declined from 63.8 per 1000 women in 1994 to 46.3 in 1996. MOH 1997 data on abortions will not be available until March of 1998.

Progress rating: More than Satisfactory

Increase in couple years of protection (CYP). In the case of the Social Marketing project performance, CYP is calculated utilizing the number of Red Apple (program name) contraceptives sold by manufacturers to distributors. The planned CYP for 1997 is 80,000 and actual CYP is 6,219. Poor performance of contraceptives sales in the private sector was due to first the disruption of the project because of contractual problems. Secondly, humanitarian assistance contraceptives brought into the country by other donor organizations which affected sales in the private sector. USAID/CAR expects the results to be much better in fiscal year 1998. The social marketing project is back on track and intensive efforts at communication and marketing have begun. UNFPA, lead donor for bringing in humanitarian assistance contraceptives, is now aware of the impact non-monitored contraceptives coming into the country has on the private sector, although it has yet to establish better monitoring systems.

Progress rating: Very little progress

Number of health providers trained in modern management techniques and clinical practices. The common area of focus for partnership activities is training in specialty areas, such as establishment of programs in toxicology, perinatology, leukemia, respiratory diseases, infection control, nursing education, emergency medical services, cancer screening and tumor registry, maternal and child health, women's health, disaster management, health care administration, and management reform. Although this one indicator does not capture the range of partnership activities, much of the work done under the partnerships has involved

technology transfer and training. It was therefore selected as the main indicator for reporting purposes. Obtaining this information, from the implementing partner, however has been difficult.

In 1997, 252 health providers were trained in different areas, while the target was 301. However some other achievements are notable and worth mentioning, such as the opening of the Women Wellness Center (WWC) in Almaty; The Almaty Medical College also has established a night school for senior nurses who wish to enhance their clinical training or expand their role in administration and management. Some other examples include the 500 laparoscopic surgeries were performed in the first year of the Endoscopic Surgery Center; the Toxicology Information Center and the Emergency Medicine Training Center co-sponsored a national conference on the management of emergency toxicology cases; the partners implemented surveillance-modeled infection control demonstration projects (the results of which would lead to a republic-wide revision of infection control laws and regulations) ; a Cancer Registry Center for Semipalatinsk and the surrounding region has been established through the training of onthologists and a cancer registrar at the Methodist Hospital (TMH) Cancer Registry Center; and Semipalatinsk nurses have been successful in establishing a Semipalatinsk Nursing Association, with 2,000 members to date.

Progress rating: Satisfactory

Percent of Oblasts using modern approaches to disease surveillance. Centers for Disease Control and prevention are implementing this program. 100% use computer-based applications for polio and diphtheria was achieved in 1996, and in 1997 additional diseases such as tuberculosis and hepatitis have been added to the work.

Progress rating: This indicator for polio and diphtheria was achieved in 1996.

Results have also been achieved in the management of childhood diseases, especially for acute respiratory infections (ARI) and diarrheal disease control (DDC), two major causes of childhood and infant deaths. At the end of the project, September 1997, new treatment protocols and training modules exist for replication that will contribute towards improved management of childhood diseases, especially ARI and DDC.

A new initiative started in 1998 for prevention and treatment of Tuberculosis in collaboration with three implementing partners, Project Hope, CDC and ABT associates. Through technical assistance, the WHO recommended Directly Observed Treatment, Short-course (DOTS) will be introduced in one oblast. This will result in better diagnoses and treatment at tremendous cost savings to the Government of Kazakhstan. Two indicators for this initiative have been developed and will be reported on in the next R4 review. a) Percent of Oblasts following DOTS, and b) Number of smear positive cases who convert to a negative smear at the end of the intensive phase therapy.

2. Expected Progress Through FY 2000 And The Management Actions.

Reproductive Health

While continuing the support to the Social Marketing project through September 1998, at which time the commercial sector is expected to be sustainable and continue this effort, USAID expects to shift the emphasis of the reproductive assistance towards reproductive health policy concerns and the strengthening of the family group practices to provide reproductive health care services.

