November 14, 2007

ENDORSEMENT MEMO FOR ACTING DIRECTOR OF U.S. FOREIGN ASSISTANCE HENRIETTA FORE

FROM: Marie L. Yovanovitch, U.S. Ambassador to the Kyrgyz Republic

SUBJECT: Fiscal Year 2008 Operational Plan [and Performance Report on Fiscal Year 2007] for the Kyrgyz Republic

Administrator Fore,

I am pleased to endorse the Phase I section of the FY '08 USAID Operational Plan for the Kyrgyz Republic (KR). The report accurately describes the progress achieved by several of USAID's assistance programs, as well as the areas where expectations fell short. The 2007 results show a continued pattern of progress and KR support for Economic Growth (EG) and Investing in People (IIP) programs; especially those that directly bring benefits to the Kyrgyz citizens. The report points out as well, the difficulties encountered in reaching meaningful reforms in several areas of the Governing Justly and Democratically (GJD) programs and in those areas of national policy where corruption and entrenched interests represent serious barriers. Political instability also remains a significant problem. As we look to future assistance programs, taking into account client circumstances, I am concerned about the balance of USAID funding for GJD programs at the expense of our economic and social sector initiatives.

In the area of GJD, despite recently taking some backward steps, the KR still remains ahead of neighboring countries and several countries of the Former Soviet Union. This is especially true in civil society, media freedoms and human rights; and I remain optimistic that the overall situation will improve over the long term due. However, the political situation in the KR remains problematic. As part of a new Constitution, adopted in a referendum that was deemed questionable by several observers, the Government changed the size and representational system of the parliament, and eliminated direct elections for local government heads. The new Constitution also reversed earlier changes that provided increased authorities for the parliament. The overall impact of these policy changes will likely limit political competition and further constrain the role of non-ruling political parties. The ongoing conflict over the authority of the President and the legislature has stalled meaningful enactment of several laws and policies, weakened institutions of government, and continues to be a significant barrier to the country's development. The frequent change of key Government counterparts makes it difficult to initiate reform programs and see them through to completion.

A positive development over the past year was the acceptance of the KR as a MCC Threshold country due to its progress in meeting selection criteria in several areas. The USAID-managed component of the Threshold Program focuses on the Judiciary and seeks to: strengthen personnel and internal management, improve the legal framework for handling commercial cases, and increase public access to, and management of, judicial information. Overall, the MCC program seeks to improve the rule of law, reduce opportunities for corruption and should help bring some balance to central government authorities.

USAID's GJD programs achieved the most success at the local level. An example is in the Decentralized Local Government Program, where we are helping more than 150 local authorities (30% of the total) more effectively manage local revenues which increased by 22% this year. By expanding its work from cities to the village level, USAID increased the impact of its assistance, helping to futher institutionalize good governance practices, such as public hearings so that citizens concerns have a stronger voice. Other examples include: 1) the Community Development Initiative where community leaders, through a consultative process, decide on and implement projects that are bringing a positive economic impact to the entire community; 2) the land reform project where citizens are allowed to bid on the lease price of government land using a transparent auction method; 3) assistance to the National Testing Center which, despite high level opposition, continued to administer the program of giving state scholarships to students based on merit; and 4) local residents and farmers who, as part of USAID-created Water User Associations, are able to participate in fair and open local elections for Directors of the Association from among themselves, free of influence from government officials or the most wealthy.

In the area of Economic Growth, there is good KR support for most USAID programs and progress was made over the past year in several areas. A national success in the area of economic policy included the creation and passage of the law "On Procedure for Conducting Inspections of Businesses", which outlines principles and procedures of conducting inspections of businesses by the controlling bodies of KR and where progress is to limit inspections. Clarifying who can inspect business and for what reasons is an important step in fighting corruption and improving the business climate. Likewise, USAID established and is assisting a High Level Working Group in the development of a new National Energy Law that includes provisions of sector regulation, tariff reform and other components that will bring about a more transparent and financially stable sector.

USAID's micro-credit programs also have a significant impact on rural and SME development. The National Bank supervision capacity continued to be strengthened with the assistance of USAID which contributed to an 83% growth in the KR banking sector loans. The loan portfolio of the USAID/EBRD micro-credit program, as of September 2007, amounted to $121m with 35,000 loans, compared to $54m with 26,000 loans the year before. Assistance provided to the Association of Microfinance Institutions of Kyrgyzstan (AMFI) has resulted in successful lobbying of important changes in the microfinance and leasing services legislation relating to licensing, taxes and registration. Improved quality of services has enabled the AMFI to increase its membership from 10 to 19 institutions. In FY07 the outstanding loan portfolio of AMFI's member institutions has grown from $41 million to $69 million.

Improving agriculture productivity and rural development is key to reducing poverty and unemployment and USAID has had successes in this sector. An example is the creation of the Kyrgyz Agribusiness Association, members of which have created 28 farm stores with a customer base of over 330,000. Ten new stores were formed in 2007 that now serve 22,000 additional farmers. Surveys of customers indicate increased yields and income from the use of quality products from these stores. Over the past year through a USAID-funded Development Credit Authority (DCA), a local micro-credit agency increased their agricultural group loans

under the guarantee coverage. As of September the total DCA loan portfolio reached $1m, representing over 1760 borrowers.

However, serious problems related to corruption, a thriving black market, and poor decision-making by KR officials hinder the broad economic growth needed to lift more people out of poverty, reduce unemployment (especially among youth) and allow for sustainable increases in the number and viability of small and medium businesses that operate free of government harassment. An example of a poor economic choice took place this past February when the government decided not to join the World Bank's Highly Indebted Poor Countries plan, which would have forgiven nearly half the country's foreign debt of $2 billion, due to a lack of will to implement conditionalities of more openness in government. Such actions embolden individuals, including those highly placed, who benefit from the lack of accountability and transparency in government.

In the area of health and education, USAID continues to enjoy a close and productive relationship with their KR counterparts. Our specialists again helped the KR to successfully prepare another application to the Global Fund to continue the fight against AIDS, TB and Malaria, resulting in a new $22.4m program. In education, 1400 teachers participated in an expanded training program and a new school finance mechanism was piloted which successfully demonstrated how savings can occur by budget authorizations being moved to the local level.

One of the problems that is affecting the development of the KR in many sectors is the loss of a great number of skilled, highly educated and otherwise capable people. These include medical, educational and technical professionals. They are drawn to work in other countries due to low salaries and limited opportunities at home. USAID needs to be aware of this issue and to address it in order to increase the impact of their programs.

Another aspect of the USAID program that I believe needs attention is the number of implementers and contracting instruments in the portfolio. This situation leads to too many dollars going to administrative costs and not enough to actual programming. Also, a clear agreement needs to be established with Washington, the USAID Regional Mission and the Embassy as to the priority areas for assistance programs. In looking at the draft 2008 budget, I am concerned that there appears to be a shift of funds from the Economic Growth and Investing in People sections, to the Governing Justly and Democratic programs. The importance of the GJD areas of assistance is clear and we need a robust program in this area, but our experience (as described above) shows that it is also clear that where we make the most progress and receive the most support from our KR counterparts, is in the EG and IIP programs. For the first time since USAID has been working in the Kyrgyz Republic, the planned allocation of funds for GJD exceeds those of EG. I fear that reductions in the economic growth areas could mean a less effective presence in the areas of energy and agricultural, two sectors that have a major impact on the KR economy and the well being of her citizens. I also fear that a substantial increase in GJD programs, in comparison to other project areas could, in fact, have a negative impact on the effectiveness of other USAID initiatives, and perhaps for the bilateral US/KR relationship. This is due to the fact that there is a perception among many Kyrgyz that USAID is focusing more and more on politics in the country, and less on programs that benefit people who need help the most.

