

# **KAZAKHSTAN**

## **RESULTS, REVIEW AND RESOURCE REQUEST (R4)**

**USAID Central Asia Regional Mission  
Almaty, Kazakhstan  
March 1999**

The attached results information is from the FY 2001 Results Review and Resource Request (R4) for Kazakhstan and was assembled and analyzed by USAID/CAR.

The R4 is a ?pre-decisional? document and does not reflect results stemming from formal USAID reviews. Additional information on the attached can be obtained from Jeff Evans, ENI/PCS.

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## **I. OVERVIEW AND FACTORS AFFECTING PROGRAM PERFORMANCE**

### **U.S. National Interest and Goals**

USAID/CAR directly supports U.S. foreign policy in Kazakhstan. In his March 1999 testimony before a subcommittee of the House International Relations Committee, Ambassador Stephen Sestanovich reaffirmed U.S. interest in Central Asia and said that "Today, our overarching goal in American policy in Central Asia remains securing the sovereignty, independence and territorial integrity of the states of the region. To advance this objective, our diplomacy focuses on four key issues: formation of democratic political institutions, market economic reform, cooperation among these countries and with us, and responsible security policies." This is echoed in the Embassy's Mission Performance Plan goals to promote economic prosperity and strengthen U.S. national security by encouraging the development of the Caspian basin's hydrocarbon resources, and promoting Kazakhstan's long-term political stability through development of its democratic institutions and respect for human rights. USAID/CAR activities significantly contribute to the achievement of six of the sixteen broad MPP Strategic Goals: regional stability, open markets, broad-based growth, democracy, environment and health.

Kazakhstan is the largest recipient of U.S. assistance in Central Asia. An independent and prospering country is in the strategic interest of the United States and is critical for regional stability. The nation has close ties with the other Central Asian republics and, more indirectly, with Russia, the Middle East, the Indian Subcontinent and China. The United States has particular commercial interests here because of its significant endowments of oil, gas, gold and other mineral reserves. Efforts to strengthen the country's sovereignty also represent an important counterbalance to any attempt to revive the former Soviet empire.

### **Summary Progress in Implementing Strategic Plan**

USAID is achieving most of its strategic objectives, despite some disappointing setbacks. Perhaps the biggest setback is that the desired progress in democratization has not occurred at the national level. The leadership did not permit a fairly contested election for the presidency in 1999. Instead, two opposition candidates, including a strong potential contender, were disqualified, ensuring Nazarbaev's reelection. In addition, government crackdowns on the media leading up to the election increased media self-censorship and favored the incumbent. The government at times restricted freedom of assembly, and there were credible reports of numerous irregularities at the polls. Despite the election disappointment, it would be a mistake to judge democracy as a lost cause. In early 1999, partially in reaction to widespread criticism of the flawed presidential election, the government registered several opposition parties and began drafting new laws on the media, non-governmental organizations (NGOs), and elections.

There have been great strides in civil society, the area in which USAID has made its greatest investment in democracy. There are now more than 700 NGOs located throughout the country, many of which are learning how to advocate their causes to the government. In addition, a

working group of NGO leaders and parliamentarians is drafting new NGO legislation, which is essential to the sustainability of local NGOs.

In the economic arena, the government leadership has committed itself to a free market economy and has put in place sound monetary policy and innovative pension reform. Thriving securities markets and continuous fiscal and banking reform are other positive signs. The government has actively encouraged international trade and foreign investment, leading to higher per capita foreign investment levels than any other former Soviet republic. The country is weathering the Russian economic meltdown due to good overall macroeconomic management, a notable accomplishment since at independence the government lacked the experience needed to control its own economic destiny. With USAID assistance, the remaining state shares in a number of medium-sized companies were privatized in 1998. The government has committed to privatizing a critical mass of the largest "blue chip" companies, although many large-scale enterprises still remain under state control.

Progress toward accession to the World Trade Organization (WTO) slowed somewhat during 1998 input because of the shift of the capital from Almaty to Astana, input due to political ties with Russia and CIS. Nevertheless, with USAID assistance, Kazakhstan adopted a variety of pro-business laws, including ones pertaining to bankruptcy and procurement. Likewise, with USAID assistance, the country now has a growing stock market and a significantly healthier banking sector.

In the energy sector, the government early on privatized a majority of the power generation facilities and coal mines, announced its intention to privatize the electricity distribution companies, established an independent agency to regulate monopolies, and signed a landmark regional long-term water and energy sharing agreement with other Central Asian countries. In 1998, with USAID technical support, the nation adopted a domestic oil pipeline tariff system that meets international standards and drafted offshore implementing rules and regulations for oil and gas operations.

Kazakhstan has significant greenhouse gas emissions, yet surprisingly has emerged as the Central Asian leader in combating climate change. In late 1998, in accordance with the U.S. Government position on global climate change, the Government of Kazakhstan announced its intent to take on voluntary commitments and binding greenhouse gas emissions targets by joining Annex 1 of the United Nations Framework Convention on Climate Change and Annex B of the Kyoto Protocol in late 1999. Kazakhstan is the first USAID-assisted country to make this important commitment to reduce greenhouse gas emissions. Energy and environment issues are covered in more detail in the Regional R4.

In the social arena, the government has taken steps to protect its vulnerable populations through reforms in the areas of health, housing, and pension. The reformed pension system became mandatory and private in January 1998. Building upon USAID's pioneering work in health reform in Kyrgyzstan, pilot programs in family group practice and new payment systems are

demonstrating that cost-effective, quality services are possible. In late 1998, the President endorsed a plan to replicate nationwide the USAID health care reform model and a large World Bank loan was negotiated based on the USAID approach. USAID has also been instrumental in the introduction of new treatment protocols for tuberculosis (TB) in order to contain this virulent disease, which has reemerged in the post-Soviet period.

### **Country Factors That Have Influenced Progress**

In addition to the democratic setback with flawed presidential elections already discussed, there were other country factors which impeded progress. Despite the tough decisions made on fiscal and monetary policy in prior years, the economy has been setback by the Asian and Russian economic crises, the subsequent general retreat by investors from emerging markets and the fall of commodity prices. Gross domestic product (GDP) began to fall in the third quarter of 1998 after two years of growth. GDP in 1999 is expected to contract yet again. Inflation in 1998 remained low at 6% (compared to 14% in 1997), significantly below expectations, and continues to decline. The local currency, the tenge, is fully convertible and relatively stable, thanks to solid monetary management.

The move of the capital to Astana has both disrupted government operations and diverted a large portion of the government budget into the massive construction necessary to make Astana a functioning capital. In addition, there were numerous shifts in high level government officials in 1998. These two factors limited USAID's ability to achieve expected results in certain sectors.

### **Key Mission Management Actions**

USAID has shifted some effort from previously targeted areas of economic, social, and democratic change at the national level to concentrate some efforts to reform local structures and institutions. Most USAID assistance is now to institutions other than the central government, such as private or local groups, or to partnerships between American and Kazakhstani institutions. An important example of this is the Atyrau Regional Initiative, a public-private partnership designed to increase investment in a region of country that has significant human needs despite its extensive oil and gas reserves.

### **Prospects for Progress through 2001**

Despite the recent disappointment with the elections and independent media, USAID will build on its successes and concentrate on longer-term efforts to strengthen the judiciary and Parliament, build the capacity of local government, nature of local NGOs, and support independent electronic media.

In economic reform, trade and investment issues will continue to receive special attention, especially national efforts to achieve membership in the WTO. USAID will continue assistance for sound tax administration, intergovernmental finance reform, and budget reform at the national

and local levels. In FY2000, USAID will begin phasing out reforms in the areas of capital markets, pension reform and bank supervision. USAID is considering support for land privatization and the nascent insurance industry.

USAID will continue to facilitate intra-regional energy trade and reliable electricity provision and to support environmentally sound legal and regulatory reform of the national energy sector. USAID will provide technical expertise to develop the economic and industrial analyses necessary to join Annex B of the Kyoto Protocol and to participate in carbon trading programs that have the potential to attract much needed foreign investment.

A World Bank loan will provide the necessary capital to replicate USAID's health reform model nationwide incorporating cost-effective infectious disease control and quality reproductive health services into independent family group practices. Training will be increased to support public administration, health, economic restructuring, democracy, energy and the environment.

## **II. RESULTS REVIEW BY STRATEGIC OBJECTIVE**

### *S.O. 1.2: Increased soundness of fiscal policies and fiscal management*

#### **Summary**

Given the central role that fiscal management plays in overall macroeconomic stability and economic growth, clearly manifested in the development of the recent Russian economic and financial crisis, success in this objective is central to Kazakhstan's hopes for sustained economic development. USAID began work on these issues in 1995. At that time, tax collections were about 11.5 percent of GDP, fiscal arrears were 6.2 percent of GDP and inflation was a resounding 60 percent. By 1998, tax collections were 12.5 percent of GDP, arrears had been slashed to a mere two percent of GDP and inflation was under control at ten percent. As the lead donor, USAID's efforts to achieve sound policies and management have contributed significantly to these results.

The direct beneficiaries of such improvements are the national and local government agencies that need tax revenues and sound budget policies and all entities with whom the government is in arrears. Indirectly, all Kazakhstani citizens stand to benefit. Sound fiscal policies and management practices contribute to both short and long-term economic stability and increase the potential for economic growth.

#### **Key Intermediate Results**

Three key intermediate results were determined to be necessary to achieve this strategic objective: 1) taxes that are more fairly and broadly applied and enforced; 2) clarified roles and responsibilities for different levels of government; and 3) position of primary fiscal manager and regulator shifts away from the government.

#### **Performance and Prospects**

Overall progress in achieving this objective in 1998 was on track. Progress toward achievement of intermediate results were mixed. The key indicator for this objective, the general deficit as a percentage of GDP, was 3.7 percent, exceeding the IMF program target of 5.6 percent. [Note: The USAID target was adjusted to incorporate the IMF target because the USAID target did not reflect the anticipated impact of pension reform or the drop in world commodity prices.] This was greater than expected for two reasons. First, there was a contraction in GDP of approximately 2.5 percent, relative to 1997 levels. A decline in output causes revenues to fall and has a tendency to cause the deficit to grow if there isn't a matching decrease in expenditures. Second, at the beginning of 1998, the government lowered the top bracket on income tax from 40 percent to 30 percent in an effort to increase compliance. While it is unclear whether compliance increased, the change resulted in a reduction rather than an increase in revenues. Nonetheless, despite the lower than anticipated revenues, the government managed to exceed its target.

Two intermediate results did not achieve planned levels, due in part to the weak performance of the economy and disruption due to the move of the nation's capital. Given these factors, the outcomes can be seen more positively. The State Tax Committee took a decisive step toward a more efficient administrative structure by signing an implementation order in 1998. Such functional reorganization is essential for taxes to be more fairly and broadly applied and enforced. The new structure organizes employees and their duties in accord with standard international practice: assessment, audit, collections and appeals. The reorganized structure will improve revenue collection, reduce corruption, and institute an appeals system. USAID developed a computerization plan for the State Tax Committee, successfully leveraging \$17.5 million in funds from the World Bank for computer automation. USAID now has the lead role in the implementation of the plan.

Tax revenues as a share of GDP fell slightly in 1998, to 12.2 percent compared to the 1997 share of 12.5 percent. Given the difficult circumstances, however, the result actually suggests that tax administration became more effective in 1998. The contraction in GDP, the reduction in the top income tax bracket, and the move of the capital to Astana, would otherwise have resulted in a much larger drop in tax revenues as a share of GDP.

Little progress was made in 1998 in the area of fiscal decentralization through intergovernmental finance reform. While USAID assisted in the drafting of a new Budget Systems Law that provided for fiscal decentralization, the government was reluctant to pass the law given the severe fiscal pressures from the Russian and East Asian economic collapses. However, a similar draft law is now before the Parliament. If passed, local governments would have the authority to determine spending in areas such as capital expenditures, education, and health care.

Prospects for continued fiscal reform are promising. The government has created a Ministry of Revenues, which includes the State Tax Inspectorate and the Customs Inspectorate, thereby removing tax collection authority from the Ministry of Finance. The Minister of Revenues is now formulating a campaign to increase voluntary compliance. The new Minister of Finance is expected to push for significant reform in the fiscal area in 1999. Meanwhile, Parliament enhanced its ability to evaluate proposed changes in spending and tax policy through the creation, with USAID assistance, of a Fiscal Analysis Unit.

### **Possible Adjustments to Plans**

The proposed Budget Systems Law is expected to be adopted in the spring of 1999. In response, USAID will increase fiscal reform assistance at the local level in the cities of Karaganda, Pavlodar, and especially Atyrau, as part of the USAID Regional Initiative. Given USAID's efforts to create a revenue analysis unit in the Ministry of Finance and provide assistance to the Parliament in establishing a Fiscal Analysis Unit, support should increase during the next two years.

## **Other Donor Programs**

Other donors provide very limited support for fiscal reform. USAID leveraged \$17.5 million of World Bank funding to support computerization of tax administration. The World Bank also provides limited assistance to the Ministry of Finance in budgeting. The IMF has a three year economic program (Extended Fund Facility) with the government that includes a number of fiscal performance targets, but provides no technical assistance.

## **Principal Contractors, Grantees and Agencies**

KPMG/Barents Group works on issues pertaining to fiscal reform, such as budget, tax policy and administration, and intergovernmental finance.