Two immediate concerns exist in the broad health policy arena. One is how to deal with the growing and vocal pro-nationalist movement that wants to increase the birth rates, especially among the ethnic Kazakhs. It is important that information be provided to both the influential officials that can confront this movement and the pro-nationalist members regarding the impact of rapid population growth on such sectors as education, health, and labor. One possible tool that could be used in these dialogues is the development of a RAPID computer model.

The second concern in the health policy area is the rapid fluid environment in which the health sector is operating. Because the environment is changing so rapidly and laws/regulations/policies are being made quickly, it is essential that USAID provide the government officials at both the national and oblast levels the information and assistance they need to understand the impact and long term consequences of the policies they are making. This will include assisting the government to understand the role and the importance of the private sector in the delivery of health care services and the impact health care reform policies may have on the financing and delivery of health and reproductive health services in the commercial/private sector. In addition, USAID/CAR will conduct a follow on DHS in Kazakhstan in 1999 to evaluate impact of assistance in the health sector.

Infectious Disease Program

USAID has embarked on a new tuberculosis initiative in Central Asia, providing technical assistance to address this problem. Working through the collaborative efforts of the U.S. Centers for Disease Control and Prevention (CDC), Project HOPE, and Abt Associates' ZdravReform Project, USAID hopes to build on its on-going health reform efforts to reform the existing TB diagnostic, treatment, and control practices in this region. The USAID TB Initiative efforts will begin in selected regions of the Almaty Oblast. It is expected that by the year 2000, with other donor assistance, especially the World Bank, that DOTS will be expanded to 2 additional oblasts.

Medical Partnerships

USAID/CAR hopes to direct future medical partnerships to support the overall health reform agenda and strengthening of primary health care in Kazakhstan. Nursing reform through

practical skills development is another area which needs to continue as a focus area as is partnership between health professionals such as the FGP's and health institutions supporting community actions. Starting September 1998, a new partnership program will be in place. This program is currently being designed in USAID/W.

3. Performance Data Tables

OBJECTIVE: 4.1 Earmark-Reproductive Health			
APPROVED: 1997		COUNTRY/ORGANIZATION: Kazakhstan, USAID/CAR	
RESULT NAME: N/A-Congressionally mandated earmark			
INDICATOR: Reduction in General Abortion Rate (GAR)			
UNIT OF MEASURE: General Abortion Rate (GAR) SOURCE: Ministry of Health (MOH) INDICATOR DESCRIPTION: Induced abortions per 1000 women ages 15-49. COMMENTS: 1. Data is calendar year data. It is available from the MOH in March for the prior calendar year. * 2. The 1995 Kazakhstan Demographic and Health Survey (KDHS) shows a general abortion rate of 57. This is very close to the rate reported by the MOH in 1995. The KDHS notes there is clear and convincing evidence that contraceptive use has been a substitute for abortion.	YEAR	PLANNED	ACTUAL
	1994	-	63.8
	1995	-	54.9
	1996	-	46.3
	1997	43	*
	1998	41	
	1999	39	

OBJECTIVE: 4.1 Earmark-Reproductive Health			
APPROVED: 1997		COUNTRY/ORGANIZATION: Kazakhstan, USAID/CAR	
RESULT NAME: N/A-Congressionally mandated earmark			
INDICATOR: Increase in Couple Years of Protection (CYP)			
UNIT OF MEASURE: Couple Years of Protection (CYP) SOURCE: International manufacturers of Red Apple (Contraceptive Social Marketing Program logo) contraceptives. INDICATOR DESCRIPTION: Couple Years of Protection is the theoretical number of couples receiving contraceptive protection for a year. It is calculated using contraceptive specific denominators: 15 cycles of oral contraceptives equals one CYP; 100 condoms equals one CYP; 4 doses of Depo-Provera and six doses of Noresterat equals one CYP. COMMENTS: YP is calculated utilizing the number of Red Apple contraceptives sold by manufacturers to distributors.	YEAR	PLANNED	ACTUAL
	1994	-	0
	1995	23,840	21,000
	1996	41,900	29,000
	1997	80,000	6,219