I look forward to a dialogue with you on these and other USAID issues for the Kyrgyz Republic.

FY 2007 Performance Report Acronym List
Kyrgyzstan

Acronym	Definition
AMFI	Association of Microfinance Institutions of Kyrgyzstan
BEI	Business Environment Improvement
CAP	Certified Accounting Practitioner
CAR	Central Asian Republics
CDC	Centers for Disease Control
CIPA	Certified International Professional Accountant
DCA	Development Credit Authority
DOTS	Directly Observed Therapy Short-course
EBM	evidence-based medicine
EBRD	European Bank for Reconstruction and Development
FETP	Field Epidemiology Training Program
FY	Fiscal Year
GDA	Global Development Alliance
GDP	Gross Domestic Product
GOK	Government of Kyrgyzstan
ICNL	International Center for Not-for-Profit Law
JA	Junior Achievement
LBD	Live Birth Definition
LMIS	logistics management information system
LRMD	Land Reform and Market Development Project
m	Million
MCH	Maternal and Child Health
MDR	Multi-Drug Resistant
MDR-TB	multi-drug resistant TB
MFI	Microfinance institution
MOH	Ministry of Health
NBKR	National Bank of Kyrgyzstan
PHC	Primary Health Care
PSA	Public Service Announcement
REMAP	Regional Energy Market Assistance Program
SME	Small and Medium Enterprise
SWAp	sector-wide approach
TB	Tuberculosis
TI	Tax Inspectorate
UBPR	Uniform Bank Performance Report
US	United States
USAID/CAR	USAID - Central Asian Republics (Mission)
USG	United States Government
VAT	Value added tax
VHC	Village Health Committees
WTO	World Trade Organization
WUA	Water User Associations

Kyrgyz Republic 2007 Performance Report

Operating Unit Performance Summary

The performance of assistance programs for the Kyrgyz Republic (KR) in 2007 was mixed. In the area of economic growth, health and education, there was good Government support for USAID programs and progress was made on several fronts. An example is the passage of the law, "On Procedures for Conducting Inspections of Businesses", which clarified which government entities can undertake business inspections for what reasons. USAID also established a High Level Working Group in the Ministry of Energy and is helping in the development of a new National Energy Law. The National Bank supervision capacity was strengthened with the assistance of USAID and is a factor in 83% growth in banking sector loans. USAID micro-credit programs also grew with a portfolio of 35,000 loans valued at $121m. Assistance provided to the Association of Microfinance Institutions of KR has resulted in successful lobbying of microfinance and leasing services legislation.

It is in the area of governance and democracy where the KR has seen little progress, or has taken steps backward. As part of a new constitution, adopted in a referendum that was deemed questionable by several observers, the Government changed the size and representational system of the parliament, and eliminated direct elections for local government heads. The new Constitution also reversed earlier changes that provided increased authorities for the parliament. Successes have occurred mainly on the local level with community leaders in implementing economic development projects, managing budgets with input from the public, and in such areas as transparent auctions for public land leasing. The KR was selected as a MCC Threshold country with programs on strengthening the Judiciary, law enforcement and reducing opportunities for corruption.

Significant barriers to the KR's development continue to be political instability and corruption, which remains a major factor in the lives of most citizens. As a result, foreign investment remains low and approximately 40% of the population lives under the poverty line. Labor migration, which includes up to 20% of the population, increasingly includes teachers, doctors and other technical specialists. USAID's economic assistance programs will focus on reforms needed for improved regulation of the energy sector, a better business climate, trade liberalization and agriculture development.

All Mission activities are in compliance with 22 CFR 216 determinations.

Program Element Performance \ 1 Peace & Security \ 1.1 Counter-Terrorism \ 1.1.1 Deny Terrorist Sponsorship, Support and Sanctuary

Kyrgyzstan has more than 100 registered political parties (50 of which registered for the 2007 parliamentary elections), with new parties and coalitions being formed on a continual basis. The upcoming parliamentary elections in December 2007 have already promoted further change in political groupings since the parliament will move from a single-mandate district system to a proportional representation system. With the high threshold for receiving seats in parliament, there are concerns that this change will further limit political competition and multi-party representaiton in the parliament.

With low public awareness of all but the most significant parties and widespread apathy to political party

membership, the challenges newer political parties face to achieve recognition are considerable. A fall 2006 nationwide USAID poll showed that nearly half of the respondents could not name a single political party, and nearly 87% did not have any interest in joining a political party.

USAID provided training for all major parties that expressed an interest, on such topics as voter outreach, membership and volunteer recruitment, campaign planning, increasing women and youth participation, and internal and external communication. To assist parties in identifying issues of greatest public concern, USAID also supported the organization and publication of a national public opinion poll. Several parties have entered the results of the questionnaires into the party database to track supporters and undecided voters for follow-up contact. Based on skills they received through USAID programs, during their canvassing operations, some parties have been able to recruit new supporters and volunteers. Other parties also used door-to-door outreach to collect books for local libraries and orphanages.

Although building the technical skills of party leadership and members is valuable, the development of a culture that recognizes the role and value of political parties within the governing system is expected to take a considerable period of time.

Program Area Performance \ 1 Peace & Security \ 1.5 Transnational Crime

USAID's only work in this area was under the Trafficking in Persons Element. Over the past year, USAID directly assisted 194 trafficking victims, and provided information and advice to thousands of others. With a focus on preventing trafficking and helping victims reintegrate into society, USAID worked through a network of local organizations across the country that provided shelter, counseling, and advice. The network also managed hotlines that responded to thousands of calls with questions about the risks of trafficking, especially in terms of job opportunities outside of the country. This network of local organizations has continued to develop their managerial and technical skills, seeking funding from local authorities, the private sector and other donors to increase their financial sustainability. With USAID\'s work in this area phasing out in the next year, the NGO network is well-positioned to continue to provide needed services without USAID\'s direct financial support.

To improve regional cooperation on trafficking issues, USAID successfully advocated for the establishment of a working group on labor migration under the Inter-Parliamentary Assembly of the Eurasian Economic Community. Civil society representatives are part of this group. In addition, with co-funding from the British, USAID also supported the opening of a labor migration center that provides legal advice and vocational training. The center also matches job-seekers with legtimate employers, helping to reduce incidences of labor trafficking.

Program Element Performance \ 1 Peace & Security \ 1.5 Transnational Crime \ 1.5.3 Trafficking-in-Persons and Migrant Smuggling

Kyrgyzstan was continued to be a Tier 2 country on the State Department's Annual Trafficking Report since, although they did not fully comply with the minimum standards for the elimination of trafficking, they were making significant efforts to do so.

Over the past year, through a variety of programs, USAID assisted 194 trafficking victims in Kyrgyzstan. In addition, to provide protection for trafficking victims and increase awareness of the issue, USAID continued

to support seven hotlines and an NGO support network throughout Kyrgyzstan. The Government of Kyrgyzstan has provided a toll free three digit number for the hotline, which averaged 1,500 calls per quarter. In addition to running the hotlines, the network conducted a wide range of anti-trafficking activities, such as youth training, shelter support, and medical and social services.