## Performance Data Tables

<b>STRATEGIC OBJECTIVE:</b> 1.2 Increased Soundness of Fiscal Policies and Fiscal Management Practices.			
<b>APPROVED:</b> 12/07/96 <b>COUNTRY/ORGANIZATION:</b> Kazakhstan, USAID/CAR			
<b>RESULT NAME:</b> SO 1.2. Increased soundness of fiscal policies and fiscal management practices			
<b>INDICATOR:</b> General government deficit as a percent of GDP			
<p><b>UNIT OF MEASURE:</b> Percent</p> <p><b>SOURCE:</b> USAID Fiscal Reform Project, February, 1999</p> <p><b>INDICATOR DESCRIPTION:</b> Expenditures less revenues as a percent of GDP</p> <p><b>COMMENTS:</b> Given the twin effects of sharply lower commodity prices for its primary exports and the onset of the Russian Financial crisis, as well as the inevitable fiscal disruptions associated with the introduction of a radical new pension system and the fact that it was a presidential election year, Kazakhstan's fiscal policy performance was very impressive in 1998.</p> <p>The target for 1998 was adjusted to use the IMF's target, which takes into account higher government expenditures (in 1998) on the new pension program and other economic conditions. Subsequent years targets were also tentatively revised.</p>	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1995 (B)		3.0%
	1996	2.9%	2.9%
	1997	2.5%	3.7%
	1998	5.6%	3.7%
	1999	5.2%	
	2000	4.8%	
	2001	4.4%	

<b>STRATEGIC OBJECTIVE:</b> 1.2 Increased Soundness of Fiscal Policies and Fiscal Management Practices			
<b>APPROVED:</b> 12/07/96 <b>COUNTRY/ORGANIZATION:</b> Kazakhstan, USAID/CAR			
<b>RESULT NAME:</b> IR 1.2.3. Taxes are more fairly and broadly applied and enforced			
<b>INDICATOR:</b> Tax compliance rate			
<b>UNIT OF MEASURE:</b> Percent  <b>SOURCE :</b> USAID Fiscal Reform Project, February, 1999  <b>INDICATOR DESCRIPTION:</b> Tax revenues as a percent of GDP  <b>COMMENTS:</b> While the GOK clearly failed to meet revenue collection targets, the tax authorities are currently in the process of a major administrative reorganization that should allow much greater efficiency of tax collections in future years. The targets here are lower than that of the Strategic Plan, based on a more realistic assessment of the length of time needed to implement functional reorganization.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1995(B)		12.2%
	1996	13.0%	10.51%
	1997	13.0%	12.5%
	1998	14.5%	12.2%
	1999	16.0%	
	2000	17.5%	
	2001	19.0%	

<b>STRATEGIC OBJECTIVE:</b> 1.2 Increased Soundness of Fiscal Policies and Fiscal Management Practices			
<b>APPROVED:</b> 12/07/96 <b>COUNTRY/ORGANIZATION:</b> Kazakhstan, USAID/CAR			
<b>RESULT NAME:</b> 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.			
<b>INDICATOR:</b> Decentralization Ratio			
<b>UNIT OF MEASURE:</b> Percent  <b>SOURCE:</b> USAID Fiscal Reform Project, Kazakhstan  <b>INDICATOR DESCRIPTION:</b> Local government revenues as a percent of total government revenues.  <b>COMMENTS:</b> Performance here has been very poor historically. Nevertheless, this indicator should finally begin to increase in 1999 and 2000 if draft legislation that is currently under consideration by the Kazakhstani Parliament passes as expected.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1996(B)	40.0%	49.0%
	1997	50%	46%
	1998	51%	38.4%
	1999	52%	
	2000	53%	
	2001	54%	

<b>STRATEGIC OBJECTIVE:</b> 1.2 Increased Soundness of Fiscal Policies and Fiscal Management Practices			
<b>APPROVED:</b> 12/07/96		<b>COUNTRY/ORGANIZATION:</b> Kazakhstan, USAID/CAR	
<b>RESULT NAME:</b> IR 1.2.1.2 Roles and responsibilities of different levels of government clarified conditions.			
<b>INDICATOR:</b> Legal framework is established			
<b>UNIT OF MEASURE:</b> Yes/No/Partial  <b>SOURCE:</b> USAID Fiscal Reform Project, Kazakhstan  <b>INDICATOR DESCRIPTION:</b> Yes/No/Partial  <b>COMMENTS:</b> USAID had a lead role in 1998 in drafting legislation that would have clarified explicitly roles and responsibilities of different levels of government with respect to expenditure and tax authority. Largely as a result of the Russian economic crisis, the Government put this draft legislation on hold until 1999. It is currently under discussion in Parliament.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1995		N
	1996	Y	N
	1997	Y	N
	1998	Y	P
	1999	Y	
	2000	Y	
	2001	Y	

### *S.O. 1.3: Accelerated development and growth of private enterprises*

#### **Summary**

A more vibrant private sector is the only hope for economic development in Kazakhstan; recently private enterprise has stagnated. The private sector is now having to confront the effects of economic crises around the world, a general aversion of capital to the risks of emerging markets, low commodity export prices and a still difficult investment climate. In 1995, when USAID began work on this objective, 25 percent of GDP was generated by private enterprise. This percentage has since increased to 55 percent.

Steady progress toward achieving this objective has occurred, but has slowed in 1998. Substantial obstacles remain. There are numerous reasons for this: bureaucratic rent-seeking behavior by government officials, especially local ones; the sluggish progress in privatization of the largest enterprises; and the relative isolation of the country from major world markets. The primary impediments, however, continue to be the persistence of Soviet societal and governmental relationships, the weakness of competition in many sectors of the economy, and the mentality of governmental that impedes the emerging private sector.

Building the economic and legal framework for a market economy remains important despite the recently slackening pace of transition. A combination of factors may soon force the government to allow freer development of private enterprise, particularly in the key small and medium-sized enterprise (SME) sector. These factors include the lingering impacts of the Asian and Russian financial crises, the continuing low level of budgetary revenues<sup>12</sup> per cent of GDP in 1998<sup>12</sup> and the slowness of oil revenues to materialize.

The direct beneficiary of accelerated development and growth of private enterprise will be the entire private sector of Kazakhstan. All citizens as well as the nation's major trading partners would benefit indirectly.

#### **Key Intermediate Results**

Three key intermediate results are necessary to achieve this strategic objective: 1) an improved operating environment for private sector growth; 2) improved human resources; and 3) increased availability and accessibility of capital and technological resources for the private sector.

#### **Performance and Prospects**

Overall progress in achieving this objective was on track in 1998. Progress was made in accounting reform during the year, but the pace of commercial law reforms, including WTO accession efforts, experienced slowdowns. Direct enterprise lending through the Central Asian-American Enterprise Fund also experienced severe problems.

Major objectives of USAID's efforts in commercial law reform over the past three years were achieved in 1998 when the commercial law drafting and training efforts were institutionalized as the Ministry of Justice Legislative Drafting Institute and Judicial Training Institute, respectively. The Judicial Training Institute's transformation marked an important step toward another important USAID objective, strengthening the separation of powers, since the Institute will have a supervisory board with a majority of judges. Moreover, the number of judicial positions filled with USAID-trained individuals was substantially above the targeted number in 1998.

The number of key laws that were enacted fell somewhat below target. This was due in part to disruptions caused by the shift of the capital from Almaty to Astana, and to slower movement of the government toward WTO membership. It is anticipated that a larger quantity of important legislation will be drafted in 1999. This is based upon the expectation of renewed movement toward WTO accession and the ambitious legislative agenda the government has laid out for 1999. In addition, a milestone occurred in January 1999, when the President published for public comment a draft amendment to the Law on Land and allowed a reasonable period for comment.

Accession to the World Trade Organization will contribute to each of the intermediate results for this objective. A WTO-compliant trade regime offers a more attractive, stable and predictable investment environment, thereby leading to increases in production, employment and trade in goods and services. As a result of WTO accession, Kazakhstan's laws and trade policies will be harmonized with the 133 member countries of WTO. This will mean greater local knowledge of markets in other WTO countries, more transparent laws as well as reduced trade barriers for imports from other WTO member countries for investors in local SMEs. Despite the government slowdown associated with the shift of the capital to Astana, progress has been made toward conforming the trade regime to WTO requirements, and a significant acceleration in preparations for WTO accession took place in the last quarter of 1998. With USAID assistance, 13 important new WTO-compliant laws and amendments were drafted. Some of these drafts have been submitted to Parliament.

Accounting success is also a bright spot. Kazakhstan was the first country among the New Independent States (NIS) to adopt national accounting standards based on international standards and to enact a Law on Auditing. The auditing law allows a self-regulatory organization to set national auditing standards, to determine the qualifications required of auditors and to certify public auditors. This organization has already been established, and is expected to become an associate member of the International Federation of Accountants (IFAC) in 1999. USAID advisors have now trained accountants and bookkeepers in 1,400 SMEs which have subsequently converted their books, records and Charts of Accounts to international accounting standards. USAID has also trained 4,000 accountants in the theory and practical application of these new accounting standards.

Additionally, through USAID's effort, the Kazakhstan Community Loan Fund was established to provide the first group lending program in the country. The fund is the only NGO registered with the National Bank of Kazakhstan under legislation supporting the development of non-

banking financial institutions. The fund has disbursed 2,240 loans to small enterprises with a delinquency rate of less than 0.02 percent.

USAID's primary vehicle for private sector lending and equity investment, the Central Asian-American Enterprise Fund (CAAEF), returned largely negative results in 1998. New management uncovered a pattern of failure in the Fund's high-profile investments in Kazakhstan which previously had received the vast majority of CAAEF funding. In the latter half of 1998, the new CAAEF management shifted the strategic focus of the Fund to substantially increase support for SME lending. This shift builds on the successful launch of a pilot micro-lending effort in Almaty that began in late 1997 and experienced strong initial success in 1998.

Notwithstanding these successes, severe constraints in the business environment continue, particularly for small- and medium-sized enterprises. USAID assistance will increasingly target these problems, which include tax administration, the licensing regime, outdated standards requirements and disruptive inspection requirements and procedures.

### **Possible Adjustments to Plans**

At the end of FY 1999, USAID commercial law drafting and training activities will be transferred to the Ministry of Justice. The programs will be funded with the IBRD's Legal Reform Loan to Kazakhstan, which USAID assistance facilitated.

Soviet-style accounting is still being taught in universities. In order to sustain current successes, accounting curriculum reform must be added to the portfolio of training activities.

An important focus of assistance will be the Atyrau Regional Initiative, a private-public partnership designed to increase investment in a region of Kazakhstan that has significant needs despite its oil and gas reserves. The EBRD and UNDP are taking the lead in direct support to enterprises in Atyrau; USAID will focus on reducing the constraints to business and developing local government.

### **Other Donor Programs**

A World Bank Legal Reform Loan to Kazakhstan has been signed, and parliamentary ratification is expected in 1999. EU/TACIS provides WTO assistance in the area of agriculture. USAID cooperates with other donors, especially the World Bank, the EBRD, EU/TACIS, and UNDP to strengthen private business.

### **Principal Contractors, Grantees and Agencies**

ARD/Checchi works on commercial law, with programs in training, drafting and implementation. Booz-Allen & Hamilton Inc. does trade and investment reform, in preparation for WTO accession. The Carana Corporation works on accounting reform, and the training of sustainable accounting

and auditing professional associations. IESC provides technical, managerial and business-planning assistance to private and privatizing enterprises. ACDI/VOCA provides loans to micro enterprises and CAAEF provides loans to micro, small, medium and large sized private enterprises and takes equity positions in private companies. USAID coordinates closely with the U.S. Foreign Commercial Service on business climate issues.

## Performance Data Tables

<b>STRATEGIC OBJECTIVE:</b> 1.3 Accelerated Development and Growth of Private Enterprises			
<b>APPROVED:</b> 7/12/1996 <b>COUNTRY/ORGANIZATION:</b> Kazakhstan, USAID/CAR			
<b>RESULT NAME:</b> 1.3 Accelerated Development and Growth of Private Enterprises			
<b>INDICATOR:</b> Increase in Private Sector GDP Market Share			
<b>UNIT OF MEASURE:</b> Percent  <b>SOURCE:</b> European Bank for Reconstruction and Development  <b>INDICATOR DESCRIPTION:</b> Share of GDP Generated by Private Enterprises  <b>COMMENTS:</b> In prior years, this indicator was estimated using data from the National Statistics Committee of Kazakhstan. Those data show the private sector share of GDP as 69.2%, 77.7%, 76.3% and 78.0% in 1995, 1996, 1997 and 1998, respectively. This year, we have adopted the more conservative EBRD data, which we believe to be more reliable. As a result of this change, the Planned column has been rebased to actual 1997, the latest year for which data are available from the EBRD.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1995	0	25%
	1996	0	40%
	1997	0	55%
	1998	60%	N/A yet
	1999	65%	
	2000	70%	
	2001	75%	

<b>STRATEGIC OBJECTIVE:</b> 1.3 Accelerated development and growth of private enterprises.			
<b>APPROVED:</b> 7/12/1996 <b>COUNTRY/ORGANIZATION:</b> Kazakhstan, USAID/CAR			
<b>RESULT NAME:</b> 1.3.1.1.2 Modern financial reporting standards are used			
<b>INDICATOR:</b> Increasing # of publicly traded companies using new accounting disclosure standards.			
<b>UNIT OF MEASURE:</b> Number  <b>SOURCE:</b> Carana Corp.  <b>INDICATOR DESCRIPTION:</b> Number of firms transferred to new accounting standards  <b>COMMENTS:</b> Targets for 1997 and 1998, already revised upward to reflect changed conditions, were substantially exceeded through: a) Establishing a system in which the benefits of modern standards were promoted through seminars; b) Developing and implementing a standardized enterprise conversion methodology.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1997	120	427
	1998	420	1369
	1999	600	
	2000	1000	
	2001	1500	