OBJECTIVE: 4.1 Earmark-Infectious Disease			
APPROVED: 1997		COUNTRY/ORGANIZATION: Kazakhstan; USAID/CAR	
RESULT NAME: N/A - Congressionally mandated earmark			
INDICATOR: Percent of oblasts using modern approaches to disease surveillance			
UNIT OF MEASURE: Percent SOURCE: Centers for Disease Control and Prevention (CDC) in Central Asia INDICATOR DESCRIPTION: Increase in the number of oblasts using computer-based applications for case specific diseases COMMENTS: This indicator refers to the modern methods applied to TB, hepatitis, and vaccine preventable diseases.	YEAR	PLANNED	ACTUAL
	1998	TBD	

OBJECTIVE: 4.1 Earmark-Infectious Disease			
APPROVED: 1997		COUNTRY/ORGANIZATION: Kazakhstan; USAID/CAR	
RESULT NAME: N/A - Congressionally mandated earmark			
INDICATOR: Percent of oblasts following DOTS			
UNIT OF MEASURE: Percent SOURCE: Centers for Disease Control and Prevention (CDC) in Central Asia INDICATOR DESCRIPTION: Increase in the number of oblasts using DOTS (Directly Observed Treatment, Short-course) is the name for a comprehensive strategy which primary health services around the world are using to detect and cure TB patients. As part of the DOTS strategy, health workers counsel and observe their patients swallowing each dose of a powerful combination of medicines, and the health services monitor the patients' progress until each is cured. Political and financial commitment and a dependable drug supply are essential parts of the DOTS strategy. COMMENTS: This indicator refers to the modern DOTS strategy of Tuberculosis care management.	YEAR	PLANNED	ACTUAL
	FY 1998	1(3 rayons)	1

OBJECTIVE: 4.1 Earmark - Medical Partnerships			
APPROVED: N/A		COUNTRY/ORGANIZATION: Kazakhstan; USAID/CAR	
RESULT NAME: N/A - Congressionally mandated earmark. (Modern Management Techniques and Clinical Practices Introduced)			
INDICATOR: Number of health providers trained in modern management techniques and clinical practices.			
UNIT OF MEASURE: Number of health providers. SOURCE: American International Health Alliance (AIHA). INDICATOR DESCRIPTION: Increase in number of health providers trained in modern management techniques and clinical practices. COMMENTS: 1. The current indicator replaces the previous one Increase in Number of Facilities Using Modern Management Techniques and Clinical Practices. The previous indicator was based on a 1994 baseline of 25 facilities with targets of 57 in 1995 and 114 facilities in 1996 using modern management techniques and clinical practices. AIHA is unable to provide data needed by the indicator. AIHA reports on numbers of persons trained. 2. Planned 1997 target is cumulative (includes 1996 actual plus 1997 specific). The 1997 actual is as of September 97.	YEAR	PLANNED	ACTUAL
	1996		151
	1997	301	252

OBJECTIVE: 4.1 Earmark-Infectious Disease			
APPROVED: 1997		COUNTRY/ORGANIZATION: Kazakhstan; USAID/CAR	
RESULT NAME: N/A - Congressionally mandated earmark			
INDICATOR: Number of oblasts implementing DOTTS effectively			
UNIT OF MEASURE: Number SOURCE: Centers for Disease Control and Prevention (CDC) in Central Asia INDICATOR DESCRIPTION: Effectiveness measured as an increase in the number of cases who complete their intensive therapy and whose smears are negative COMMENTS: This indicator refers to the DOTTS program for TB prevention and control.	YEAR	PLANNED	ACTUAL
	1998 (TBD)	TBD	

III. STATUS OF THE MANAGEMENT CONTRACT

The Management Contract agreed to by the Mission and Washington during last spring's R4 reviews has not been significantly altered for Kazakhstan. However, it is important to note the following for this year's R4 discussions:

Strategic Objective Changes or Refinements. The Mission's two regional strategic objectives, both of which include activities in Kazakhstan, were approved during last year's R4 review. Following this approval and subsequent to Washington's creation of the new environmental strategic objective 1.6, USAID/CAR eliminated the Mission's SO 3.3 (Reduction in regional economic and political tensions generated by transboundary environmental issues) and adopted SO 1.6 (Reduction in regional economic and political tensions generated by transboundary environmental issues). Technical assistance activities were affected by this change, as described in the Regional R4 for Central Asia. Also, the wording of the Mission's SO 1.5 was changed from "A more economically sound and environmentally sustainable energy system as the primary engine of growth in Central Asia" to "An effective policy framework in place to achieve private investment in an environmentally sound, regionally efficient, market-oriented energy sector" to more fully reflect USAID/CAR activities in the energy sector. Technical assistance activities were not affected by this change.