New educational materials, including a book documenting the stories of trafficking victims, were also produced which provided general information about trafficking and ways to avoid becoming a victim. These activities have been successful in developing a high level of community awarenes; based on a nationwide survey conducted in fall 2006, 96% of respondents were aware of trafficking, compared to 88% in 2005.

The program has suffered from a few obstacles. For example, the space for one victims\' shelter which was provided on an in-kind basis by the local authorities is now subject to closure. In addition, the conservative nature of the southern part of the country prevents many victims from seeking shelter and support in that area.

Program Area Performance \ 2 Governing Justly & Democratically \ 2.1 Rule of Law and Human Rights

Progress in this area, as in the other Governing Justly and Democratically Areas, was minimal due to the Government\'s focus on managing the evolving political situation.

However, with the potential for a nearly $16m Millennium Challenge Corporation rule of law threshold program combined with continued governmental commitment to the institutional changes required for greater judicial independence, the situation could significantly improve in the next year. In a positive development, the new constitution adopted via referendum in October 2007 included provisions that provided for greater judicial autonomy for budget development and management as well as internal administrative support.

Over the last year, USAID programs helped increase public awareness of rule of law and human rights issues through advocacy campaigns, discussions of draft legislation and televised public service announcements. While USAID engaged in a wider range of policy issues than originally expected, the actual results of the advocacy campaigns were limited.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.1 Rule of Law and Human Rights \ 2.1.3 Justice System

Because of a potential Millennium Challenge Corporation Threshold Program which would address the most critical rule of law issues with the judiciary, procuracy and law enforcement, USAID did not fund any programs under this element in FY 2007.

At the end of the fiscal year, USAID began a new program that would increase access to legal information by religious communities.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.1 Rule of Law and Human Rights \ 2.1.4 Human Rights

Although overall policy and legislative reforms to improve the protection of human rights were not enacted during the last year, through a national network of human rights defenders, USAID supported the effective implementation of existing legislation in individual cases. For example, for the first time, a criminal court case pursuant to a 2003 law that criminalized torture was brought against two militiamen in Naryn. In two other examples, advocacy by local organizations resulted in the protection of a human rights activist who was attacked for monitoring a court case on torture, and the release of another imprisoned for attempting to report on an open meeting.

USAID supported information campaigns on human rights related issues, which included five Public Service Announcements (PSAs), two 20-minute analytical programs, and distribution of 8,000 brochures and posters on human rights issues, which accompany the PSAs. These campaigns covered a range of issues that are also pertinent to on-going reform efforts in the country, including: the right to obtain and hold dual citizenship, the right to a jury trial, gender equality and equality before the law, and the transfer of the power to issue arrest warrants from the prosecutor's office to the judiciary.

Kyrgyz human rights organizations also established contact with their counterparts in other Central Asian countries, increasing information exchange and further developing skills for monitoring and reporting on human rights abuses.

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.1 Rule of Law and Human Rights \ 2.1.3 Justice System

USAID did not provide any training of justice sector personnel in FY 2007. This indicator will be replaced by a more appropriate one in the next reporting cycle to better capture the results of USAID\'s work in this area. USAID\'s programs in this area focus on providing information on legal rights and responsibilities to religious communities.

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.1 Rule of Law and Human Rights \ 2.1.4 Human Rights

USAID supported eight public advocacy campaigns on human rights in FY 2007, exceeding expectations. These campaigns covered such issues as decriminalizing libel, access to information, public assemblies, combating torture including through the ratification of the Optional Protocol to the Convention against Torture, access to justice, abolition of the death penalty, bride kidnapping and access to temporary detention facilities.

Program Area Performance \ 2 Governing Justly & Democratically \ 2.2 Good Governance

With a focus on the parliament and local governments, USAID programs worked to strengthen the capacity of directly elected governing bodies to meet the needs of their constituents.

USAID programs achieved the most success at the local level, helping more than 160 local authorities (all 25 Kyrgyz cities and 30% of all village governments) better respond to their communities through effective management of an increased level of resources, improved public information and citizen participation, more

transparent municipal property management, and implementation of local economic development plans. In coordination with other donors and with the Ministry of Finance, USAID training and technical assistance supported implementation of fiscal decentralization policies and further refinement of local government authorities. Under the new two-level budget system, locally-generated revenues have increased by 22%. In addition, assistance for improved municipal land management resulted in an average fivefold increase in revenues from the more transparent use of municipal property. By expanding its work to reach an even greater number of villages, USAID increased the impact of its assistance, helping to futher institutionalize good governance practices, such as public hearings and other citizen outreach mechanisms.

Although USAID conducted a number of assessments of the parliament and provided initial assistance to strengthen the quality of in-house research, the dissolution of the parliament and calling of snap elections for December 2007 limited the overall impact of work in this area.

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.2 Good Governance \ 2.2.1 Legislative Function and Processes

The data provided is not disaggregated by gender.

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.2 Good Governance \ 2.2.3 Local Government and Decentralization

USAID work in this area exceeded expectations, reaching 160 sub-national government entities. This included assistance to all 25 cities, 42 villages in the south of the country and an additional 93 villages in other regions. Assistance focused on asset management, strategic planning, local economic development, citizen participation mechanisms and budget development. The specific assistance varied based on the needs of each entity.

Program Area Performance \ 2 Governing Justly & Democratically \ 2.3 Political Competition and Consensus-Building

After intensive engagement on the provisions of a new electoral code, involving weekly meetings of a working group made up of civil society experts and political party representatives, the Government adopted a new electoral code at the end of the year without public participation or debate. As part of a new constitution adopted in a referendum in October 2007, the Government also changed the size and representational system of the parliament, and eliminated direct elections for local government heads. The new constitution also reversed earlier changes that provided increased authorities for the parliament. Although it is too early to assess the overall impact of these significant policy changes, they may limit overall political competition and further constrain the role of non-ruling political parties.

While USAID continued to support improvements in election administration procedures and worked to develop the skills of political parties, progress in this area was limited by the overall policy changes introduced by the Government at the end of the fiscal year.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.3 Political Competition and Consensus-Building \ 2.3.2 Elections and Political Processes

Because of changes in leadership of the Central Election Commission, ongoing political crises, and the sudden adoption of a new Electoral Code at the end of the year without the opportunity for public comment, USAID support for strengthening election administration procedures and improving political processes only had a limited impact.

While USAID continued to offer expertise and analyses to an electoral reform working group made up of NGOs and political party members that met frequently throughout the year, the Government announced a new Electoral Code in September 2007 that was not based on this consultative process. The new Electoral Code changed the number of votes a political party has to receive to receive a parliamentary seat, increasing the threshold to among the highest in the world.

USAID engaged the Central Elections Commission in developing a permanent training center for staff, but plans in this area did not proceed when the head of the Commission was changed. During the year, USAID officially transferred title for all election-related commodities (ink, ultra-violet lamps, etc.) and manuals for use to the Commission, with the understanding that the Commission would be directly responsible for acquiring such commodities for future elections.

To increase access to information about election rules and procedures, USAID supported the establishment of an election resource center in Osh, in the south of the country. In addition, USAID supported the establishment of a new domestic election monitoring network, which was active in reporting on parliamentary by-elections and the October 2007 constitutional referendum.

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.3 Political Competition and Consensus-Building \ 2.3.3 Political Parties

The data provided is not disaggregated by gender

Program Area Performance \ 2 Governing Justly & Democratically \ 2.4 Civil Society

With the most open environment for civil society and media operation in the region, the main limitation in achieving greater progress over the last year was the complex political situation.