<b>STRATEGIC OBJECTIVE:</b> 1.3 Accelerated development and growth of private enterprises.			
<b>APPROVED:</b> 7/12/1996		<b>COUNTRY/ORGANIZATION:</b> Kazakhstan, USAID/CAR	
<b>RESULT NAME:</b> 1.3.1.2 Courts and Administrative agencies strengthened to enforce policies, laws and regulations.			
<b>INDICATOR:</b> Number of legal and administrative positions trained by USAID.			
<b>UNIT OF MEASURE:</b> 1) Number of judicial positions filled with USAID trained professionals. 2) Number of key legal and administrative positions filled with USAID trained professionals.  <b>SOURCE:</b> ARD/Checchi  <b>INDICATOR DESCRIPTION:</b> Number of legal and administrative positions trained by USAID.  <b>COMMENTS:</b> The number of people trained includes officers of the Ministry of Internal Affairs, Procuracy (Prosecutor), other law enforcement structures, and practicing lawyers. 1998 target 1) was previously revised upward to take prior successes into account.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1995	0.00	1) 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	1) 414 2) 191
	1999	-	
	2000	-	
	2001	-	

<b>STRATEGIC OBJECTIVE:</b> 1.3 Accelerated Development and Growth of Private Enterprises			
<b>APPROVED:</b> 7/12/1996		<b>COUNTRY/ORGANIZATION:</b> Kazakhstan, USAID/CAR	
<b>RESULT NAME:</b> 1.3.3 Increased Availability of and Access to Capital and Technological Resources for the Private Sector			
<b>INDICATOR:</b> Loan and Joint Venture Funds Invested			
<b>UNIT OF MEASURE:</b> Millions of Dollars  <b>SOURCE:</b> CAAEF Semi-Annual Reports  <b>INDICATOR DESCRIPTION:</b> Dollar Volume of Joint-Venture Funds Invested  <b>COMMENTS:</b> Approved CAAEF and ACLC Loans + Equity Planned targets were revised in 1997. Targets for 1997 and subsequent years were adjusted in 1997 to reflect updated information.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1995	-	0
	1996	20	16.3
	1997	15	17.8
	1998	17	18.2
	1999	19	
	2000	21	
	2001	23	

## *S.O. 1.4: A more competitive and market-responsive private financial sector*

### **Summary**

In economies in crisis, people need adequate and secure opportunities to deposit their savings while borrowers need mechanisms to obtain those savings for use in productive investments. In Kazakhstan, USAID seeks to create a more competitive and market-responsive private financial sector by reforming the pension system, bringing stability to the banking sector, and developing a vibrant securities market.

Through bank supervision and bank accounting reform, USAID has helped tighten financial regulatory guidelines and enhance monitoring capacity, thereby increasing the stability of the banking sector. In addition, the bank accounting project facilitates financial monitoring by the National Bank, introducing international accounting standards (IAS) that lead to increased transparency in the banking sector.

Since 1996, USAID has been the lead provider of technical assistance in the area of pension reform. The potential benefits of this reform for citizens and the economy are tremendous for many reasons. Besides increasing the pool of capital available for investment, benefits include increased economic security for the elderly, individual choice for citizens and improved long-term fiscal stability for the government.

USAID has also been involved in capital market development more broadly by creating an independent National Securities Commission (NSC), developing a trading infrastructure in the Kazakhstan Stock Exchanges (KASE) which includes an Over-the-Counter (OTC) market, and by promoting share registries and depositories. Lately, USAID has supported the formation of self-regulatory organizations.

Direct beneficiaries include professionals involved in financial market development: private bankers, stock brokers and registered private enterprises. Indirect beneficiaries include any citizens of Kazakhstan who will benefit from having more secure banks in which to deposit their savings and from the higher standards of living that will eventually result, due to increased investment emanating from those savings.

### **Key Intermediate Results**

Two intermediate results are necessary to achieve this objective: 1) government regulatory agencies supervise, administer and enforce legislation; and 2) more forms of financial intermediation are institutionalized and effectively supply the private sector on a competitive basis.

### **Performance and Prospects**

Overall progress in achieving this objective in 1998 exceeded expectations. Bank deposits were

7.4 percent of GDP in 1998, surpassing USAID's target of seven percent. More importantly, Kazakhstan's financial system proved remarkably resilient in the face of the Russian economic and financial crisis. The banking system withstood the stress of the collapse of Russian banks, the new pension system completed its first year of implementation on sound footing, and the stock market made a strong showing at the end of the year.

The nation's new private pension system performed remarkably well in its first year of operation. This new system, based on the successful Chilean pension reform model, went into effect January 1, 1998. Kazakhstan's pension funds earned an average gross return on investment of 18.4 percent, compared to a return of 12.7 percent for Chile in its first year, setting a new standard for performance. A remarkable 54 percent of Kazakhstan's work force contributed to the new pension system in its first year, compared to 38 percent in Chile.

These results were largely the result of the government establishment of a solid regulatory framework to oversee the new pension system. One pillar of the new framework, the National Pension Agency, issued licenses to seven pension fund asset management companies in 1998, matching the target for the year. The investment of these pension funds contributes to greater trading volume on the Kazakhstan Stock Exchange.

With strong encouragement from USAID, the government began offering state shares in "second-tier" companies on the Kazakhstan Stock Exchange in November 1998. This led to over \$14.5 million in trading volume in the last two months of 1998, a fifteen-fold increase over the trading volume during the first ten months of the year. This happened despite the negative effects of the Russian financial crisis. Additionally, the recent adoption of a regulation that prohibits off-exchange securities trading will lead to greater transparency and less opportunity for corruption.

The banking sector also registered major performance gains in both the institution-building and policy areas, with commercial banks exceeding the target for required capital adequacy ratios. In 1998, USAID participated in nine on-site bank examinations with inspectors from the National Bank of the Republic of Kazakhstan (NBRK). Eight liquidations were conducted with USAID assistance. The inspectors also revised the automated off-site bank surveillance and warning system.

USAID provided substantial advice regarding the implementation of the important Law on Payments and Money Transfer, which was passed in 1998. USAID also supplied regulatory advice on credit derivatives, cash settlement and currency controls, consolidation of banking enterprises and the evaluation of credit registrations and investment banking. Such advice was timely, as the preparedness and resolve of the NBRK was tested by the external shock of the Russian ruble devaluation and the Russian Government securities rescheduling, which put significant pressure on the tenge exchange rate. In 1999, USAID support will assist the NBRK in designing an effective system of deposit insurance for commercial banks.

USAID support for bank accounting conversion began to achieve tangible results in late 1998, as

Kazakhstan finally achieved its first full bank conversion to international accounting standards. A second bank had nearly completed conversion by year end. The use of international standards enables bank regulatory authorities to more readily track the bank's performance and allows foreign investors to read financial statements.

In 1999, USAID expects to assist additional banks adoption of international accounting standards so that by the end of the year, 70 percent of commercial bank assets will be converted. The NBRK has requested that USAID advisors assist in selecting a deposit insurance system.

### **Possible Adjustments to Plans**

At the request of the Kyrgyzstan and Kazakhstan stock exchanges, and the Stock Exchange, USAID is assessing the potential for some form of integration of the two markets to create a regional stock exchange. This is an initiative of the two governments and is supported by the respective stock exchanges. Should the assessment deem such integration feasible, USAID will consider facilitating it.

The overall positive performance in securities market development in Kazakhstan and the growing sustainability of its institutions and participants will allow USAID to graduate this assistance during FY 2000. Support for the pension industry should also be concluded by the end of FY 2000. USAID is currently assessing the viability of initiating support for development of a domestic insurance industry.

### **Other Donor Programs**

The IMF has a three year economic program (Extended Fund Facility) with the government. The World Bank and ADB have each extended large loans to Kazakhstan to help finance the transition costs associated with the new pension system; both donors also have limited technical assistance efforts in the pension area.

### **Principal Contractors, Grantees and Agencies**

IBTCI performs banking reform, specifically bank supervision and accounting. The International Management Communication Corporation works on pension reform. Pragma provides assistance in capital markets development, and the Financial Services Volunteer Corps works on payment system development.

## Performance Data Tables

<b>STRATEGIC OBJECTIVE:</b> 1.4 A More Competitive and Market Responsive Private Financial Sector			
<b>APPROVED:</b> 07/12/1996 <b>COUNTRY/ORGANIZATION:</b> Kazakhstan, USAID/CAR			
<b>RESULT NAME:</b> SO 1.4 A more competitive and market responsive private financial sector			
<b>INDICATOR:</b> Bank deposits as percent of GDP			
<b>UNIT OF MEASURE:</b> Percent  <b>SOURCE:</b> National Bank of Kazakhstan  <b>INDICATOR DESCRIPTION:</b> Private sector deposits in Kazakhstan's banking system as percent of GDP  <b>COMMENTS:</b> The Performance of this indicator was very strong in 1998, especially considering the potentially negative effects of the Russian financial crisis.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1995(B)		4.9%
	1996	5.0%	5.0%
	1997	6.0%	5.7%
	1998	7.0%	7.4%
	1999	9.0%	
	2000	12.0%	
	2001	15.0%	

<b>STRATEGIC OBJECTIVE:</b> 1.4 A More Competitive and Market Responsive Private Financial Sector			
<b>APPROVED:</b> 07/12/1996 <b>COUNTRY/ORGANIZATION:</b> Kazakhstan, USAID/CAR			
<b>RESULT NAME:</b> IR 1.4.2.1.2 Stock Market effectively serves securities market.			
<b>INDICATOR:</b> # of stock exchange and OTC listing on the first and second board listings.			
<b>UNIT OF MEASURE:</b> Number  <b>SOURCE:</b> Kazakhstan Stock Exchange (KASE)  <b>INDICATOR DESCRIPTION:</b> # of companies listed on the first and second boards of stock exchange and in a transparent over-the-counter market (OTC).  <b>COMMENTS:</b> The generally poor economic conditions in the region (caused in large part by the devaluation of the Russian ruble) has resulted in fewer listings. Still, the listing of 2nd tier companies in November and December 1998 resulted in a 15-fold increase in trading volume over the previous 10 months.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1995(B)		12
	1996	30	18
	1997	60	15
	1998	80	38
	1999	100	
	2000	150	
	2001	300	

<b>STRATEGIC OBJECTIVE:</b> 1.4 A More Competitive and Market Responsive Private Financial Sector			
<b>APPROVED:</b> 07/12/1996 <b>COUNTRY/ORGANIZATION:</b> Kazakhstan, USAID/CAR			
<b>RESULT NAME:</b> IR 1.4.2.2 Pension funds effectively mobilize investment capital into securities market.			
<b>INDICATOR:</b> Pension portfolio holdings as a % of total market capitalization			
<b>UNIT OF MEASURE:</b> Number  <b>SOURCE:</b> National Securities Commission, Pension Department  <b>INDICATOR DESCRIPTION:</b> Number of licensed pension fund investment management companies.  <b>COMMENTS:</b> USAID met its target in this IR.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1996	3	0
	1997	3	0
	1998	7	7
	1999	9	
	2000	15	
	2001	18	

## *S.O. 2.1: Increased citizens' participation in political and economic decision-making*

### **Summary**

For Kazakhstan to successfully make the transition to democracy, it is imperative that citizens participate in economic and political decision-making. USAID supports improvements in the legal and regulatory environment for the NGO sector. Concurrent support enhances professionalism and management skills for NGOs, and works to enable NGOs to provide services and to effect needed social change. In addition, USAID supports independent broadcast media, thereby increasing the availability of information, and provides programs aimed at increasing government responsiveness.

USAID believes that these activities will help bring about a society in which citizens promote their interests to a responsive government that is held accountable by NGOs and the media.

### **Key Intermediate Results**

Three key intermediate results are necessary to achieve the desired increase in citizen participation: 1) NGO participation in civil society must be strengthened; 2) information on domestic economic policies and politics must become readily available; and 3) the government must become more responsive and accountable to citizens and citizen organizations.

### **Performance and Prospects**

Overall progress in achieving this objective in 1998 did not meet expectations. While progress in the civil society area is on track, major setbacks included recent amendments to election legislation that severely restricted ballot access and the suppression of opposition groups and independent media during the January 1999 presidential elections.

As evidenced by the recent elections, USAID faces particular challenges opening up the electoral process, increasing the independence of the media, and providing for the participation of opposition groups. Nevertheless, there were some successes. The government eliminated the 50 percent voter turnout requirement for presidential and *Majilis* (lower house of Parliament) elections and modified the ballot format to allow for affirmative voting reforms USAID has recommended to the government in the past.

USAID's assistance is increasingly directing attention to supporting NGO development and NGO advocacy efforts. This increased attention to NGO agendas has had concrete positive results. A USAID-funded partnership grant between two local women's groups and the League of Women Voters of Colorado has led to the creation of a coalition of women's NGOs interested in promoting women in politics. The Astana Consumer Advocates NGO has mobilized 16 consumer rights groups in northern Kazakhstan to lobby the Republican Anti-Monopoly Committee to allow them to form an advisory committee which monitors government's consumer protection work. In Shymkent, the USAID-supported Southern Kazakhstan Association of Lawyers (SKAL) organized a town hall between several area parliamentarians and citizen groups. Oblast Ministry of Justice officials also

applauded SKAL's bi-monthly USAID-supported publication *Mir Jurista* and touted it as an example of how legal information should be disseminated. USAID expects that these positive results in NGO advocacy and community outreach will continue over the next year as the NGO sector becomes a stronger force in society.