Wording for the Mission's SO 3.2 was changed from "Reform strategies in selected social sectors developed and implemented" to "Improved sustainability of selected social benefits and services" during the Mission's internal program review in December 1997. Technical assistance efforts were not affected by this change.

The Mission's SO 2.3 (More effective, responsible, and accountable local government) was officially approved for Kazakhstan and Kyrgyzstan in July 1997. Hence, the Mission has initiated a strong local government program in these two countries with the hiring of a local government specialist and the allocation of budgetary resources to local government. Additionally, the Mission is working diligently to fully exploit the strong complementarities between the local government strategic objective and other strategic objectives in such areas such as fiscal reform and health reform.

Partnerships. As indicated in last year's R4, the Mission sponsors ten active partnership-type activities in Kazakhstan in health, energy, agriculture, environment, and NGOs. With the notable exception of the earmark-imposed health partnerships, these partnerships form an integral part of the Mission program. To further support the State Department's Partnership for Freedom initiative, the Mission is planning and will implement new partnerships and pre-partnerships in FY 98. These partnerships will support Mission reform efforts in the economic, democratic, and social spheres by linking key counterparts and institutions in Kazakhstan with appropriate partners in the US. The Mission anticipates that these partnerships will be initiated in the next four months.

USAID FY 1998 Budget Request by Program/Country

Country/Program: Kazakhstan
Scenario: Base Level

S.O. #	Title	Approp. Acct	Bilateral/Field Support	Est. SO Pipeline End of FY 97	Estimated Total		Basic Education	Agric.	Other Growth	Pop	Child Survival	Infectious Diseases	HIV/AIDS	Other Health	Environ	D/G	Est. Expend. FY 98	Est. Total Cost life of SO	Future Cost (POST 2000)	Year of Final Oblig.
					Carryover FY97	Budget Funds FY98														
SO 1.2: Increased Soundness of Fiscal Policies and Fiscal Management Practices																				
	Bilateral		1,114,379	0	1,542,333			1,542,333									1,550,000	*****	5,000,000	05
	Field Spt				0			0												
	Total		1,114,379	0	1,542,333	0		1,542,333	0	0	0	0	0	0	0	0			5,000,000	
SO 1.3: Accelerated Development and Growth of Private Enterprises																				
	Bilateral		2,694,302	0	3,855,558			3,855,558									3,300,000	*****	7,000,000	05
	Field Spt				0			0												
	Total		2,694,302	0	3,855,558	0		3,855,558	0	0	0	0	0	0	0	0			7,000,000	
SO 1.4: A More Competitive and Market-Responsive Private Financial Sector																				
	Bilateral		4,799,019	0	5,302,109			5,302,109							0		6,200,000	*****	8,500,000	05
	Field Spt				0			0												
	Total		4,799,019	0	5,302,109	0		5,302,109	0	0	0	0	0	0	0	0			8,500,000	
SO 1.5: Effective Policy Framework in Place to Achieve Private Investment in an Environmentally Sound, Regionally Efficient, Market-Oriented Energy Sector																				
	Bilateral		0	225,000	0												225,000	0	0	XX
	Field Spt				0			0												
	Total		0	225,000	0	0		0	0	0	0	0	0	0	0	0			0	
SO 2.1: Increased, Better-Informed Citizens' Participation in Political and Economic Decision-Making																				
	Bilateral		2,283,140	59,602	3,200,000											3,200,000	3,658,561	*****	10,000,000	06
	Field Spt				0			0												
	Total		2,283,140	59,602	3,200,000	0		0	0	0	0	0	0	0	0	3,200,000			10,000,000	
SO 2.3: More Effective, Responsive, and Accountable Local Government																				
	Bilateral		0	0	1,600,000											1,600,000	903,125	*****	3,800,000	06
	Field Spt				0			0												
	Total		0	0	1,600,000	0		0	0	0	0	0	0	0	0	1,600,000			3,800,000	
SO 3.2: Improved Sustainability of Selected Social Benefits and Services																				
	Bilateral		1,939,855	160,000	1,390,000									1,390,000			2,363,956	*****	6,050,000	02
	Field Spt				0			0						0						
	Total		1,939,855	160,000	1,390,000	0		0	0	0	0	0	1,390,000	0		0			6,050,000	
SO 4.1: Health Earmarks																				
	Bilateral		808,028	980,000	1,910,000									1,910,000			2,931,362	N/A	N/A	N/A
	Field Spt				0			0						0						
	Total		808,028	980,000	1,910,000	0		0	0	0	0	0	1,910,000	0		0			0	
SO 4.1: Transfers and Allocations																				
	Bilateral		N/A	0	7,850,000			7,850,000									N/A	N/A	N/A	N/A
	Field Spt				0			0												
	Total		0	0	7,850,000	0		7,850,000	0	0	0	0	0	0	0	0			0	
SO 1.3: Central Asian-American Enterprise Fund																				
	Bilateral		6,605,333	0	5,000,000			5,000,000									9,300,000	*****	N/A	N/A
	Field Spt				0			0												
	Total		6,605,333	0	5,000,000	0		5,000,000	0	0	0	0	0	0	0	0			0	
SO 4.2: Exchanges and Training (Global Training Project)																				
	Bilateral		850,000	0	750,000			450,000						110,000	80,000	110,000	880,000	*****	4,800,000	06
	Field Spt				0			0						0	0	0				
	Total		850,000	0	750,000	0		450,000	0	0	0	0	110,000	80,000	110,000				4,800,000	
SO 4.2: Exchanges and Training - Partnerships																				
	Bilateral		0	0	1,300,000			1,300,000									N/A	N/A	N/A	N/A
	Field Spt				0			0												
	Total		0	0	1,300,000	0		1,300,000	0	0	0	0	0	0	0	0			0	
SO 4.2: Eurasia Foundation																				
	Bilateral		82,852	0	700,000			700,000									600,000	N/A	N/A	N/A
	Field Spt				0			0												
	Total		82,852	0	700,000	0		700,000	0	0	0	0	0	0	0	0			0	