Building on a strong base of local media outlets and civil society organizations, USAID programs were instrumental in increasing access to information on the evolving constitutional process and other key national-level reforms that were considered. Through a combination of work at the national level and grassroots efforts, programs reached an ever-increasing percent of the population, contributing to greater awareness of the most important political reforms. These included public service announcements on changes in the justice system, talk shows on constitutional reform issues, local focus groups and roundtables, and the distribution of printed materials.

Civil society actors were actively engaged with the Government on a range of issues, contributing to important policy changes to restructure the national television broadcaster and reducing NGO vulnerability to unwarranted audits. Based on advocacy carried out under the program, the president vetoed two laws passed by the parliament on judicial self-governance and freedom of assembly that would not have fully addressed the issues in these areas. These laws were being redrafted at the end of the fiscal year.

The introduction in September 2007 of a new constitution and electoral code without the opportunity for

debate was a discouraging sign for overall civic participation.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.4 Civil Society \ 2.4.1 Civic Participation

With two different constitutions adopted during the year and a third version introduced (or more correctly, re-introduced) by the President in September 2007 when the Constitutional Court ruled that the latest constitution was not adopted through legal means, USAID supported activities to increase public awareness of the constitution and promote civic involvement as related national-level governance reforms were considered.

Among others, the reform issues that were covered by USAID program activities included changes in the electoral code, the local government law, the criminal procedures code, a set of laws on the operation of the judidiciary, a law on freedom of assembly, and legislation which affected NGO operations. Although the final results varied in each case, USAID programs were instrumental in increasing public awareness of and greater non-governmental involvement in the review of draft legislation and the policy process. For example, USAID helped to establish four working groups made up of civil society and government stakeholders on the development of legislation to comply with the new constitution and international standards.

While only 3% of all draft legislation (equivalent to seven laws) considered by the Parliament in FY 2007 included a public hearing, USAID used other mechanisms to increase civic participation and public debate. Through weekly television shows, public service announcements, brochures, round-tables and other events, USAID activities reached an ever-increasing percentage of the population. This included more than 40 talk shows on constitutional reforms, reaching more than one million viewers. USAID also taught civics lessons within secondary schools and advanced religious education facilities, reaching 2,250 students in secular schools, and 218 madrassa students.

In the area of NGO development, USAID partners provided technical input for a new law which is expected to curtail abusive audits and inspections of NGO activity. Through an electronic network of more than 300 NGOs, USAID distributed materials on topics including creation, operation and dissolution of NGOs in the Kyrgyz Republic; the texts of draft laws, analyses and comparative information on laws in other countries and ICNL comments and recommendations. To further assist organizations in complying with local requirements, USAID established a database of 35 lawyers, and directly provided more than 47 consultations.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.4 Civil Society \ 2.4.2 Media Freedom and Freedom of Information

While political events in the country limited expected progress on media freedom issues, there were significant breakthroughs in a number of other key areas. These included passage of a law on public broadcasting to transform the main governmental television station into a publicly held organization, developing new guidelines for privatization of state newspapers, and the formation of a working group to develop a draft law on the allocation of TV and radio frequencies.

The creation of a public broadcaster had been one of the main promises of the Bakiev government, and was

raised consistently by the opposition during demonstrations in fall 2006 and spring 2007. The passage of the law on public broadcasting is the first step in this process. To help state newspapers privatize in accordance with new regulations, USAID conducted due diligence audits
at more than ten newspapers and then provided support to draft legal documents and contracts. Another significant policy issue was the decriminalization of libel. Although it appeared that this was going to be part of a package of criminal code reforms adopted by the parliament and promoted by extensive local advocacy campaigns, this ended up not being the case. To provide further support on this issue, USAID trained regional judges on issues related to libel and defamation.

Through a range of residencies, technical training programs, and intensive consultations, journalists who were assisted through USAID programs increased both the quality and volume of their reporting. Because most citizens receive information through television, USAID particularly emphasized assistance for local broadcasters. With the launch of a satellite broadcasting capacity in March 2007 covering all of Central Asia, USAID helped increase access to informational programming from the region and other sources. Because approximately half of the content is produced by partner televions stations Central Asia, the satellite program provided both an impetus for improving local journalistic skills as well as a more effective means for distributing programming. Eight local stations are rebroadcasting programming from the satellite, reaching a total of 1.4m people. An estimated 185,000 additional households own satellite dishes which can directly receive the signal. In the next year, USAID will focus more intensively on documenting the impact and reach of this programming.

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.4 Civil Society \ 2.4.1 Civic Participation

The grants phase of the project hasn\'t started yet.

Program Area Performance \ 3 Investing in People \ 3.1 Health

The Government of Kyrgyzstan and international donors demonstrated a firm commitment to health reforms piloted by USAID through the implementation of a National Health Reform Program, “Taalimi Manas” using a sector-wide approach (SWAp). Under this approach, the Government has increased health expenditures and worked with donors on using the funds effectively. USAID provides technical support to the Program and has been vital to donor coordination and the organization of biannual health summits needed for a broad health policy dialogue.

USAID provided expert advice and training to almost 1,500 people on health topics. HIV prevention and family planning counseling were integrated into antenatal training, which also included sessions on universal precautions to prevent infection. USAID increased prospects for long-term impact by institutionalizing improvements that expand services and promote health. USAID supported the incorporation of family planning into national family medicine curricula, and assisted in integrating DOTS (Directly observed treatment, short course) into continuing medical education. The Ministry of Health demonstrated commitment to USAID maternal and child health programs by integrating them into family medicine continuing education. USAID also developed clinical guidelines and a pilot project on arterial hypertension and improved birthing practices, both of which showed impressive results.

USAID provided expert advice to the National TB Center in preparing its successful application to the Global Drug Facility for TB drugs. With USAID assistance, the Government applications to the Global

Fund to fight AIDS, TB, and Malaria were approved for the TB component for $10m in Round 6, and HIV work for $28m in Round 7.

While the Ministry has demonstrated commitment to improving reproductive health, an adequate budget for procuring contraceptives was not included in the health budget, and the Kyrgyz Government has stated clearly that it does not have financial resources to guarantee contraceptive security. The Osh region had a pediatric HIV outbreak, resulting in 45 cases to date. USAID supported an investigation, which reported unsafe practices and excessive use of blood transfusion as likely causes. Although the Government has shown commitment to fight HIV/AIDS, all funding for HIV programs is still donor-dependent.

Program Element Performance \ 3 Investing in People \ 3.1 Health \ 3.1.1 HIV/AIDS

The Ministry of Health (MOH) recently reorganized coordination mechanisms required by Global Fund to fight AIDS, TB and Malaria funding. Some of these measures will increase multisectoral support by involving the Prime Minister's office in coordination. Other ministries involved in policy development include the Ministry of Justice, which is helping address problems of HIV/TB co-infection. Although the government has demonstrated a commitment to fight HIV/AIDS, it should be noted that all funding for HIV/AIDS programs is donor-dependent.

The Osh region experienced a pediatric HIV/AIDS outbreak, resulting in 45 confirmed cases to date. USAID supported an outbreak investigation, which reported unsafe medical practices and excessive use of blood transfusion as likely causes of the outbreak; the preliminary report estimates that this outbreak could be comprised of at least 100 cases.