USAID continues to help the NGO community become more sustainable by aiding in financial planning and management and by promoting a better legal environment for NGOs. USAID's promotion of social partnerships between government, NGOs, and business has, among other things, helped to leverage nearly \$100,000 from Texaco International for a local artisans group. In addition, a coordinated effort with the UN Development Program (UNDP) is helping promote new NGO legislation in Kazakhstan. The UNDP facilitated the formation of a working group of NGOs and parliamentarians which planned a conference to jointly straighten the legislation. Parliamentary drafting groups are presently working with NGOs to draft a charity status law and a new NGO law. USAID anticipates that these draft laws will be finished and brought before Parliament during the next year.

In its effort to promote the availability of information, USAID provides assistance for developing electronic media. Although data indicates that the amount of independent news available on television has increased and the percentage of viewers watching this news has risen, self-censorship continues to hamper the quality and content of the news. During the run-up to the presidential election, independent television stations reported that they were threatened by security officials not to broadcast information on opposition candidates. To alleviate the self-censorship problem, USAID in conjunction with USIS is pressing for a legal and regulatory environment that will enhance the independence of the media, thereby reducing self-censorship and increasing the quality of information. USAID's implementing partner in media offers free legal services to independent stations through its in-house lawyer. This lawyer has also been appointed to a ministerial working group that will draft media legislation. A USAID-supported media law seminar in Astana, attended by the Minister of Information and Social Accord as well as representatives from media outlets throughout Kazakhstan, gave station owners and journalists an opportunity to voice concerns. One issue that was raised was a language law requiring that 50 percent of a station's broadcasting be in Kazakh. As a result of the conference, the Minister confirmed publicly that this law only applies to locally-produced broadcasting and not programs imported from other countries.

Over the next year, USAID will continue to advocate a legal and regulatory environment that meets international standards for independent media and will help journalists to organize protection against the need for self-censorship. To this end, USAID and USIS will encourage the development of a Journalists Protection Society.

### **Possible Adjustments to Plans**

USAID plans new assistance to improve women's legal rights and women's participation in political processes. In addition, activities are underway to support the Atyrau Regional Initiative by strengthening the advocacy role of environmental NGOs. USAID is presently considering an anti-

corruption program pilot effort. The Aid to Artisans project has fulfilled its purpose and is scheduled to be completed this summer. Due to the uncompetitive nature of recent elections, assistance to the Central Election Commission is being re-evaluated on an ongoing basis.

### **Other Donor Programs**

USAID's efforts in civil society are part of a multi-donor effort. In 1997, the UNDP founded a center for the promotion of NGOs and has organized seminars bringing together NGOs and donors. One key activity the UNDP has been supported is USAID's efforts to encourage the Parliament to adopt improved NGO legislation. The UNDP supports Parliament in various other ways including work with American Bar Association/Central and East European Law Initiative (ABA/CEELI) to establish a legislative drafting center. The Soros and Eurasia foundations support NGOs through their grant programs, and the UN High Commissioner for Refugees (UNHCR) helps co-finance NGO resource centers in Astana and Shymkent along with USAID-financed Counterpart Consortium. In the electronic media area, the UNDP supports the media association ANESMI, and periodically finances media conferences. The Soros Foundation made a grant to Internews to publish textbooks for journalists and promotes civic education through its debate program. Election assistance is coordinated with the Organization for Security and Cooperation in Europe (OSCE), UNDP, Soros, the International Foundation for Electoral Systems (IFES), the National Democratic Institute (NDI), Konrad Adenaur Foundation, EU/TACIS and various embassies.

### **Principal Contractors, Grantees and Agencies**

ABA/CEELI, Internews, NDI, and IFES, are American NGOs promoting democratic political processes and freedom of information. USAID also has a cooperative agreement with Counterpart Consortium to administer assistance in the sphere of civil society development. ISAR: the Initiative for Social Action and Renewal in Eurasia assists in the development of local environmental NGOs.

## Performance Data Tables

<b>STRATEGIC OBJECTIVE:</b> 2.1 Increased, better-informed citizens? participation in political and economic decision-making			
<b>APPROVED:</b> 10/1/97		<b>COUNTRY/ORGANIZATION:</b> Kazakhstan, USAID/CAR	
<b>RESULT NAME:</b> SO 2.1: Increased, better-informed citizens? participation in political and economic decision-making.			
<b>INDICATOR:</b> SO 2.1C: Government responsiveness: % of NGOs receiving positive responses (see Indicator Description) to their contacts with government bodies.			
<b>UNIT OF MEASURE:</b> Percent  <b>SOURCE:</b> Counterpart Consortium data base  <b>INDICATOR DESCRIPTION:</b> 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.  <b>COMMENTS:</b> Last year, the wording of this indicator read ?Ratio of number of contacts by NGOs on government decisions that have positive reception to total number of such contacts?. In fact, the indicator measured percentage of NGOs that received such positive responses. Therefore, this year we have changed the wording.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1997	NA	50%
	1998	60%	68%
	1999	70%	
	2000	73%	
	2001	75%	

**STRATEGIC 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 NGO participation in civil society strengthened.

**INDICATOR:** IR 2.1.1C: NGO advocacy: 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:** Number of NGOs

**SOURCE:** Counterpart Consortium data base

**INDICATOR DESCRIPTION:** Number of NGOs that contacted the media or government officials as reported in grant/contract monitoring documents in response to the following questions:

1. Did you have any contacts with media organizations regarding your NGO? s work or issues during the past year?
2. Did you have any contacts with government officials regarding your NGO? s work or issues during the past year?

**COMMENTS:** Out of 630 NGOs as recorded in Counterpart data base.

\*Due to the extremely high performance, the indicator will be revised. The significant increase in the results for this indicator are likely due to concerted efforts to assist NGOs in their constituency building through the media as well as to encourage NGO advocacy and NGO-government social partnerships.

YEAR	PLANNED		ACTUAL	
	med	gov	med	gov
1996	15	10	75	35
1997	25	15	75	68
1998	80	70	354	143
1999	*			
2000				
2001				

**STRATEGIC 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 2.1.2.1 Domestic news widely available via electronic media

**INDICATOR:** LLR 2.1.2.1B: Average minutes of daily independent electronic media local TV news programming.

**UNIT OF MEASURE:** Average daily number of minutes

**SOURCE:** Internews data base

**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 Anal. (Almaty).

**COMMENTS:** In the last R4, this indicator was at IR level. Whilst reviewing SO 2.1 Results Framework this year, we decided that this indicator is more appropriate for measuring LLR 2.1.2.1 ?Domestic news widely available via electronic media?, since it measures the amount of independent local news available daily for the public and better reflects the progress towards this LLR. Therefore, the indicator was moved to Low Level Result.

\* The rapid rise in the indicator may be due to the fact that local television stations have seen that Russian stations and some in their own country have become successful by broadcasting more news programming.

\*\* Targets have been adjusted upward due to higher results than expected in FY98.

YEAR	PLANNED	ACTUAL
1996	NA	15
1997	18	9.7
1998	13	25*
1999	30**	
2000	33	
2001	35	

<b>STRATEGIC OBJECTIVE:</b> 2.1 Increased, better-informed citizens? participation in political and economic decision-making							
<b>APPROVED:</b> 10/1/97		<b>COUNTRY/ORGANIZATION:</b> Kazakhstan, USAID/CAR					
<b>RESULT NAME:</b> IR 2.1.3 Increased responsiveness and accountability of Government to citizens/citizens organizations.							
<b>INDICATOR:</b> IR 2.1.3A Elections are held per international standards at the presidential, parliamentary, and local levels (reported separately).							
<p><b>UNIT OF MEASURE:</b> USAID/CAR and IFES will assess using 10 point scale (based on the 10 relevant paragraphs and sub-paragraphs of the Copenhagen Document).</p> <p><b>Goal:</b> Compliance with all standards.</p> <p><b>SOURCE:</b> USAID/CAR and IFES</p> <p><b>INDICATOR DESCRIPTION:</b> The international standards are defined by the Copenhagen Document (Conference on the Human Dimension of the OSCE, Copenhagen 1990. [Paragraphs 6,7 and 8]).</p> <p><b>COMMENTS:</b> In the last R4, this indicator was at SO level. Whilst reviewing SO 2.1 Results Framework this year, we decided that this indicator is more appropriate for measuring IR 2.1.3 ?Increased responsiveness and accountability of government to citizens/citizens organizations? , since it is more narrow and better measures the progress towards this IR rather than the whole SO. Therefore, the indicator was moved to Intermediate Result.</p> <p>The 1995 data is based on IFES technical assessment reports. No elections were evaluated in 1996. The 1997 rating is for the Senate election. The 1998 rating is for the Majlis by-elections and for the presidential elections.</p>	<b>YEAR</b>	<b>PLANNED</b>			<b>ACTUAL</b>		
		par	loc	pres	par	loc	pres
	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	5.5	NA	3.5
	1999	7	7	NA			
	2000	NA	NA	NA			
	2001	NA	NA	NA			

## *S.O. 2.3 More effective, responsive, and accountable local government*

### **Summary**

The governmental structure of Kazakhstan remains highly centralized. The President appoints regional *oblast akims*, who in turn appoint municipal *akims*. Some oversight authorities over the akims reside in popularly elected oblast and municipal councils, *maslihats*. The government has delegated increased responsibility to its appointed local officials to administer health, education and other services but has not given them the authority to raise adequate revenues. The growing need to cut national expenditures, however, is prompting the government to fundamentally rethink the budget process. If this occurs with a systematic approach, it may result in meaningful local government restructuring.

This work is critical to laying the groundwork for real local government by strengthening the institutional capacity of selected municipal governments. The desired effect is to increase pressure on the national and oblast levels to devolve greater programmatic and fiscal authority to municipal governments. A twin objective is to engage the elected councils and local NGOs in local government affairs in order to make greater use of two of the few institutions that citizens have at their disposal for communicating their priorities to their governing officials.

Local government reform has the potential to improve the quality of everyday life and to increase citizens' involvement in public affairs. Increasing water supply, improving health services, and encouraging local civil society and economic development are diverse areas that will benefit from more effective and responsive local governments.

### **Key Intermediate Results**

The three intermediate results necessary to the achievement of this objective are: 1) increased citizen participation; 2) strengthening of local governments' institutional capacity; and 3) increased autonomy of local government vis a vis the national and oblast levels.

### **Performance and Prospects**

Overall progress in achieving this objective in 1998 did not meet expectations. This was due both to problems which, while now resolved, delayed implementation, and to a weak enabling environment. One factor which complicates local government reform is the inherent incentive for appointed oblast and municipal akims to please the national government rather than their constituents. A second factor is the rigidity of national policies, which limits municipal experimentation.

One promising event is the recent request USAID received from the President's Office to assist with developing local government policy. Responding to this request signifies a departure from the primarily bottom-up approach originally envisioned for this objective. Given the highly centralized state structure, however, national government interest and support is crucial. Government

involvement could result either in improvements in nationwide policies or in obtaining waivers from current policy restrictions for the model *oblasts*, Atyrau and Pavlodar. If greater flexibility in experimenting with new approaches in the two model *oblasts* is secured, the more dramatic improvements that would be possible in a liberalized environment would have a far greater demonstration effect than the incremental changes currently feasible.

To address constituent relations, USAID's local government program will seek to convince both appointed and elected local government officials of the importance of communicating with their electorate. For example, since elected council members have the right to review municipal and oblast budgets, this provides a vehicle for citizen input that could be exploited more fully by the council members.

The resident-led condominium associations which manage multi-dweller housing remain an important vehicle for improving the delivery of services and management of resources. Given the sudden, top-down nature of housing reform, a widespread need for training and technical assistance among the associations remains. Such assistance will result in a greater proportion of the associations functioning as they were intended—democratically, transparently, and effectively. The procurement reform law that was passed in December is the newest opportunity to improve governance and rein in corruption. With USAID assistance, procurement documents have been drafted and presented to relevant officials in Pavlodar and Atyrau. In partnership with the State Procurement Agency, the two *oblasts* will develop and test official procedures and documents that are consistent with internationally accepted public procurement standards. The leverage of a large World Bank loan to rehabilitate the water supply system in the city of Atyrau gives USAID's local counterparts there a powerful incentive to adopt the more transparent, updated financial management methods which USAID is proposing. A Sister City partnership between the City of Tuscon and the City of Atyrau will further complement efforts on the Atyrau Regional Initiative.

New enabling legislation being debated at the national level will clarify the roles of the three levels of government and will potentially devolve greater authority, including taxing authorities, to local governments. An organizational analysis of the Pavlodar oblast and its constituent parts, complete with recommendations for decentralizing authority, is being prepared as part of a multi-donor governance program. USAID will seek to facilitate discussion about the content of the new local government law and the principles upon which it might be based.

### **Possible Adjustment to Plans**

Greater flexibility to respond to national level requests for policy advice will be incorporated in the second year of activity on this objective. An anti-corruption pilot effort focused on local government may be included as well. Some performance indicators were modified in order to reflect present reality and problems with baseline data availability. Ultimately, decisions regarding the continuation of the program will be based on whether the political environment sufficiently enables sustainable reform.

### **Other Donor Programs**

Other donors support activities with a local government dimension, including the World Bank and EU. The World Bank loan for water supply and sewage infrastructure improvements engages the oblast and city governments of Atyrau and is premised in part on USAID's provision of technical assistance to the city administration. The EU is sponsoring a training program at the Academy for Civil Service. USAID and other donors are assisting the government with a functional analysis, which will recommend increasing local governments' authority in fiscal and operational matters.

### **Principal Contractors, Grantees and Agencies**

The International City/County Management Association (ICMA) is the principal partner implementing USAID's local government initiatives.