Program Funding

SO 4.2: Eurasia Endowments																	
	Bilateral	0	0	0										N/A	N/A	N/A	N/A
	Field Spt			0													
	Total	0	0	0	0	0	0	0	0	0	0	0	0			0	
SO 4.2: Unallocated PFF Categories																	
	Bilateral	0	0	0			0							0	N/A	N/A	N/A
	Field Spt			0													
	Total	0	0	0	0	0	0	0	0	0	0	0	0			0	
SO 4.2: Special Initiatives (PD&S)																	
	Bilateral	104,000	0	250,000			250,000							200,000	2,200,000	1,000,000	06
	Field Spt			0													
	Total	104,000	0	250,000	0	0	250,000	0	0	0	0	0	0			1,000,000	
Total Bilateral	*****	1,424,602	34,650,000	0	0	*****	0	0	0	0	3,410,000	80,000	4,910,000				
Total Field Support		0	0	0	0	0	0	0	0	0	0	0	0				
TOTAL PROGRAM	*****	1,424,602	34,650,000	0	0	*****	0	0	0	0	3,410,000	80,000	4,910,000			46,150,000	

FY 1998 Request Sector Totals -- DA	
Econ Growth	26,250,000
[Of which Microenterprise]	[]
HCD	
PHN	3,410,000
Environment	80,000
[Of which Biodiversity]	[]
Democracy	0
Humanitarian	4,910,000

FY 1998 Request Sector Totals -- ESF	
Econ Growth	3,490,000
[Of which Microenterprise]	[]
HCD	
PHN	*****
Environment	0
[Of which Biodiversity]	[]
Democracy	0
Humanitarian	0

FY 2001 Target Program Level	0
FY 2002 Target Program Level	0
FY 2003 Target Program Level	0