In concert with the World Bank, USAID funded a national HIV/AIDS sentinel surveillance conference. USAID trained 75 MOH staff as trainers in sentinel surveillance and 18 lab specialists from all regional AIDS centers in laboratory quality control. USAID assisted with national proficiency testing for HIV/AIDS laboratories: 70 to 100% of laboratories in the country passed the test and received an internationally-recognized certification.

More than 45,000 at-risk youth were reached through education and training on HIV/AIDS and drug use prevention. Almost 500 peer educators and outreach workers were trained to conduct educational activities for at-risk youth. More than 2,600 sex workers, including those who use drugs, participated in drug demand reduction activities, and 25 people were trained as trainers in sex worker outreach. Almost 30 medical and non-medical staff were trained as trainers in the penal system, and 380 prisoners were educated on drug demand reduction and health promotion.

In close collaboration with other international and national organizations, a concert and award ceremony were organized to recognize World AIDS Day.

HIV/AIDS prevention was integrated into training on effective perinatal care in 15 maternities and PHC facilities. The training also included universal precautions to prevent infections and use of new interventions to reduce post-partum hemorrhage and the subsequent need for blood products.

USAID's primary HIV/AIDS partner was evaluated this year. Recommendations emphasized management issues that the partner is addressing.

Program Element Performance \ 3 Investing in People \ 3.1 Health \ 3.1.2 Tuberculosis

Tuberculosis (TB) remains a major public health challenge, with high TB case notification and multi-drug resistant TB (MDR-TB) case rates. USAID assisted the government to draft a TB referral regulation linking primary health-care (PHC) and penitentiary systems. USAID's pilot logistics management information system (LMIS) project in the Talas region was successfully completed, and a draft regulation on the national implementation of the LMIS is awaiting approval. USAID supported the Ministry of Health (MOH) in piloting a project in the Chiu region to integrate the Directly Observed Treatment Short-course program (DOTS) into PHC and to improve coordination between district TB and PHC services.

USAID provided assistance in integrating DOTS into medical education to build the country's capacity to control TB; continuous medical education modules for PHC doctors and nurses were updated to incorporate interpersonal communication skills training. USAID developed training materials on drug-sensitivity testing and trained 91 lab specialists in diagnostics. USAID is implementing a pilot laboratory quality assurance program in the Chui region.

The USAID-supported TB electronic surveillance and case management system (TB-ESCM) was implemented nationwide with minimal support from USAID, and 13 specialists were trained to use the software. TB-ESCM is an essential component of the national TB control program that provides decision-makers with key information to create and implement policy.

A small grants program helped to engage communities and civil society in TB control, resulting in: 10 workshops targeting railway staff and education institutions; the development of informational materials; and four performances on TB, attended by 10,000 schoolchildren, their parents and teachers. USAID helped the MOH develop its national TB behavior-change strategy.

USAID provided assistance to the National TB Center in preparing its application to the Global Drug Facility for pediatric TB drugs and its application (which was approved) for funding from the Global Fund to fight AIDS, TB, and Malaria.

USAID evaluated its primary TB partner this year. Recommendations included: transferring a more prominent programming role to governments and maximizing coordination with other donors and partners. The partner has responded by training MOH staff to strategically plan and manage its TB program and working with donors and partners to harmonize programs.

Program Element Performance \ 3 Investing in People \ 3.1 Health \ 3.1.5 Other Public Health Threats

The Government of Kyrgyzstan and international donors demonstrated their firm commitment to health reforms piloted by USAID through the implementation of the national Manas Taalimi plan, a sector-wide approach and funding mechanism. These reforms are recognized as international best practices. USAID supports all components of Manas Taalimi implementation and has been vital to donor coordination and the organization of biannual health summits that drive broad health policy dialogue. USAID contributed to solidifying a national pooling and budget formation process, with a goal of improving equity in access to health for all Kyrgyz citizens, and refined provider payment and health information systems. Household surveys demonstrated this year that out-of-pocket payments for health services did not change in USAID pilot sites, while they increased in non-pilots. Reductions in out-of-pocket payments were shown to benefit the poor and vulnerable. Sixty-seven percent of the population of Kyrgyzstan benefited from USAID

financing reforms, exceeding the target.

This year 794 Kyrgyz primary health care doctors, 857 nurses, and 361 medical assistants completed continuing medical education courses sponsored by USAID. USAID promoted evidence-based medicine (EBM) and the development of new clinical practice guidelines through the EBM Unit and professional associations. A priority was arterial hypertension service delivery improvement; a composite measure of screening for hypertension, provider diagnostic practices, patient education, and blood pressure under control increased from 51% in 2006 to 80% in 2007.

In collaboration with the Ministry of Health, local governments and communities, and other donors, USAID helped form community-based health organizations called Village Health Committees (VHCs), enabling communities throughout Kyrgyzstan to increase control over the determinants of their health. USAID supported the development of 275 VHCs in Issyk-Kul and Jalalabat Oblasts.

The Field Epidemiology Training Program (FETP) trained 3 epidemiologists, and supported program graduates to investigate five outbreaks of infectious diseases, including two outbreaks of anthrax and one of HIV/AIDs among children in Osh. The Ministry has implemented the recommendations of the FETP resulting from the Osh investigation and has expressed interest in learning the FETP's investigation methodology used for future use.

Program Element Performance \ 3 Investing in People \ 3.1 Health \ 3.1.6 Maternal and Child Health

USAID funded a rapid expansion of safe motherhood activities, which included training 1,086 people in maternal/newborn health in six of the seven oblasts (regions) in Kyrgyzstan. Safe motherhood interventions resulted in an increase in the percentage of normal deliveries; a reduction in newborn hypothermia; increased use of techniques to reduce post-partum hemorrhage (called "active management of the 3rd stage of labor"); and improved newborn Apgar scores. USAID developed and distributed to clinics simplified intake forms for registration of children under 2 months of age to help health professionals follow Integrated Management of Childhood Illnesses protocols. With USAID support, 37 health professionals from Osh were trained to use the BABIES matrix, a CDC tool that helps program managers assess risk factors and make informed decisions on the use of basic interventions to reduce infant deaths. The Ministry of Health (MOH) demonstrated commitment to these interventions by integrating maternal and child health (MCH) programs into family medicine continuing medical education.

USAID supported the development of new clinical practice guidelines on asthma, but evidence-based clinical practices are not being endorsed more broadly. While USAID-supported pilots have shown some success in integrating delivery of MCH services within and across levels of care, "stove-piping" or disease-specific approaches to public health problems are still the norm.

In collaboration with the MOH, local communities, and other donors, USAID helped form 275 community-based health organizations called Village Health Committees to promote health and health-seeking behaviors in rural communities.

Program Element Performance \ 3 Investing in People \ 3.1 Health \ 3.1.7 Family Planning and Reproductive Health

USAID continued to make strides in increasing access to quality family planning services for Kyrgyz

women. Through the health reform program, USAID introduced and strengthened post-partum and post-abortion family planning services in fifteen maternity wards and corresponding primary health care practices in the city of Bishkek City and in Issyk-kul, Naryn, and Jalalabat oblasts (regions).

Health education and community outreach on family planning and safe motherhood was conducted in the same locations, linked to the service delivery activities. Access to family planning information and services through midwives and outreach workers was expanded in seven rural rayons (districts) where gynecological care from a physician is not available. Family planning was also incorporated into the Kyrgyz national family medicine curriculum.