## Performance Data Tables

<b>STRATEGIC OBJECTIVE:</b> 2.3 More effective, responsible, and accountable local government.			
<b>APPROVED:</b> 1997 <b>COUNTRY/ORGANIZATION:</b> Kazakhstan, USAID/CAR			
<b>RESULT NAME:</b> IR 2.3.1 Participation. Practices promoting citizen input and involvement adopted.			
<b>INDICATOR:</b> % target municipalities instituting new citizen participation techniques.			
<b>UNIT OF MEASURE:</b> % of local municipalities that create vehicles for citizen involvement such as open hearings, task forces, commissions, boards.  <b>SOURCE:</b> ICMA  <b>COMMENTS:</b> The universe of target municipalities includes the 2 cities of national significance, Almaty and Astana, and the 39 cities of oblast significance. Thus 3% of the target municipalities is one city; 10% is 3 cities.	YEAR	PLANNED	ACTUAL
	1998 (B)		0%
	1999	0%	
	2000	3%	
	2001	10%	

<b>STRATEGIC OBJECTIVE:</b> 2.3 More effective, responsible, and accountable local government.			
<b>APPROVED:</b> 1997 <b>COUNTRY/ORGANIZATION:</b> Kazakhstan, USAID/CAR			
<b>RESULT NAME:</b> IR 2.3.2 Capacity. Practices improving delivery of services and management of resources adopted.			
<b>INDICATOR:</b> % target municipalities with improvement in management practices.			
<b>UNIT OF MEASURE:</b> % of target municipalities that adopt techniques such as competitive procurement, program-based budget format, budget in brief, budget calendars.  <b>SOURCE:</b> ICMA  <b>COMMENTS:</b> The universe of target municipalities includes the 2 cities of national significance, Almaty and Astana, and the 39 cities of oblast significance. Thus 3% of the target municipalities is one city, 10% is 3 cities, and 40% is 13 cities. Given that the budget process does not begin in earnest until September, changes in budgeting will not be possible until next fiscal year.	YEAR	PLANNED	ACTUAL
	1998 (B)		0
	1999	3	
	2000	10	
	2001	40	

<b>STRATEGIC OBJECTIVE:</b> 2.3 More effective, responsible, and accountable local government.			
<b>APPROVED:</b> 1997		<b>COUNTRY/ORGANIZATION:</b> Kazakhstan, USAID/CAR	
<b>RESULT NAME:</b> IR 2.3.3 Autonomy. Powers of local government increased.			
<b>INDICATOR:</b> # of additional functions, revenues given to local government.			
<b>UNIT OF MEASURE:</b> 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.  <b>SOURCE:</b> ICMA  <b>COMMENTS:</b> Due to the program's late start and the lack of an enabling environment, the targets may need to be revised.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1998 (B)		0
	1999	1	
	2000	2	
	2001	3	

### *S.O. 3.2: Improved sustainability of social services*

#### **Summary**

The social service system that Kazakhstan inherited was unsustainable and inefficient. Nearly 80 percent of the health care budget was consumed by inpatient care in a costly network of specialized health care institutions and hospitals. Improving sustainability of service is critical in implementing health reforms that utilize market-based approaches to health care financing and delivery. USAID assistance is improving access to primary health care through the establishment of low cost, efficient, community-based Family Group Practices (FGPs). This involves the consolidation of underutilized inpatient facilities and the establishment of necessary financial systems.

USAID began health care reform implementation in two demonstration sites, Semipalatinsk and Zhezkazgan Oblasts. Since the restructuring of the health care system in Zhezkazgan has proved successful, Kazakhstan has a viable primary health care model that can be replicated nationwide. In 1999, USAID plans to develop a phased approach for nationwide implementation, in order to ensure accurate duplication of this model. The family group practices are the first points of contact for populations at the local level. These will be augmented to meet the basic health care needs of the population. USAID efforts have leveraged a World Bank loan for \$150 million over a ten year period to assist Kazakhstan with health reforms.

USAID continues to support targeted health initiatives to improve reproductive health and infectious disease prevention and control. These efforts are structured to supplement overall USAID work on health reform. The introduction of the new tuberculosis treatment regimen, a modern WHO-recommended approach, will fundamentally change the way the Ministry of Health treats tuberculosis patients. Through health partnerships, modern treatment practices have been introduced in the area of women's health. As FGPs get established nationwide and the primary health care system becomes operational, the special initiatives efforts will become part of a comprehensive package of services at the FGP level. Successes in decentralizing the health finance systems were instrumental in designing the programs for local government accountability. All citizens of Kazakhstan benefit from this assistance, especially the vulnerable populations of women, children and the elderly.

#### **Key Intermediate Results**

The two key intermediate results needed to achieve this objective are: 1) cost-effective health care services demonstrated in selected oblasts; and 2) cost-effective health sector reforms adopted nationally.

#### **Performance and Prospects**

Overall progress in achieving this objective in 1998 exceeded expectations. Future prospects are favorable for achieving nationwide reforms. In the demonstration areas, comprehensive models of health reform have been developed and are getting fine-tuned for nationwide replication. By shifting

resources and services to more cost-effective primary care, USAID has supported the creation of independent, community-based structures, financed by a new payment system based on case loads. These newly developed FGPs are staffed by retrained family physicians. Family planning and childhood infectious disease programs are successfully being integrated within the primary health care framework. Since FGPs are the first health care contact for the population, it is essential that an expanded range of preventive services be made available at this level.

A nationwide strategy has been developed to expand primary health care restructuring and the formation of FGPs throughout the country. The six medical institutes located throughout the country serve as focal points for supporting the health reforms. A hospital payment guide book has been developed to codify the new national payment system, which will begin with two pilot hospitals in each oblast. Activities under this objective which collaborate with the USAID special health initiatives include assistance to the national tuberculosis program to equip 17 pilot oblast TB dispensaries for implementation of the WHO-recommended Directly Observed Treatment (DOTS) program.

USAID's efforts in this sector have leveraged a \$150 million World Bank health sector loan, which is in the final stages of approval and is expected to provide the capital needed to replicate the reforms nationwide. As the funds become available, USAID will provide the much needed technical assistance. In April 1999, there will be a health program review to determine USAID's future role in this work.

### **Possible Adjustments to Plans**

If the World Bank health sector loan is provided, USAID assistance will need to expand to additional sites while simultaneously completing and strengthening reforms in the pilot areas. As health reforms evolve to incorporate additional health issues into the framework, it will be important to modify indicators to reflect these changes. A spring program review will assess both graduation strategy and the integration of special initiatives within the broader health reform framework.

### **Other Donor Programs**

In the area of health reform and health financing, the World Bank is a major donor working nationally in the following areas: tuberculosis control, health promotion, health policy evaluation and clinical training centers for general practitioners. They will also be working at the oblast level to establish primary health care centers and to implement health financing reforms. In addition, the British Know How Fund has provided selected assistance in training FGPs. Now that the primary health care model is in place, donors such as WHO and UNICEF assist with integrating preventive health care into the primary health care framework, particularly for childhood infectious diseases.

## **Principal Contractors, Grantees and Agencies**

Abt Associates implements USAID's efforts in health financing and reform. See page 41 for details on the multiple agencies involved with special health initiatives.

## Performance Data Tables

<b>STRATEGIC OBJECTIVE:</b> 3.2 Improved sustainability of social services.			
<b>APPROVED:</b> 1996		<b>COUNTRY/ORGANIZATION:</b> Kazakhstan, USAID/CAR	
<b>RESULT NAME:</b> IR 3.2.1 Cost-effective health care services demonstrated in selected Oblasts.			
<b>INDICATOR:</b> Increased # of independent primary care practices.			
<b>UNIT OF MEASURE:</b> # of primary care practices (PCP)  <b>SOURCE:</b> Project data base  <b>INDICATOR DESCRIPTION:</b> Increase in the number of independent primary care practices actually staffed and providing services.  <b>COMMENTS:</b> The indicator is reported according to the Pilot site and Nationwide.  In 1998 the actual number of primary care practices is less than targeted because during this period smaller PCPs consolidated and became more comprehensive. However, in reality the smaller number of PCPs cover more population.	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1996 Pilot	20	51
	1997 Pilot	60	151
	1998 Pilot # Nationwide #	151 0	120 31
	1999 Pilot # Nationwide #	91 37	

**STRATEGIC OBJECTIVE:** 3.2 Improved sustainability of social services.

**APPROVED:** 1996

**COUNTRY/ORGANIZATION:** Kazakhstan, USAID/CAR

**RESULT NAME:** IR 3.2.3 National legal, regulatory and policy framework for health sector embodies reforms.

**INDICATOR:** Laws and Policies adopted on key reforms nationally

**UNIT OF MEASURE:** # of the following key reforms adopted nationally:

- 1) Primary care practices decree
- 2) Health sector NGOs formed
- 3) Family Group Practices enrollment system in place
- 4) Provider payment systems and health insurance decrees
- 5) Provider management information systems in place
- 6) Clinical protocols introduced

**SOURCE:** OST/GOK data bases

**INDICATOR DESCRIPTION:** The above six most important reforms of the health sector were identified by OST/GOK and the Contractor to be the key reforms necessary at the national level.

**COMMENTS:** The definition of this IR has been modified during Mission's review to adjust for progress. The key reforms may need to be expanded as sub-units are adopted in stages.

YEAR	PLANNED	ACTUAL
1998	2	2
1999	4	

**STRATEGIC OBJECTIVE:** 3.2 Improved sustainability of social services

**APPROVED:** N/A

**COUNTRY/ORGANIZATION:** Kazakhstan, USAID/CAR

**RESULT NAME:** IR 3.2.3 Cost-effective health sector reforms adopted nationally

**INDICATOR:** Increased percent of health care providers reimbursed by market-oriented payment systems.

**UNIT OF MEASURE:** Percentage of hospitals and outpatient care providers using market-oriented systems.

**SOURCE:** Project data base

**INDICATOR DESCRIPTION:** Increase percentage of hospitals and outpatient care providers reimbursed by market-oriented payment systems.

**COMMENTS:** The IR has been modified since last year to include roll-out areas. The indicator reports two areas according to Pilot and Nationwide activities.

YEAR	PLANNED	ACTUAL
1996 Pilot	1%	15%
1997 Pilot	30%	59%
1998 Pilot Nationwide	43% 0%	64% 22%
1999 Pilot Nationwide	66% 32%	

## *Special Initiatives 4.1: Preventive Health Care*

### **Summary**

Through congressionally-mandated directives, USAID supports important initiatives to improve the delivery of health care in areas of reproductive health, infectious diseases and medical partnerships. These initiatives support and complement other USAID health reform efforts. As Family Group Practices continue to develop and expand throughout the country, these special initiative activities will be integrated within the broader primary health care infrastructure of the Ministry of Health. Together, the programs will address the need to make contraceptives available and accessible in order to decrease the reliance on abortions, improve the diagnosis and treatment of infectious diseases such as tuberculosis and hepatitis, and strengthen the Ministry of Health's capacity to improve primary care through the transfer of hospital-based technology between U.S. institutions and local medical institutions. Under these special initiatives all citizens of Kazakhstan benefit, especially the vulnerable populations of women, children and the elderly.

### **Performance and Prospects**

Overall progress in achieving special initiatives in 1998 exceeded expectations. According to Demographic Health Survey data, abortion rates have fallen since 1994 as the use of IUDs and oral contraceptives have increased. However a slight increase was observed in 1998, possibly due to a shortage of contraceptives in the country. USAID will collaborate with the UN Population Fund, which has primary responsibility for contraception, to ensure that contraceptives are available in the public sector. There is no shortage of contraceptives in the private sector. USAID's social marketing project has demonstrated that the commercial and public sectors can complement one another. USAID's efforts in reproductive health will continue to concentrate on access to reproductive health information through media campaigns and expanded hotline service. To focus on early prevention, adolescents will remain the particular target of these efforts. With USAID assistance a supportive environment for family planning and reproductive health programs can exist.

The medical partnership program improved emergency health services, women's health care, nursing education and infectious disease control throughout the country. To date, Kazakhstan is the only republic in Central Asia to offer a baccalaureate degree for nurses. Other notable achievements include: a Master's program at the Almaty Nursing College; a night school for postgraduate nurses in Astana, and nurses' associations in Pavlodar and Ust-Kamenogorsk. The Women's Wellness Center, opened by Hillary Clinton in November 1998, provides comprehensive health care needs for women. The Ministry of Health has signed a Memorandum of Understanding with the implementing partner for two new partnerships to strengthen primary health care and to support to a school of public health.

A pilot program to demonstrate the cost-effectiveness of diagnosing and treating tuberculosis by using the WHO-recommended Directly Observed Treatment Short Course (DOTS) program is underway. According to a midterm internal evaluation of the project, initial results are positive.

Establishment of a TB monitoring and evaluation system, and development of a computer-based surveillance TB program are key elements of this success. The government is committed to the TB program and issued a decree for DOTS implementation nationwide. USAID has mobilized donor resources to assist the Ministry of Health in the adoption of a phased approach to national implementation of DOTS. The first phase has commenced in 17 oblasts.

### **Possible Adjustments to Plans**

An overall review of USAID's efforts will be conducted in the spring of 1999 to develop a strategy for future and integration of these activities with health care reform and humanitarian assistance. USAID will also develop a disaster response mechanism for possible emergencies.

### **Other Donor Programs**

Medicine Sans Frontiers has been actively working in infectious disease control in a small rayon of Almaty Oblast called Akchi since October 1996; lessons taken from this pilot area are being used by the USAID TB program. Soros Foundation plans to work on the Multi-Drug Resistant TB problem. WHO has sent a TB expert to work in Kazakhstan for one year. USAID will collaborate with the UNAID's program to address HIV/AIDS. The UN Population Fund and UNICEF are other important donors doing family planning and childhood infectious disease interventions.

### **Principal Contractors, Grantees and Awardees**

The Centers for Disease Prevention and Control, Project Hope, the American International Health Alliance, the Futures Group and a consortium of Reproductive Health Contractors led by Deloitte and Touche are all implementing USAID's assistance in health care.