USAID FY 1999 Budget Request by Program/Country

Country/Program: Kazakhstan
Scenario: Base Level

S.O. #	Title	Approp. Acct	Bilateral/Field Support	Est. SO Pipeline End of FY 98	Estimated Total		Basic Education	Agric.	Other Growth	Pop	Child Survival	Infectious Diseases	HIV/AIDS	Other Health	Environ	D/G	Est. Expend. FY 99	Est. Total Cost life of SO	Future Cost (POST 2000)	Year of Final Oblig.
					Carryover FY97	Budget Funds FY98														
SO 1.2: Increased Soundness of Fiscal Policies and Fiscal Management Practices																				
	Bilateral			1,106,712	0	2,000,000			2,000,000								2,000,000	*****	5,000,000	05
	Field Spt					0														
	Total			1,106,712	0	2,000,000	0		2,000,000	0	0		0	0	0	0			5,000,000	
SO 1.3: Accelerated Development and Growth of Private Enterprises																				
	Bilateral			3,249,860	0	3,500,000			3,500,000								3,800,000	*****	7,000,000	05
	Field Spt					0														
	Total			3,249,860	0	3,500,000	0		3,500,000	0	0		0	0	0	0			7,000,000	
SO 1.4: A More Competitive and Market-Responsive Private Financial Sector																				
	Bilateral			3,901,128	0	3,500,000			3,500,000								5,000,000	*****	8,500,000	05
	Field Spt					0														
	Total			3,901,128	0	3,500,000	0		3,500,000	0	0		0	0	0	0			8,500,000	
SO 1.5: Effective Policy Framework in Place to Achieve Private Investment in an Environmentally Sound, Regionally Efficient, Market-Oriented Energy Sector																				
	Bilateral			0	0	0											0	0	0	XX
	Field Spt					0													0	
	Total			0	0	0	0		0	0			0	0	0	0			0	
SO 2.1: Increased, Better-Informed Citizens' Participation in Political and Economic Decision-Making																				
	Bilateral			1,884,181	0	4,200,000										4,200,000	4,632,563	*****	10,000,000	06
	Field Spt					0														
	Total			1,884,181	0	4,200,000	0		0	0			0	0	0	4,200,000			10,000,000	
SO 2.3: More Effective, Responsive, and Accountable Local Government																				
	Bilateral			696,875	0	2,500,000										2,500,000	1,996,875	*****	3,800,000	06
	Field Spt					0														
	Total			696,875	0	2,500,000	0		0	0			0	0	0	2,500,000			3,800,000	
SO 3.2: Improved Sustainability of Selected Social Benefits and Services																				
	Bilateral			1,125,899	0	1,500,000								1,500,000			2,373,956	*****	6,050,000	02
	Field Spt					0														
	Total			1,125,899	0	1,500,000	0		0	0			0	1,500,000		0			6,050,000	
SO 4.1: Health Earmarks																				
	Bilateral			766,666	0	5,200,000								5,200,000			3,901,112	N/A	N/A	N/A
	Field Spt					0														
	Total			766,666	0	5,200,000	0		0	0			0	5,200,000		0			0	
SO 4.1: Transfers and Allocations																				
	Bilateral			N/A	0	7,500,000			7,500,000								N/A	N/A	N/A	N/A
	Field Spt					0														
	Total			0	0	7,500,000	0		7,500,000	0	0		0	0	0	0			0	
SO 1.3: Central Asian-American Enterprise Fund																				
	Bilateral			2,305,333	0	7,000,000			7,000,000						0		7,219,701	*****	N/A	N/A
	Field Spt					0														
	Total			2,305,333	0	7,000,000	0		7,000,000	0	0		0	0	0	0			0	
SO 4.2: Exchanges and Training (Global Training Project)																				
	Bilateral			720,000	0	850,000			510,000					127,500	85,000	127,500	900,000	*****	4,800,000	06
	Field Spt					0														
	Total			720,000	0	850,000	0		510,000	0	0		0	127,500	85,000	127,500			4,800,000	
SO 4.2: Exchanges and Training - Partnerships																				
	Bilateral			N/A	0	600,000			600,000								N/A	N/A	N/A	N/A
	Field Spt					0														
	Total			0	0	600,000	0		600,000	0	0		0	0	0	0			0	
SO 4.2: Eurasia Foundation																				
	Bilateral			182,852	0	1,000,000			1,000,000								600,000	N/A	N/A	N/A
	Field Spt					0														
	Total			182,852	0	1,000,000	0		1,000,000	0	0		0	0	0	0			0	