Contraceptive commodities were donated through collaboration with UNFPA to support the national family planning program. USAID distributed 1,446,000 condoms donated to Batken oblast and provided supervision in family planning to 110 health care workers.

By more than tripling the target for the number of service delivery sites providing family planning counseling or services (an operational plan indicator), USAID was able to increase acceptance for family planning and improve access to family planning services and supplies.

The Ministry of Health has demonstrated commitment to improving reproductive health by institutionalizing family planning initiatives into the scope of work for its primary health care reform plan. However, an adequate budget for procuring contraceptives has not been included in the health budget, and the Kyrgyz government has stated clearly that it does not have financial resources to guarantee contraceptive security.

Element Indicator Narrative \ 3 Investing in People \ 3.1 Health \ 3.1.1 HIV/AIDS

In “number of people covered by USG-supported health financing arrangements,” the term “covered” refers to those benefiting from the primary health care, hospital, and public health financing systems. USAID overshot its target during FY 2007 because the target was set too low. The FY 2008 targets have been changed to reflect the increased activity of implementing partners against this indicator. In \"number of individuals trained in the provision of laboratory-related activities,\" the FY 2008 target has been changed to reflect what is in the implementing partners\' work plan, and to avoid double counting of individuals trained (i.e. twelve people will receive more than one laboratory-related training.)

Element Indicator Narrative \ 3 Investing in People \ 3.1 Health \ 3.1.5 Other Public Health Threats

In “number of people covered by USG-supported health financing arrangements,” the term “covered” refers to those benefiting from the primary health care, hospital, and public health financing systems.

In \"number of people trained in research with USG assistance,\" USAID\'s implementing partner had counted all students (3) in its Applied Epidemiology Training Program, whether they were in their first or second year of the two-year program. The FY 2008 target, therefore, was changed to reflect that a total of four students should undergo training during FY 2008.

Element Indicator Narrative \ 3 Investing in People \ 3.1 Health \ 3.1.6 Maternal and Child Health

When the FY 2007 target was set for “number of people trained in maternal/newborn health through USG-supported programs,” USAID did not include anticipated results for implementing partners that would not

be receiving FY 2007 funds; this explains why it seems that USAID overachieved against its target in this indicator. The FY 2008 target was changed because the original target (937) would have double-counted individuals receiving training.

Element Indicator Narrative \ 3 Investing in People \ 3.1 Health \ 3.1.7 Family Planning and Reproductive Health

When the FY 2007 target was set for “number of USG-assisted service delivery points providing Family Planning counseling or services,” USAID did not include anticipated results for implementing partners that would not be receiving FY 2007 funds; this explains why it seems that USAID overachieved against its target in this indicator. The FY 2008 target was changed to best reflect how many service delivery points are being covered by the implementing partner working on this activity; that same implementing partner was supporting 500 service delivery points during FY 2007 with USG funds. The implementing partner covering the remaining 102 service delivery points during FY 2007 has ceased activities.

Program Area Performance \ 3 Investing in People \ 3.2 Education

USAID works under only one element in the education area: basic education. Activities focus on expanding access to quality primary and secondary education by improving teacher training, mobilizing communities to support their schools, and making school funding mechanisms more efficient and equitable. Main achievements this year included expansion of teacher training efforts to 13 new schools to respond to demand among schools and education officials and capacity building for the Kyrgyz Academy of Education and two regional in-service training institutes to support the introduction of learner-centered, interactive methods in ongoing training programs. USAID developed a management manual for school directors and accountants to guide them in carrying out their jobs under the conditions of the pilot. Support also continued this year for the National Scholarship exam, an anti-corruption measure designed to improve access for rural students to higher education.

Challenges remain in the area of Government of Kyrgyz Republic capacity which has implications at all levels. Frequent staff turnover of teachers and central Ministry of Education staff has resulted in the need to provide additional training to new staff as well as significant time investments to educate new staff about project goals and activities. Political unease in the country has also resulted in difficulty in engaging the government in policy dialogue, which has had a negative impact on progress with the education finance pilot.

Program area achievements in teacher training, community mobilization, and education finance reform contribute to moving Kyrgyz Republic from the \"developing\" to \"transforming\" categories within the strategic framework. USAID assistance in education focuses on capacity building for actors involved in the delivery of primary and secondary education ranging from teacher training to training for central government officials. While primary and secondary education are guaranteed by the State, there are both economic and education quality arguments for enhancing the role of non-governmental players in education. USAID has worked to establish appropriate roles for public and private sector actors including inviting parents and grandparents to volunteer in their children\'s classrooms, developing community education committees in program schools, and developing publications to support communities and schools interested in building school/community relations.

Program Element Performance \ 3 Investing in People \ 3.2 Education \ 3.2.1 Basic Education

USAID showed progress this year against its goals of improving access to quality education through professional development of teachers, improved community support for schools, and support for the introduction of a new school finance model designed to increase efficiency and equity in the use of available education funds. Host country commitment remained good; however, the uncertain political situation in the country has made policy dialogue difficult, impacting progress of the education finance pilot.

The program trained 1,399 teachers in learner-centered, interactive teaching methods, exceeding its target by 79 teachers. Excess students and teachers resulted from 13 new schools joining the program at the request of local education officials and schools. Progress on the teacher training quality index, which measures how effectively teachers use the training they have received in the classroom, continued to improve steadily. The index includes the following factors: planning quality and assessment, teaching strategies, individualization, learning environment, and parent participation.

USAID trained instructors based at the Kyrgyz Academy of Education and regional affiliates to prepare them to deliver primary and secondary teacher training modules, and provided training in instructional design to help teacher training providers to develop new teacher training courses.

USAID supported training for textbook authors on how to create better textbooks which resulted in the publication with the Ministry of Education of guidelines for evaluating textbook quality. Gender sensitivity is included among the criteria for consideration in rating textbooks.

Earlier work in the area of school-community mobilization was summed up in two project publications: Practical Guidelines for Schools and Communities Interested in Engaging their Communities in Improving their Schools, and Regional Policy Guidelines, which outline needed policy changes to better support community mobilization.

USAID continued support for a per capita school finance pilot in Tokmok city. In addition to supporting ongoing policy dialogue and monitoring of the pilot areas, USAID developed a management manual for school directors and accountants.

Support for the National Scholarship Test continued with more than 34,000 students competing for 5,700 State-funded scholarships. The test continues to provide results that show it is an effective anti-corruption measure.

Element Indicator Narrative \ 3 Investing in People \ 3.2 Education \ 3.2.1 Basic Education

USAID’s Basic Education program included support under the Participation, Education and Knowledge Strengthening program for education/systems/policy reform through the pilot introduction of a new school finance mechanism designed to improve equity and efficiency in the use of existing education resources. Under the program, introduction of a per capita funding formula is accompanied by granting greater authority to school directors to manage their funding, incentives for economizing, and capacity building for school directors and accountants. While the pilot has already demonstrated that schools can achieve savings under pilot conditions and that the pilot can facilitate rationalization of the network of school facilities, further policy dialogue is required to move the Government of Kyrgyz Republic toward expansion of the pilot. Note: It is premature to set targets for 2008 at this time since USAID has just begun a new program and is in the process of developing a workplan and targets.