## Performance Data Tables

<b>OBJECTIVE:</b> 4.1 Earmark-Reproductive Health			
<b>APPROVED:</b> 1998		<b>COUNTRY/ORGANIZATION:</b> Kazakhstan, USAID/CAR	
<b>RESULT NAME:</b> N/A-Congressionally mandated earmark			
<b>INDICATOR:</b> Reduction in General Abortion Rate (GAR)			
<b>UNIT OF MEASURE:</b> Rate  <b>SOURCE:</b> Ministry of Health (MOH) and Demographic and Health Survey (DHS)/95 Kazakhstan  <b>INDICATOR DESCRIPTION:</b> Induced abortions per 1000 women ages 15-49.  <b>COMMENTS:</b> 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.  * DHS Data - women age group 15-45 ** MOH Data - women age group 15-45	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1994	-	63.8**
	1995	-	54.9** 57.0*
	1996	-	46.3**
	1997	43	40.2**
	1998	40	40.9**
	1999	39	

**OBJECTIVE:** 4.1 Earmark-Infectious Disease

**APPROVED:** 1997

**COUNTRY/ORGANIZATION:** Kazakhstan; USAID/CAR

**RESULT NAME:** N/A - Congressionally mandated earmark

**INDICATOR:** Increased number of Oblasts following DOTS procedure effectively

**UNIT OF MEASURE:** Number of Oblasts

**SOURCE:** Centers for Disease Control and Prevention (CDC) in Central Asia and Project HOPE

**INDICATOR DESCRIPTION:** The Directly Observed Treatment - Short Course (DOTS) procedure for treatment of tuberculosis patients has been approved by the World Health Organization as the most cost effective treatment. DOTS use is considered effective if at least 85% of smear positive cases are converted to smear negative after DOTS therapy.

**COMMENTS:** The objective measurement of the results of DOTS implementation will be available after 12-15 months after the beginning of DOTS in four original pilot sites, i.e. in July 1999. Preliminary results obtained during the mid-term evaluation showed that at least 75% of smear positive cases will be converted to smear negative in the four original pilot sites of Almaty Oblast. According to the WHO definition, it is a good result for the country which just started to introduce DOTS

YEAR

PLANNED

ACTUAL

1998

1

1

1999

17

#### *Special Initiative 4.2: Cross-cutting programs*

USAID's Participant Training Project continues to provide training in four strategic areas: 1) transition to a market economy; 2) supporting democratic initiatives; 3) strengthening social change; and 4) developing energy and environmental policy. In FY 1998, the program concentrated on in-country training activities to provide the technical skills needed to effectively implement policy change and third-country training. The Training Project draws on technical expertise of USAID contractors in the region to deliver short-term training in a variety of formats: seminars, workshops, on-the-job training, internships, progressive modules, tiered training, observation and study tours, programmed learning and conferences.

The Participant Training Project continues to provide important support for reform-minded government leaders and professionals in areas directly relevant to the transition to democracy and a free-market economy. In FY 1998, the program placed greater emphasis on cost-effective, in-country training programs that provide the technical skills needed to effectively implement policy change. This effort benefits all citizens by training qualified public officials, who are then able to establish legislation that is transparent and fosters market growth and democratic governance.

Approximately, 600 Kazakhstanis, including 274 women, were trained in FY 1998. These trained individuals returned to their oblasts and made significant contributions to economic and intellectual growth. The percentage of women trained in Kazakhstan is the highest in Central Asia. This is, likely due to the fact that training is now aimed more at program implementation, rather than policy making, and because of the large numbers of women employed in accounting reform, tax administration, and banking.

One of the unique features of the project is the significant cross-border training, using one country's successful experiences as the training context for another. Higher budget levels for training in the upcoming year will be used to support a wider technical assistance effort.

**FY 1999 Budget Request by Program/Country  
KAZAKHSTAN**

13-May-99  
01:59 PM

**Program/Country:**  
**Approp Acct:**  
**Scenario**

S.O. #, Title		FY 1999 Request													Est. S.O. Expenditures	Est. S.O. Pipeline End of FY 99
Bilateral/Field Spt	Total	Micro-Enterprise	Agriculture	Other Economic Growth	Children's Basic Education (*)	Other HCD	Population	Child Survival (*)	Infectious Diseases (*)	HIV/AIDS (*)	Other Health	Environ	D/G			
<b>SO 1.2: Increased Soundness of Fiscal Policies and Fiscal Management Practices</b>																
Bilateral	2800000			2800000										0	1960000	840000
Field Spt	0													0		
	2800000	0	0	2,800,000	0	0	0	0	0	0	0	0	0	0	1,960,000	840,000
<b>SO 1.3: Accelerated Development and Growth of Private Enterprises</b>																
Bilateral	3600000			3600000										0	2520000	1080000
Field Spt	0													0		
	3600000	0	0	3,600,000	0	0	0	0	0	0	0	0	0	0	2,520,000	1,080,000
<b>SO 1.3: Central Asian-American Enterprise Fund</b>																
Bilateral	5000000	500000		4500000										0	3500000	1500000
Field Spt	0													0		
	5000000	500,000	0	4,500,000	0	0	0	0	0	0	0	0	0	0	3,500,000	1,500,000
<b>SO 1.4: A More Competitive and Market-Responsive Private Financial Sector</b>																
Bilateral	5600000			5600000										0	3920000	1680000
Field Spt	0													0		
	5600000	0	0	5,600,000	0	0	0	0	0	0	0	0	0	0	3,920,000	1,680,000
<b>SO 2.1: Increased, Better-Informed Citizens' Participation in Political and Economic Decision-Making</b>																
Bilateral	3990000													3990000	2793000	1197000
Field Spt	0													0		
	3990000	0	0	0	0	0	0	0	0	0	0	0	0	3,990,000	2,793,000	1,197,000
<b>SO 2.3: More Effective, Responsive, and Accountable Local Government</b>																
Bilateral	1000000													1000000	700000	300000
Field Spt	0													0		
	1000000	0	0	0	0	0	0	0	0	0	0	0	0	1,000,000	700,000	300,000
<b>SO 3.2: Improved Sustainability of Selected Social Benefits and Services</b>																
Bilateral	2100000										2100000			0	1470000	630000
Field Spt	0													0		
	2100000	0	0	0	0	0	0	0	0	0	2100000	0	0	1,470,000	630,000	

<b>SO 4.1: Health Earmarks</b>															
Bilateral	4200000						1000000		1200000		2000000		0	2940000	1260000
Field Spt	0														
	4200000	0	0	0	0	0	1,000,000	0	1,200,000	0	2,000,000	0	0	2,940,000	1,260,000
<b>SO 4.1: Transfers and Allocations</b>															
Bilateral	12540000			1240000		8700000					700000	1900000		8778000	3762000
Field Spt	0														
	12,540,000	0	0	1,240,000	0	8,700,000	0	0	0	0	700,000	1,900,000	0	8,778,000	3,762,000
<b>SO 4.2: Exchanges and Training (Global Training Project)</b>															
Bilateral	1860000			502200		353400					409200	297600	297600	1302000	558000
Field Spt	0														
	1860000	0	0	502,200	0	353,400	0	0	0	0	409,200	297,600	297,600	1,302,000	558,000
<b>SO 4.2: Eurasia Foundation</b>															
Bilateral	1000000	200000											800000	700000	300000
Field Spt	0														
	1000000	200,000	0	0	0	0	0	0	0	0	0	0	800,000	700,000	300,000
<b>SO 4.2: Special Initiatives (PD&amp;S)</b>															
Bilateral	500000			100000		100000					100000	100000	100000	350000	150000
Field Spt	0														
	500000	0	0	100,000	0	100,000	0	0	0	0	100,000	100,000	100,000	350,000	150,000
<b>Total Bilateral</b>	<b>44,190,000</b>	<b>700,000</b>	<b>0</b>	<b>18,342,200</b>	<b>0</b>	<b>9,153,400</b>	<b>1,000,000</b>	<b>0</b>	<b>1,200,000</b>	<b>0</b>	<b>4609200</b>	<b>1,097,600</b>	<b>8,087,600</b>	<b>30,933,000</b>	<b>13,257,000</b>
<b>Total Field Support</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL PROGRAM</b>	<b>44190000</b>	<b>700,000</b>	<b>0</b>	<b>18,342,200</b>	<b>0</b>	<b>9,153,400</b>	<b>1,000,000</b>	<b>0</b>	<b>1,200,000</b>	<b>0</b>	<b>4609200</b>	<b>1,097,600</b>	<b>8,087,600</b>	<b>30,933,000</b>	<b>13,257,000</b>

<b>FY 99 Request Agency Goal Totals</b>	
Econ Growth	19,042,200
Democracy	8,087,600
HCD	9,153,400
PHN	15,962,600
Environment	1,097,600
Program ICASS	0
GCC (from all Goals)	0

<b>FY 99 Account Distribution (DA only)</b>	
Dev. Assist Program	44190000
Dev. Assist ICASS	
Dev. Assist Total:	44190000
CSD Program	0
CSD ICASS	
CSD Total:	0

**FY 2000 Budget Request by Program/Country**  
**Program/Country: KAZAKHSTAN**  
(Enter either DA/CSD; ESF; NIS; or SEED)

13-May-99  
01:59 PM

Approp Acct:  
Scenario

S.O. # , Title		FY 2000 Request												Est. S.O. Expenditures	Est. S.O. Pipeline End of FY 00	
Bilateral/Field Spt	Total	Micro-Enterprise	Agriculture	Other Economic Growth	Children's Basic Education (*)	Other HCD	Population	Child Survival (*)	Infectious Diseases (*)	HIV/AIDS (*)	Other Health	Environ	D/G			
SO 1.2: Increased Soundness of Fiscal Policies and Fiscal Management Practices															Final Obligation: 2003	
Bilateral	3500000			3500000										0	2450000	1050000
Field Spt	0													0		
	3,500,000	0	0	3,500,000	0	0	0	0	0	0	0	0	0	0	2,450,000	1,050,000
SO 1.3: Accelerated Development and Growth of Private Enterprises															Final Obligation: 2005	
Bilateral	4900000			4900000										0	3430000	1470000
Field Spt	0													0		
	4,900,000	0	0	4,900,000	0	0	0	0	0	0	0	0	0	0	3,430,000	1,470,000
SO 1.3: Central Asian-American Enterprise Fund															Final Obligation: 2004	
Bilateral	5000000	500000		4500000										0	3500000	1500000
Field Spt	0													0		
	5,000,000	500,000	0	4,500,000	0	0	0	0	0	0	0	0	0	0	3,500,000	1,500,000
SO 1.4: A More Competitive and Market-Responsive Private Financial Sector															Final Obligation: 2001	
Bilateral	3800000			3800000										0	2660000	1140000
Field Spt	0													0		
	3,800,000	0	0	3,800,000	0	0	0	0	0	0	0	0	0	0	2,660,000	1,140,000
SO 2.1: Increased, Better-Informed Citizens' Participation in Political and Economic Decision-Making															Final Obligation: 2006	
Bilateral	3800000													3800000	2660000	1140000
Field Spt	0													0		
	3,800,000	0	0	0	0	0	0	0	0	0	0	0	0	3,800,000	2,660,000	1,140,000
SO 2.3: More Effective, Responsive, and Accountable Local Government															Final Obligation: 2006	
Bilateral	1000000													1000000	700000	300000
Field Spt	0													0		
	1,000,000	0	0	0	0	0	0	0	0	0	0	0	0	1,000,000	700,000	300,000
SO 3.2: Improved Sustainability of Selected Social Benefits and Services															Final Obligation: 2002	
Bilateral	2000000										2000000			0	1400000	600000
Field Spt	0													0		
	2,000,000	0	0	0	0	0	0	0	0	0	2,000,000	0	0	0	1,400,000	600,000

SO 4.1: Health Earmarks														Final Obligation: N/A	
Bilateral	4500000						1500000		2700000		300000		0	3150000	1350000
Field Spt	0														
	4,500,000	0	0	0	0	0	1,500,000	0	2,700,000	0	300,000	0	0	3,150,000	1,350,000
SO 4.1: Transfers and Allocations														Final Obligation: N/A	
Bilateral	9500000												0	6650000	2850000
Field Spt	0														
	9,500,000	0	0										0	6,650,000	2,850,000
SO 4.2: Exchanges and Training (Global Training Project)														Final Obligation: 2006	
Bilateral	1000000			270000		190000					220000	160000	160000	700000	300000
Field Spt	0														
	1,000,000	0	0	270,000	0	190,000	0	0	0	0	220,000	160,000	160,000	700,000	300,000
SO 4.2: Eurasia Foundation														Final Obligation: N/A	
Bilateral	1000000	200000											800000	700000	300000
Field Spt	0														
	1,000,000	200,000	0	0	0	0	0	0	0	0	0	0	800,000	700,000	300,000
SO 4.2: Special Initiatives (PD&S)														Final Obligation: 2006	
Bilateral	500000			165000							135000	100000	100000	350000	150000
Field Spt	0														
	500,000	0	0	165,000	0	0	0	0	0	0	135,000	100,000	100,000	350,000	150,000
Total Bilateral	40,500,000	700,000	0	17,135,000	0	190,000	1,500,000	0	2,700,000	0	2,655,000	260,000	5,860,000	28,350,000	12,150,000
Total Field Support	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL PROGRAM</b>	<b>40,500,000</b>	<b>700,000</b>	<b>0</b>	<b>17,135,000</b>	<b>0</b>	<b>190,000</b>	<b>1,500,000</b>	<b>0</b>	<b>2,700,000</b>	<b>0</b>	<b>2,655,000</b>	<b>260,000</b>	<b>5,860,000</b>	<b>28,350,000</b>	<b>12,150,000</b>