Program Funding

SO 4.2: Eurasia Endowments																	
	Bilateral	N/A	0	500,000			500,000							N/A	N/A	N/A	N/A
	Field Spt			0			0										
	Total	0	0	500,000	0	0	500,000	0	0	0	0	0	0			0	
SO 4.2: Unallocated PFF Categories																	
	Bilateral	0	0	4,000,000			4,000,000							4,000,000	N/A	N/A	N/A
	Field Spt			0			0										
	Total	0	0	4,000,000	0	0	4,000,000	0	0	0	0	0	0			0	
SO 4.2: Special Initiatives (PD&S)																	
	Bilateral	154,000	0	150,000			150,000							150,000	2,200,000	1,000,000	06
	Field Spt			0			0										
	Total	154,000	0	150,000	0	0	150,000	0	0	0	0	0	0			1,000,000	
Total Bilateral	*****		0	44,000,000	0	0	*****	0	0	0	0	6,827,500	85,000	6,827,500			
Total Field Support		0	0	0	0	0	0	0	0	0	0	0	0	0			
TOTAL PROGRAM	*****		0	44,000,000	0	0	*****	0	0	0	0	6,827,500	85,000	6,827,500			46,150,000

FY 1999 Request Sector Totals -- DA	
Econ Growth	30,260,000
[Of which Microenterprise]	[]
HCD	
PHN	6,827,500
Environment	85,000
[Of which Biodiversity]	[]
Democracy	0
Humanitarian	6,827,500

FY 1999 Request Sector Totals -- ESF	
Econ Growth	6,912,500
[Of which Microenterprise]	[]
HCD	
PHN	*****
Environment	0
[Of which Biodiversity]	[]
Democracy	0
Humanitarian	0

FY 2001 Target Program Level	0
FY 2002 Target Program Level	0
FY 2003 Target Program Level	0