Program Area Performance \ 4 Economic Growth \ 4.1 Macroeconomic Foundation for Growth

Macroeconomic performance in 2007 showed positive signs, with full-year GDP growth expected to exceed 4.5%, marking a second year of continued expansion. Nevertheless, growth remains fragile and sensitive -- both to domestic political uncertainty and structural changes at the national and local levels as well as to external instabilities such as increases in world grain and energy prices. The continued impact of national-level political uncertainties, which culminated with the October 2007 referendum on constitutional changes, once again limited the Government's ability to concentrate on a coherent economic reform agenda. USAID activities continued to seeks opportunities to encourage sound economic policies and to strengthen institutional capacity to promote broad-based growth. Work to foster more transparent budget development, taxation, and government accountability focused on sustainability of fiscal reforms in budgeting and tax policy through capacity building within the public sector and support to help implement the new two-tier decentralization of local government finance. Assistance also strengthened technical capacity to implement the new budget preparation system and to improve budget data integrity, analysis, reporting and clarity of budget execution.

Achievements in FY2007 included strengthening the use of program-based budgeting and support to implement the unexpected introduction of a two-tier budget system which has positively devolved greater responsibility and flexibility to local government. Continued support on development of the new Tax Code was stymied by the lack of political consensus on which set of amendments to adopt, but work continued with staff in both Government and Parliament to strengthen their capacity in develop fiscal impact analysis and recommendations for the alternative drafts. Work to strengthen the capacity of tax administration supported the development of required regulations and instructions to increase automated return processing and audit, thus enhanicing efficiency and reducing the scope for abitrary administrative behavior. Assistance to strengthen the analytical capacity of Parliamentary staff was conducted through analyses of the proposed 2008 budget (including independent revenue projections), the ill-fated Heavily Indebted Poor Countries initiative, and the medium-term budget framework.

Program Element Performance \ 4 Economic Growth \ 4.1 Macroeconomic Foundation for Growth \ 4.1.1 Fiscal policy

Activities related to fiscal policy in FY2007 were implemented to: promote the use of program-based budgeting; prepare for and assist in implementing the new two-tier budget system which has devolved greater responsibility and flexibility to local government; support continued work on a new Tax Code and strengthen capacity in tax administration; and improve economic policy to foster more transparent budget development, taxation and government accountability. Key accomplishments included working with relevant staff in both Government and Parliament to strengthen their capacity in developing fiscal impact analysis and recommendations to alternative drafts of the New Tax Code as they were developed, as well as conducting public education on the needed tax code changes. Implementation of the planned tax administration pilot was delayed, as was its larger-scale roll-out planned using other donor financing.

Work at the Ministry of Finance strengthened their human and institutional capacity to use effectively the new budget preparation information system at all stages of the budget process. This also included training for 800 expert staff from the central Ministry and its territorial departments and from local governments on using the budget preparation information system for planning local revenues and expenditure, planning inter-budgetary transfers and budget execution. Work with the Ministry also significantly improved systems

and staff skills to collect and maintain the data needed for analysis and policy formulation. Work with the State Tax Inspectorate continued to support them in developing required regulations and instructions to expand capacity for efficient automated return processing and audit. Continued support to strengthen analytical capacity of Parliamentary staff was carried out through a series of analyses, including of: the Government's proposed 2008 budget and development of independent revenue projections; the Heavily Indebted Poor Countries initiative and its implications; for Kyrgyzstan; analysis and recommendations on the Medium-Term Budget Framework; and analysis of 2006 Budget execution.

Element Indicator Narrative \ 4 Economic Growth \ 4.1 Macroeconomic Foundation for Growth \ 4.1.1 Fiscal policy

The number of opportunities for productive analytical work with the key Government counterparts, used as training, was greater than expected.

Program Area Performance \ 4 Economic Growth \ 4.2 Trade and Investment

Trade and investment are vital to maintain economic growth in Kyrgyzstan, which is located between two fast-growing neighbors China and Kazakhstan and is the only current Central Asian member of the World Trade Organization (WTO). While foreign trade and investment continue to grow, Kyrgyzstan placed 176th out of 178 countries ranked in the 2006 Doing Business rating of the category on "Trading Across Borders", and fell to 177th place in 2007. This activity only began to work in August, so its ability to help improve the situation was very limited in FY 2007, but the basic objectives are to: promote public and private sector efforts to participate effectively in international trade and investment agreements and institutions; implement international agreements; and take full advantage of changing trade and investment conditions to generate economic growth and increase investment. The priority focus of trade liberalization support is to help Kyrgyzstan increased its compliance with the country's WTO commitments, while priority trade facilitation activities will work to reduce barriers to trade, transport, transit, custom clearance and border crossing through mechanisms that promote international standards.

Despite working in this area for less than two months in FY 07, and the fact that planning tasks needed to ensure effective long-term commitment of key counterparts, several priority achievements were realized, including: reviewing at the request of the Minister of Economic Development and Trade prior efforts to develop a trade strategy for Kyrgyzstan and providing recommendations for further development; conducting a WTO compliance review of the resolution on approving establishing rent fees for foreign users of urban and non-agricultural land; preparing a status review on the introduction of the customs risk management scheme for the Investment Council under the President; compiling a roadmap of outstanding WTO compliance issues from recently-completed Kyrgyz Trade Policy Review Report by the WTO Secretariat; and initiating collaboration on trade facilitation issues, including single window and simplification of procedures.

Program Element Performance \ 4 Economic Growth \ 4.2 Trade and Investment \ 4.2.1 Trade and Investment Enabling Environment

The new four-year regional activity related to this element, designed to help Kyrgyzstan strengthen it's competitiveness by improving conditions for cross-border trade and transit and ensure increased compliance with its World Trade Organization (WTO) commitments, began work only in August 2007. Priority areas are Trade Liberalization focusing on trade policy and WTO compliance, and Trade Facilitation focusing on

reducing barriers to trade, transport, transit, custom clearance and border crossing with mechanisms consistent with international standards. US Government support provides both the Government of Kyrgyzstan and the private sector with enhanced ability and opportunities to pursue and capitalize on the advantages of expanded regional and global economic integration, enhancing competitiveness and increasing investment.

Despite working for only under two months in FY 2007 and focusing initially on key work planning tasks to ensure effective long-term commitment of key counterparts, several priority accomplishments were achieved. These included: Conducting a review, at the request of the Minister of Economic Development and Trade, of previous efforts to develop a trade strategy for Kyrgyzstan and providing recommendations for further development; At request by the WTO Department of the Ministry of Economic Development and Trade, conducting a review of WTO compliance of the Government Resolution "On approving coefficient for establishing rent fees for foreign users of urban and non-agricultural land" of April 12, 2006, and advising on the issues of treatment of investments under GATS and of non-WTO members raised by the National Bank of Kyrgyzstan; Preparing a status review on introduction of the customs risk management scheme in Kyrgyzstan for the Secretariat of the Investment Council under the President; Compiling a summary roadmap of all outstanding WTO compliance issues from recently-completed Kyrgyz Trade Policy Review Report by WTO Secretariat, with explanation of relevant issues and proposed measures; Initiating collaboration on trade facilitation issues, including single window and simplification of procedures.

Element Indicator Narrative \ 4 Economic Growth \ 4.2 Trade and Investment \ 4.2.1 Trade and Investment Enabling Environment

Due to extended negotiations with the Government of Kyrgyzstan counterparts on this jointly funded regional activity, the project for this element only started work in August of 2007, so the number of possible opportunities for training was quite limited this FY.