FY 00 Request Agency Goal Totals	
Econ Growth	17,835,000
Democracy	5,860,000
HCD	190,000
PHN	7,045,000
Environment	260,000
Program ICASS	0
GCC (from all Goals)	0

FY 00 Account Distribution (DA only)	
Dev. Assist Program	40500000
Dev. Assist ICASS	
Dev. Assist Total:	40500000
CSD Program	0
CSD ICASS	
CSD Total:	0

**FY 2001 Budget Request by Program/Country**  
**Program/Country: KAZAKHSTAN**

13-May-99  
01:59 PM

**Approp Acct:**  
**Scenario**

S.O. #, Title		FY 20001 Request													Est. S.O. Expenditures	Est. S.O. Pipeline End of FY 01	Future Cost (POST-2001)
Bilateral/Field Spt	Total	Micro-Enterprise	Agri-culture	Other Economic Growth	Children's Basic Education (*)	Other HCD	Population	Child Survival (*)	Infectious Diseases (*)	HIV/AIDS (*)	Other Health	Environ	D/G				
SO 1.2: Increased Soundness of Fiscal Policies and Fiscal Management Practices															Final Obligation: 2003		
Bilateral	3500000			3500000										0	2450000	1050000	4000000
Field Spt	0													0			
	3,500,000	0	0	3,500,000	0	0	0	0	0	0	0	0	0	0	2,450,000	1,050,000	4000000
SO 1.3: Accelerated Development and Growth of Private Enterprises															Final Obligation: 2001		
Bilateral	4700000			4700000										0	3290000	1410000	15000000
Field Spt	0													0			
	4,700,000	0	0	4,700,000	0	0	0	0	0	0	0	0	0	0	3,290,000	1,410,000	15000000
SO 1.3: Central Asian-American Enterprise Fund															Final Obligation: 2004		
Bilateral	5000000	500000		4500000										0	3500000	1500000	N/A
Field Spt	0													0			N/A
	5,000,000	500,000	0	4,500,000	0	0	0	0	0	0	0	0	0	0	3,500,000	1,500,000	N/A
SO 1.4: A More Competitive and Market-Responsive Private Financial Sector															Final Obligation: 2001		
Bilateral	3800000			3800000										0	2660000	1140000	0
Field Spt	0													0			0
	3,800,000	0	0	3,800,000	0	0	0	0	0	0	0	0	0	0	2,660,000	1,140,000	0
SO 2.1: Increased, Better-Informed Citizens' Participation in Political and Economic Decision-Making															Final Obligation: 2006		
Bilateral	3500000													3500000	2450000	1050000	13042603
Field Spt	0													0			
	3,500,000	0	0	0	0	0	0	0	0	0	0	0	0	3,500,000	2,450,000	1,050,000	13042603
SO 2.3: More Effective, Responsive, and Accountable Local Government															Final Obligation: 2006		
Bilateral	1000000													1000000	700000	300000	7300000
Field Spt	0													0			
	1,000,000	0	0	0	0	0	0	0	0	0	0	0	0	1,000,000	700,000	300,000	7300000
SO 3.2: Improved Sustainability of Selected Social Benefits and Services															Final Obligation: 2002		
Bilateral	2000000													0	1400000	600000	2200000
Field Spt	0													0			
	2,000,000	0	0	0	0	0	0	0	0	0	2,000,000	0	0	1,400,000	600,000	2200000	

SO 4.1: Health Earmarks														Final Obligation: N/A		
Bilateral	4000000						1100000		1300000		1600000		0	2800000	1200000	N/A
Field Spt	0															
	4,000,000	0	0	0	0	0	1,100,000	0	1,300,000	0	1,600,000	0	0	2,800,000	1,200,000	N/A
SO 4.1: Transfers and Allocations														Final Obligation: N/A		
Bilateral	12000000												0	8400000	3600000	N/A
Field Spt	0															
	12,000,000	0	0	0	0	0	0	0	0	0	0	0	0	8,400,000	3,600,000	N/A
SO 4.2: Exchanges and Training (Global Training Project)														Final Obligation: 2006		
Bilateral	1000000			270000			190000				220000	160000	160000	700000	300000	4000000
Field Spt	0															
	1,000,000	0	0	270,000	0	190,000	0	0	0	0	220,000	160,000	160,000	700,000	300,000	4000000
SO 4.2: Eurasia Foundation														Final Obligation: N/A		
Bilateral	1000000	200000											800000	700000	300000	N/A
Field Spt	0															
	1,000,000	200,000	0	0	0	0	0	0	0	0	0	0	800,000	700,000	300,000	N/A
SO 4.2: Special Initiatives (PD&S)														Final Obligation: 2006		
Bilateral	500000			165000							135000	100000	100000	350000	150000	800000
Field Spt	0															
	500,000	0	0	165,000	0	0	0	0	0	0	135,000	100,000	100,000	350,000	150,000	800000
Total Bilateral	42000000	700,000	0	16,935,000	0	190,000	1,100,000	0	1,300,000	0	3,955,000	260,000	5,560,000	29400000	12,600,000	46,342,603
Total Field Support	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL PROGRAM</b>	<b>42,000,000</b>	<b>700,000</b>	<b>0</b>	<b>16,935,000</b>	<b>0</b>	<b>190,000</b>	<b>1,100,000</b>	<b>0</b>	<b>1,300,000</b>	<b>0</b>	<b>3,955,000</b>	<b>260,000</b>	<b>5,560,000</b>	<b>29400000</b>	<b>12,600,000</b>	<b>46,342,603</b>

<b>FY 01 Request Agency Goal Totals</b>	
Econ Growth	17,635,000
Democracy	5,560,000
HCD	190,000
PHN	6,545,000
Environment	260,000
Program ICASS	0
GCC (from all Goals)	0

<b>FY 01 Account Distribution (DA only)</b>	
Dev. Assist Program	42000000
Dev. Assist ICASS	
<b>Dev. Assist Total:</b>	<b>42000000</b>
CSD Program	0
CSD ICASS	
<b>CSD Total:</b>	<b>0</b>

MISSION WORKSHEET/CAR BUDGET FY99 #1

Last edit: 17-Mar-99

US ASSISTANCE TO KAZ (FY'99 PROGRAM BUDGET)-KAZAKHSTAN - USAID / CAR (rounded amounts by '0' in US dollars)

OFFICE	PROJ. No	S.O.	PROJECT COMPONENT	PFF	Budget						Obligation Location	FY 2000 CP	Remarks
					FY98 C/O			FY99 OYB					
					Actual	Changes	Total	Proposed	Changes	Total			
1	2	3	4		5	6	7	8	9	10	11	12	13
PPS	110-0001		<u>Special Initiatives</u>										
		4.2	Program Design & Support			174,000	174,000	500,000		500,000	MACS	500,000	FY98C/O 02/19 \$150K Atyrau RI FY98C/O 01/19 \$23,540K Atyrau RI, FY99OYB 02/C
			<b>Sub-Total</b>			<b>174,000</b>	<b>174,000</b>	<b>500,000</b>		<b>500,000</b>		<b>500,000</b>	
OST	110-0004		<u>Health Care</u>										
		3.2	Finance & Service Delivery Alternatives		224,000		224,000	1,500,000	600,000	2,100,000		2,000,000	
			LT TA		20,000		20,000				MACS		
			LT TA		130,000		130,000				MACS		
			Evaluation & TA		74,000		74,000				MACS		
			Abt. Associates					1,500,000		1,500,000	MACS		
			Monitoring TA						600,000	600,000	MACS		FY99OYB 02/19 \$600K from Partnerships
		4.1	Medical Partnerships		20,000		20,000	2,000,000		2,000,000		4,000,000	
			Program Design and Supp		20,000		20,000	50,000		50,000	MACS		
			AIHA					1,950,000		1,950,000	NMS		
		4.1	Vaccine & Pharmaceutical Security		200,000		200,000	1,200,000		1,200,000			
			CDC					400,000		400,000	MACS		
			Abt. Associates					100,000		100,000	MACS		
			Project Hope					600,000		600,000	MACS		
			Program Design and Supp					100,000		100,000	MACS		
			Atyrau RI -Project Hope		200,000	200,000					MACS		FY98C/O 01/19 \$200K Atyrau RI
		4.1	Women's Health/Family Planning		40,000		40,000	1,000,000		1,000,000			
			Abt. Associates					100,000		100,000	MACS		
			Commercial Markets					400,000		400,000	NMS		
			DHS - MACRO					300,000		300,000	NMS		
			TBD					100,000		100,000	MACS		
			Program Design and Supp		40,000		40,000	100,000		100,000	MACS		
			<b>Sub-Total</b>		<b>284,000</b>	<b>200,000</b>	<b>484,000</b>	<b>5,700,000</b>	<b>600,000</b>	<b>6,300,000</b>		<b>6,000,000</b>	
ODT	110-0007		<u>Democratic Reform</u>										
		2.1	Political Process		510,000	308,000	818,000	1,705,000	(205,000)	1,500,000			
			NDI political party building					205,000	(205,000)		MACS		FY99OYB 02/19 (\$205K)
			IFES evaluation					50,000		50,000	MACS		
			IFES		60,000	83,000	143,000	450,000		450,000	NMS		FY98C/O 01/14 \$83K Performance funds \$150K
			ABA/CEELI		450,000	6,000	456,000				MACS		FY98C/O 01/14 \$6K Performance funds \$150K
			Anti-corruption TBD			219,000	219,000	600,000		600,000	MACS		FY98C/O 01/29 \$219,492 from New Transp and Decomm
			Anti-corruption (TI)					200,000		200,000	MACS		
			Program Design and Supp					200,000		200,000	MACS		
		2.1	Civil Society		271,000	271,000	1,550,000	205,000	1,755,000				
			Counterpart			11,000	11,000	712,000		712,000	MACS		FY98C/O 01/14 \$11K Performance funds \$150K
			New activities					283,000	105,000	388,000	MACS		FY99OYB 02/19 \$105K
			ISAR			250,000	250,000	100,000		100,000	MACS/NMS		FY98C/O 01/19 \$250K Atyrau RI
			NDI			10,000	10,000	200,000	100,000	300,000	MACS		FY98C/O 01/14 \$10K Performance funds \$150K, FY99OYB 02/19 \$100K

			Program Design and Supp				200,000		200,000	MACS		
			Program Design and Supp				55,000		55,000	MACS		
		2.1	<b>Independent Media</b>		<b>57,000</b>	<b>40,000</b>	<b>97,000</b>	<b>735,000</b>	<b>735,000</b>			
			Internews		34,000	40,000	74,000	730,000	730,000	NMS/MACS		FY98C/O 01/14 \$40K Performance funds \$150K
			Indicators Survey					5,000	5,000	MACS		
			Program Design and Supp		23,000		23,000			MACS		
PPS		2.1	<b>Partnerships</b>		<b>240,000</b>		<b>240,000</b>					
			Pension and	PNS	240,000		240,000			MACS		
			<b>Sub-Total</b>		<b>807,000</b>	<b>619,000</b>	<b>1,426,000</b>	<b>3,990,000</b>	<b>3,990,000</b>		<b>3,500,000</b>	
OST	110-0008	2.3	<b>More effective, responsive and accountable local</b>									
			<b>Public.Admin./Local Government</b>		<b>1,142,000</b>	<b>1,142,000</b>	<b>1,000,000</b>		<b>1,000,000</b>		<b>1,000,000</b>	
PPS			Local Govern	PNS	200,000	200,000				MACS		FY98C/O 01/11 \$200K from Pr0007
OST			ICMA, Resol	PNS	350,000	350,000				MACS		r0001 Atyrau RI
OST			ICMA		500,000	500,000	1,000,000	(100,000)	900,000	MACS		FY98C/O 01/19 \$300K Atyrau RI; 02/16 \$200K Atyrau RI; FY99OYB 02/19 (\$100K)
OST			Program Design and Supp		92,000	92,000		100,000	100,000	MACS		FY98C/O 01/11 \$92K from Pr0007; FY99OYB 02/19 \$100K
			<b>Sub-Total</b>		<b>1,142,000</b>	<b>1,142,000</b>	<b>1,000,000</b>		<b>1,000,000</b>		<b>1,000,000</b>	
OMT	110-0009		<b>Economic Restructuring</b>									
		1.2	<b>Fiscal Reforms</b>		<b>250,000</b>	<b>250,000</b>	<b>2,800,000</b>		<b>2,800,000</b>		<b>3,500,000</b>	
			<b>Fiscal Reform</b>		<b>250,000</b>	<b>250,000</b>	<b>2,400,000</b>		<b>2,400,000</b>			
			Barents Group		250,000	250,000	1,885,000		1,885,000	MACS		FY98C/O 01/19 \$300K Atyrau RI; 02/19 (\$50K) to PD&S SO4.2/Pr0001 Atyrau RI
			Fiscal Reform - new				515,000		515,000	MACS		
			<b>Program Design &amp; Support</b>				<b>400,000</b>		<b>400,000</b>	MACS		
		1.3	<b>Market Environment</b>		<b>825,000</b>	<b>559,000</b>	<b>1,384,000</b>	<b>3,600,000</b>	<b>3,600,000</b>		<b>4,700,000</b>	
			<b>Partnerships</b>		<b>200,000</b>	<b>200,000</b>						
PPS			Tucson Char	PNS	100,000		100,000			MACS		
PPS			Tourism Dev	PNS	100,000		100,000			MACS		
			<b>Private Enterprise Development</b>		<b>300,000</b>	<b>200,000</b>	<b>500,000</b>					
			IESC Business Developm		300,000	200,000	500,000			MACS		FY98C/O 01/19 \$200K Atyrau RI
			<b>Trade&amp;Investment</b>		<b>200,000</b>	<b>200,000</b>	<b>1,550,000</b>	<b>(120,000)</b>	<b>1,430,000</b>			
			Booz Allen & Hamilton		200,000	200,000	1,395,000		1,395,000	MACS		FY98C/O 01/19 \$250K Atyrau RI; 02/19 (\$50K) to PD&S SO4.2/Pr0001 Atyrau RI
			Trade and Investment - ne				155,000	(120,000)	35,000	MACS		FY99OYB 02/19 (\$120K)
			<b>Commercial Law Reform</b>		<b>9,000</b>	<b>9,000</b>	<b>500,000</b>	<b>120,000</b>	<b>620,000</b>			
			ARD/ Checchi ComLaw T				100,000		100,000	MACS		
			ARD/ Checchi ComLaw D		9,000	9,000	35,000	120,000	155,000	MACS		FY98C/O 01/29 \$8,949 from SO1.4; FY99OYB 02/19 \$120K
			Newton/Legal Reform Adv				365,000		365,000	MACS		
			<b>Accounting Reform</b>		<b>325,000</b>	<b>150,000</b>	<b>475,000</b>	<b>1,100,000</b>	<b>1,100,000</b>			
			Carana		325,000	150,000	475,000	1,000,000	1,000,000	MACS		FY98C/O 01/19 \$150K Atyrau RI
			Accounting Reform - new				100,000		100,000	MACS		
			<b>Program Design &amp; Support</b>				<b>450,000</b>		<b>450,000</b>	MACS		
		1.4	<b>TA/Monetary</b>		<b>309,000</b>	<b>(9,000)</b>	<b>300,000</b>	<b>5,600,000</b>	<b>5,600,000</b>		<b>3,800,000</b>	
			<b>Partnerships</b>		<b>300,000</b>	<b>300,000</b>						
PPS			Partnerships	PNS	300,000		300,000			MACS		
			<b>Banking Reform</b>				<b>1,700,000</b>		<b>1,700,000</b>			
			IBTCI				1,423,000		1,423,000	MACS		
			Bank Restructuring - new				277,000		277,000	MACS		
			<b>Capital Markets Development</b>				<b>2,000,000</b>		<b>2,000,000</b>			
			Pragma, TO-800				884,000		884,000	MACS		