USAID FY 2000 BUDGET REQUEST BY PROGRAM/COUNTRY

Country/Program: Kazakhstan
Scenario: Base Level

S.O. #	Title	Approp. Acct	Bilateral/Field Support	Est. SO Pipeline End of FY 99	Estimated Total		FY 2000										Est. Total Cost life of SO	Future Cost (POST 2000)	Year of Final Oblig.
					Carryover FY97	Budget Funds FY98	Basic Education	Agric.	Other Growth	Pop	Child Survival	Infectious Diseases	HIV/AIDS	Other Health	Environ	D/G			
SO 1.2: Increased Soundness of Fiscal Policies and Fiscal Management Practices																			
	Bilateral		1,106,712	0	1,900,000			1,900,000								2,000,000	*****	5,000,000	05
	Field Spt				0			0											
	Total		1,106,712	0	1,900,000	0		1,900,000	0	0		0	0	0	0			5,000,000	
SO 1.3: Accelerated Development and Growth of Private Enterprises																			
	Bilateral		2,949,860	0	3,300,000			3,300,000								4,000,000	*****	7,000,000	05
	Field Spt				0			0											
	Total		2,949,860	0	3,300,000	0		3,300,000	0	0		0	0	0	0			7,000,000	
SO 1.4: A More Competitive and Market-Responsive Private Financial Sector																			
	Bilateral		2,401,128	0	3,300,000			3,300,000								3,800,000	*****	8,500,000	05
	Field Spt				0			0											
	Total		2,401,128	0	3,300,000	0		3,300,000	0	0		0	0	0	0			8,500,000	
SO 1.5: Effective Policy Framework in Place to Achieve Private Investment in an Environmentally Sound, Regionally Efficient, Market-Oriented Energy Sector																			
	Bilateral		0	0	0											0	0	0	XX
	Field Spt				0			0										0	
	Total		0	0	0	0		0	0	0		0	0	0	0			0	
SO 2.1: Increased, Better-Informed Citizens' Participation in Political and Economic Decision-Making																			
	Bilateral		1,451,618	0	4,000,000										4,000,000	4,500,000	*****	10,000,000	06
	Field Spt				0			0											
	Total		1,451,618	0	4,000,000	0		0	0	0		0	0	0	4,000,000			10,000,000	
SO 2.3: More Effective, Responsive, and Accountable Local Government																			
	Bilateral		1,200,000	0	2,000,000										2,000,000	2,200,000	*****	3,800,000	06
	Field Spt				0			0											
	Total		1,200,000	0	2,000,000	0		0	0	0		0	0	0	2,000,000			3,800,000	
SO 3.2: Improved Sustainability of Selected Social Benefits and Services																			
	Bilateral		251,943	0	1,400,000											1,491,943	*****	6,050,000	02
	Field Spt				0			0											
	Total		251,943	0	1,400,000	0		0	0	0		0	1,400,000		0			6,050,000	
SO 4.1: Health Earmarks																			
	Bilateral		2,065,554	0	5,200,000											4,843,703	N/A	N/A	N/A
	Field Spt				0			0											
	Total		2,065,554	0	5,200,000	0		0	0	0		0	5,200,000		0			0	
SO 4.1: Transfers and Allocations																			
	Bilateral		N/A	0	7,700,000											N/A	N/A	N/A	N/A
	Field Spt				0			0											
	Total		0	0	7,700,000	0		7,700,000	0	0		0	0	0	0			0	
SO 1.3: Central Asian-American Enterprise Fund																			
	Bilateral		2,085,632	0	7,000,000											7,075,000	*****	N/A	N/A
	Field Spt				0			0											
	Total		2,085,632	0	7,000,000	0		7,000,000	0	0		0	0	0	0			0	
SO 4.2: Exchanges and Training (Global Training Project)																			
	Bilateral		670,000	0	800,000											850,000	*****	4,800,000	06
	Field Spt				0			0											
	Total		670,000	0	800,000	0		480,000	0	0		0	120,000	80,000	120,000			4,800,000	
SO 4.2: Exchanges and Training - Partnerships																			
	Bilateral		N/A	0	460,000											N/A	N/A	N/A	N/A
	Field Spt				0			0											
	Total		0	0	460,000	0		460,000	0	0		0	0	0	0			0	
SO 4.2: Eurasia Foundation																			
	Bilateral		582,852	0	1,000,000											600,000	N/A	N/A	N/A
	Field Spt				0			0											
	Total		582,852	0	1,000,000	0		1,000,000	0	0		0	0	0	0			0	

Program Funding

SO 4.2: Eurasia Endowments																	
	Bilateral	N/A	0	400,000			400,000							N/A	N/A	N/A	N/A
	Field Spt			0			0										
	Total	0	0	400,000	0		400,000	0	0	0	0	0	0			0	
SO 4.2: Unallocated PFF Categories																	
	Bilateral	N/A	0	3,400,000			3,400,000							3,400,000	N/A	N/A	N/A
	Field Spt			0			0										
	Total	0	0	3,400,000	0		3,400,000	0	0	0	0	0	0			0	
SO 4.2: Special Initiatives (PD&S)																	
	Bilateral	154,000	0	140,000			140,000							140,000	2,200,000	1,000,000	06
	Field Spt			0			0										
	Total	154,000	0	140,000	0		140,000	0	0	0	0	0	0			1,000,000	
Total Bilateral	*****		0	42,000,000	0	0	*****	0	0	0	0	6,720,000	80,000	6,120,000			
Total Field Support		0	0	0	0	0	0	0	0	0	0	0	0	0			
TOTAL PROGRAM	*****		0	42,000,000	0	0	*****	0	0	0	0	6,720,000	80,000	6,120,000			46,150,000

FY 1999 Request Sector Totals -- DA	
Econ Growth	29,080,000
[Of which Microenterprise]	[]
HCD	
PHN	6,720,000
Environment	80,000
[Of which Biodiversity]	[]
Democracy	0
Humanitarian	6,120,000

FY 1999 Request Sector Totals -- ESF	
Econ Growth	6,800,000
[Of which Microenterprise]	[]
HCD	
PHN	*****
Environment	0
[Of which Biodiversity]	[]
Democracy	0
Humanitarian	0

FY 2001 Target Program Level	0
FY 2002 Target Program Level	0
FY 2003 Target Program Level	0