			Pragma, TO-802				1,116,000		1,116,000	MACS		
			Pension reform				1,850,000		1,850,000			
			IMCC				1,550,000		1,550,000	MACS		
			Pension - new				300,000		300,000	MACS		
			Program Design & Support	9,000	(9,000)		50,000		50,000	MACS		FY98C/O 01/29 (\$8,949) to SO1.4
			<b>Sub-Total</b>	<b>1,134,000</b>	<b>800,000</b>	<b>1,934,000</b>	<b>#####</b>		<b>#####</b>		<b>#####</b>	
OST	110-0010	4.2	<u>Eurasia Foundation</u>									
			Eurasia Foundation				1,000,000		1,000,000	NMS	1,000,000	
			<b>Sub-Total</b>				<b>1,000,000</b>		<b>1,000,000</b>		<b>1,000,000</b>	
OMT	110-0011	1.3	<u>Enterprise Funds</u>									
			CAAEF				5,000,000		5,000,000	NMS	5,000,000	
			<b>Sub-Total</b>				<b>5,000,000</b>		<b>5,000,000</b>		<b>5,000,000</b>	
PPS	110-0012		<u>Exchanges &amp; Training</u>									
		4.2	Participant Training				1,800,000		1,800,000		940,000	
			AED				1,800,000		1,800,000	NMS	940,000	
		4.2	Program Design & Support				60,000		60,000	MACS	60,000	
			Program Design and Supp				60,000		60,000	MACS	60,000	
		4.2	Partnerships				600,000	(600,000)		MACS		FY99OYB 02/19 (\$600K) to SO3.2
			<b>Sub-Total</b>				<b>2,460,000</b>	<b>(600,000)</b>	<b>1,860,000</b>		<b>1,000,000</b>	
<b>TOTAL</b>				<b>2,225,000</b>	<b>2,935,000</b>	<b>5,160,000</b>	<b>31,650,000</b>		<b>31,650,000</b>		<b>30,000,000</b>	

## **Updated Results Framework**

### **SO 1.2 Increased soundness of fiscal policies and fiscal management practices**

IR1.2.1 Central government shifted roles and responsibilities as primary fiscal manager and regulator vis-a-vis local government, state-owned enterprises and private sector.

IR1.2.1.2 Roles and responsibilities of different levels of government clarified.

IR1.2.2 Government of Kazakhstan complied with the international financial institutions' conditions.

IR1.2.3 Taxes are more fairly and broadly applied and enforced.

IR1.2.3.1 A more rational tax policy enacted.

IR1.2.3.2 Efficiency of tax administration system increased.

IR1.2.3.2.1 Computers used to produce necessary information for tax administration and collection.

IR1.2.3.2.2 Officials are trained in modern tax administration methods.

IR1.2.4 Improved budget management.

IR1.2.4.1 Expenditure allocation process rationalized.

IR1.2.4.2 Government borrowing less inflationary.

IR1.2.4.2.1 More robust secondary market for government securities is developed as a primary debt instrument.

IR1.2.4.2.2 Policy advice to the government to limit NBK share of deficit financing is accepted.

### **SO 1.3 Accelerated development & growth of private enterprises.**

IR 1.3.1 Improved operating environment for private sector growth.

IR 1.3.1.1 Improved policies, laws and regulations in place to ensure competition and allow for easy market entry and exit.

IR 1.3.1.1.1 Business and business advocacy groups strengthened.

IR 1.3.1.1.2 Modern financial reporting standards are used.

IR 1.3.1.1.3 Modern audit and accounting SRO supervises and regulates compliance with accounting standards.

IR 1.3.1.1.4 Well-trained audit and accounting firms and educational institutions teaching new standards and/or conducting conversions.

IR 1.3.1.2 Courts and administrative agencies strengthened to enforce policies, laws and regulations.

IR 1.3.1.3 Government of Kazakhstan complied with the international financial institutions' conditions.

IR 1.3.2 Human resources improved to function in a market economy.

IR 1.3.2.1 Comprehensive economics and business educational institution established.

IR 1.3.3 Increased availability of and access to capital and technological resources for the private sector.

## **SO 1.4 A more competitive and market-responsive private financial sector**

IR1.4.1 Government regulatory agencies supervise, administer and enforce legislation.

IR1.4.1.1 Legal structure required for efficient operation of financial markets is defined and adopted.

IR1.4.1.2 Regulatory framework and reporting systems are broadly applied to effectively screen out deficient institutions.

IR1.4.2 More forms of financial intermediation are institutionalized and effectively supply the private sector on a competitive basis.

IR1.4.2.1 Financial institutions effectively serve the private sector.

IR1.4.2.1.1 Securities market institutions effectively serve financial industry.

IR1.4.2.1.2 Stock market effectively serves securities market.

IR1.4.2.1.3 Broker-Dealer Association effectively supervises, regulates and administers broker/dealer activity.

IR1.4.2.2 Pension funds effectively mobilize investment capital into securities market.

IR1.4.2.2.1 Pension funds effectively support the operations of firms operating in the securities market.

IR1.4.2.2.2 Private Pension Fund Association supervises, administers and regulates activities of private pension funds.

## **SO 2.1 Increased, better-informed citizens' participation in political and economic decision-making.**

IR 2.1.1 NGO participation in civil society strengthened.

LLR 2.1.1.1 Strengthened quality of NGO capacity.

LLR 2.1.1.2 Strengthened sustainability of NGOs.

LLR 2.1.1.3 Improved laws/policies enabling NGO formation and operation.

IR 2.1.2 Information on domestic economic policies and politics available.

LLR 2.1.2.1 Domestic news widely available via electronic media.

LLR 2.1.2.2 Increased quality of independent electronic media.

IR 2.1.3 Increased responsiveness and accountability of government to citizens/citizens organizations.

LLR 2.1.3.1 Increased government transparency and accountability to citizen NGOs.

LLR 2.1.3.2 More genuine and competitive political processes.

LLR 2.1.3.3 More effective and independent elected officials.

## **SO 2.3 More Effective, Responsive and Accountable Local Government.**

IR 2.3.1 Participation - Practices promoting citizen input and involvement adopted.

IR 2.3.2 Capacity - Practices improving delivery of services and management of resources adopted.

IR 2.3.3 Autonomy - Powers of local government increased.

**SO 3.2 Improved sustainability of social services**

IR 3.2.1 Cost-effective health care services demonstrated in selected oblasts.

IR 3.2.2 Shift from public to private ownership and maintenance of housing (COMPLETED).

IR 3.2.3 Cost-effective health sector reforms adopted nationally.

## **Evaluation Agenda**

GAO Audit December 1998

### **SO 1.2 (Market Transition - Fiscal Reform)**

Fiscal Reform Assessment, August 1998

Private Sector Assessment, May 1998

### **SO 1.3 (Market Transition - Private Enterprise Growth)**

Commercial Law Assessment, anticipated in May 1999

Accounting Assessment, December 1998

Accounting Assessment, August/September 1998

Lessons Learned Conference on Accounting, April 1998

Accounting Assessment, April 1998

Accounting Assessment, May/June 1997

Accounting Assessment, January 1997

### **SO 1.4 (Market Transition - Financial Sector Reform)**

Pension Reform Assessment, anticipated in April 1999

Banking Assessment, March 1999

Capital Markets Assessment, May 1998

### **SO 2.1 (Democratic Transition)**

IFES Evaluation anticipated in 1999

ISAR Evaluation anticipated in April 1999

Electronic Mass Media Assessment, July 1998

Evaluation of Progress in Counterpart Consortium's Phase II Program BHR/PVC, May 1998

Review of Internews conducted by P. Graves, ENI/DG, January 1998

Participatory Evaluation of the Counterpart Consortium Cooperative Agreement, December 1996

### **SO 2.3 (Housing & Local Government Reform)**

Municipal Financial Management Project Final Evaluation Report, December 1996

### **SO 3.2 (Social Transition - Health Care Reform)**

Health Program Review anticipated in August 1999

Evaluation of the Health Care Financing and Service Delivery Reform Program, April 1997

### **Special Initiatives 4.1 (Infectious Diseases and Reproductive Health)**

Infectious Disease Assessment anticipated in April 1999

Regional Assessment of Infectious Disease Work, December 1997 (completed July 1998)

Midterm Evaluation of SOMARC's Projects in the Central Asian Republics, July 1997

Reproductive Health Strategy Assessment, June 1998

## **IV. APPENDICES**

### **Appendix A: Glossary of Acronyms**

ABA/CEELI - American Bar Association/ Central and East European Law Initiative  
ACDI/VOCA - Agricultural Cooperative Development International/Volunteers in Overseas Cooperative Assistance  
ACLC - Asian Crossroads Loan Company  
ADB - Asian Development Bank  
AIHA - American International Health Alliance  
ANESMI - Association for Independent Electronic Mass Media  
ARD/Checchi - Associates in Rural Development  
CAAEF - Central Asian-American Enterprise Fund  
CAR - Central Asian Region  
CDC - Centers for Disease Prevention & Control  
DHS - Demographic and Health Survey  
DOTS - Directly Observed Treatment Short Course  
EBRD - European Bank for Reconstruction & Development  
ENI - Bureau for Europe and the New Independent States  
EU- European Union  
FGP - Family Group Practice  
FSN - Foreign Service National  
FSVC - Financial Services Volunteer Corps  
FY- Fiscal Year  
GAR - General Abortion Rate  
GDP - Gross Domestic Product  
GOK - Government of Kazakhstan  
HIV/AIDS - Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome  
HOPE - Health Opportunity for People Everywhere  
IBTCI - International Business & Technical Consultants Inc.  
IBRD - International Bank for Reconstruction & Development (World Bank)  
ICMA - International City/County Management Association  
IESC - International Executive Service Corps  
IFAC - International Federation of Accountants  
IFES - International Foundation for Electoral Systems  
IMCC - International Management Communication Corporation  
IMF - International Monetary Fund  
ISAR - Initiative for Social Action and Renewal in Eurasia  
IAS - International Accounting Standards  
IUD - Intrauterine Device  
KASE - Kazakhstan Stock Exchange  
KDHS - Kazakhstan Demographic and Health Survey  
KPMG - Klinveld Peat Marwik Georgeler

KTB - Computer Software for Tuberculosis Surveillance developed by CDC for Kazakhstan  
LLR - Low Level Result  
MOH - Ministry of Health  
MOJ - Ministry of Justice  
MPP - Mission Performance Plan  
MSF - Medicine Sans Frontiers  
NDI - National Democratic Institute  
NGO - Non-governmental organization  
NIS - New Independent States  
NSC - National Security Commission  
NBRK - National Bank of the Republic of Kazakhstan  
OTC - Over-the-Counter  
OSCE - Organization for Security and Cooperation in Europe  
PCP - Primarily Care Practice  
R4 - Results, Review and Resource Request  
SKAL - Southern Kazakhstan Association of Lawyers  
SME - Small and Medium-sized Enterprise  
S.O. - Strategic Objective  
SRO - Self-Regulatory Organization  
TB - Tuberculosis  
UN - United Nations  
UNDP - United Nations Development Programme  
UNHCR - United Nations Commissioner for Refugees  
UNICEF - United Nations Children Fund  
EU/TACIS - European Union / Technical Assistance for Commonwealth of Independent States  
USAID - United States Agency for International Development  
USAID/CAR - USAID/Central Asian Region  
USIS - United States Information Service  
WHO - World Health Organization  
WTO - World Trade Organization