Program Area Performance \ 4 Economic Growth \ 4.3 Financial Sector

Commercial bank deposit growth in Kyrgyzstan was substantial in FY2007, increasing by 45% with the value of loans outstanding expanding by over 80% -- although average lending rates stayed high at over 22%. The financial sector is increasingly dominated by Kazakhstan banks and while corporate governance is improving it remains relatively weak. Public stock issues are limited, insurance is primarily available from foreign firms and leasing is limited. Barriers to financial sector development include weaknesses of the legal regime to land collateralization, lack of a national credit reporting system, and corruption in the courts which undermines confidence in the sector although credit to small and micro businesses has been growing. Stronger supervision of the banking sector can ensure greater investor and depositor confidence and full implementation of international financial standards in the corporate sector will improve governance and stimulate investment. Achievements in FY2007 to improve bank supervision included strengthened capacity of the National Bank for on-site inspection and new versions of the Uniform Bank Rating System and Uniform Bank Performance Report which support further adoption of international accounting standards in the banking sector. A comprehensive review of bank supervision guidance combined with drafting 16 new regulatory documents and associated training improved the National Bank's compliance with Basle Core Principles. Increased investor and depositor confidence in the banking sector provides a key indicator of the positive impact of support activities.

A professional accounting profession provides a solid foundation for enhanced economic growth and the

ability to implement reliable accounting practices is important to reduce the scope for corruption, tax fraud and money laundering. Achievements of the Russian-language Certified Accounting Practitioner and Certified International Professional Accountant training, examination, and certification program are essential to this effort. As of October, over 940 accountants in Kyrgyzstan had qualified for these internationally recognized certifications, including 132 new accountants in FY2007. These accountants and auditors will promote reliable accounting practices, thus helping to ensure effective financial management, transparency, accountability and professional values, principles and ethics.

Program Element Performance \ 4 Economic Growth \ 4.3 Financial Sector \ 4.3.1 Financial Sector Enabling Environment

Activities in FY2007 were directed to strengthen the bank supervision capacity of the National Bank of Kyrgyzstan (NBKR), to promote legal and policy changes that are important to continued development of the sector, and to support further implementation of adopted international accounting standards in the corporate sector in general and in banking sector in particular. Specific achievements to strengthen bank supervision capacity in the NBKR included support to on-site inspections of three banks, drafting of a new version of the Uniform Bank Rating System based on the CAMEL approach and a review of the Uniform Bank Performance Report (UBPR) to provided guidance on the format and improved content. In addition, assistance supported a comprehensive review of the bank supervision manual used by the supervision department of the NBKR and the related drafting of 16 regulatory documents to improved NBKR's compliance with the Basle Core Principles. Training to strengthen implementation of risk-based supervision and NBKR included additional work with the staff of commercial banks on risk-based management and the implementation of international accounting standards. A key measure of the broad impact of these activities to ensure greater investor and depositor confidence in the banking sector was that new credit growth of commercial banks was strong, increasing by over 83% from September 2006 through August 2007.

Support to strengthen private sector accounting continued through the Russian-language Certified Accounting Practitioner (CAP) and Certified International Professional Accountant (CIPA) training, examination, and certification program. As of Oct. 1 a total of 943 accountants in Kyrgyzstan had qualified for the internationally recognized CAP/CIPA certification, including 132 new accountants in FY 2007. These accountants will implement reliable accounting practices helping to promote effective financial management, transparency, accountability and professional values, principles and ethics. Work to strengthen capacity for public sector accounting was slowed by delay in adopting a well-defined set of international standards for public sector accounting. Illustrative financial statements conforming to international standards were prepared, identifying the accounting policy issues that must be addressed, but progress on adoption was slowed as officials worked with other donors to agree on a public sector Chart of Accounts.

Element Indicator Narrative \ 4 Economic Growth \ 4.3 Financial Sector \ 4.3.1 Financial Sector Enabling Environment

The target for FY 2007 was only 77% met. One reason for this shortfall was because of a substantial increase in fees over the period. Although this fee increase was necessary in order to push towards sustainability, it has caused a reduction in the growth rate of exam participants. Additionally, there has been low publicity of the program and a weak advocacy of the program from the Professional Bodies. To address these challenges in 2008, the project will monitor closely the exam fee charged and its impact on exam participants, conduct joint marketing presentations with CIPA Examination Network to increase awareness,

and continue to work with the Professional Bodies in order to gain better advocacy for the program among all stakeholders including the Kyrgyz government.

Program Area Performance \ 4 Economic Growth \ 4.4 Infrastructure

The focus of infrastructure work in Kyrgyzstan is assistance to improve an electricity infrastructure that is old and close to failure. The country faces a question of how current electricity generation and distribution assets are managed and how fast power generation and distribution assets can be rehabilitated and/or built. In addition, as the country's main source of energy is hydropower generation, the issue of water management and relationships with downstream countries who rely on Kyrgyz water for irrigation is critical. In these areas, there is a large role for private sector investment and a more effective approach in managing the water/energy nexus. Kyrgyzstan has the opportunity to participate in a growing regional energy market that could provide significant revenues to the sector and other areas of the economy.

Several problems exist in the sector that represents serious development challenges. Technical and commercial losses that occur from the point of generation to consumption are more than 40%. These losses reflect aging infrastructure, corruption and widespread theft of electricity. As well, tariff levels do not reflect the full operational and replacement costs of power production, so the system lacks funding for maintenance and investment. A related problem is the need for an appropriate social safety net program for the poorest consumers, while taking into account the need to shift household heating from electricity to more efficient heating methods.

USAID's Regional Energy Market Assistance Program is one of the few donor programs being implemented in energy policy reform. The project had mixed success but is in the process of assisting the Government in drafting a National Energy Law, which, when enacted, will be a major accomplishment. USAID is also assisting the Government in developing a more strategic approach to energy sector investment.

Program Element Performance \ 4 Economic Growth \ 4.4 Infrastructure \ 4.4.1 Modern Energy Services

USAID\'s Regional Energy Market Assistance Program (REMAP) advises the Government of Kyrgyzstan in the implementation of legal and regulatory reforms, in stimulating investment, and in fulfilling a productive and transparent role in a competitive electricity market in Central Asia.

One of the biggest project achievements in Kyrgyzstan was establishing a High Level Working Group headed by the Deputy Minister of Energy that focuses on enhancing legal and regulatory reforms in energy sector. The group is revising the electricity law to make the sector attractive for private investors including a larger role for an independent regulator. Another key area of involvement has been in transmission planning. The project provided technical assistance and software to the national transmission system operator to develop a modern transmission planning model. High voltage networks are being modeled, with approximately 75% of the country's high system already included in the software program. Direct support for cross-border energy trading started with a REMAP sponsored discussions between Kazakhstan Market Operator on Electricity Capacity specialists and Kyrgyz operators. The visit resulted in an agreement to allow Kyrgyz participation on the Kazakhstan Market Operator's power exchange platform. The program was followed up by training Kyrgyz operators in Kazakhstan market operations. This relationship is being strengthened through direct assistance to reduce legal, administrative and institutional market access issues.

USAID also implements GDA's energy efficiency revolving funds for medical facilities in Kyrgyzstan. During 2007 energy audits were conducted for a number of hospitals, buildings were repaired, and new energy saving equipment was installed.

Element Indicator Narrative \ 4 Economic Growth \ 4.4 Infrastructure \ 4.4.1 Modern Energy Services

Performance exceeded the target due to a shift in project emphasis which focused more on capacity building through training, workshops, seminars, study tours and forums and relatively less on direct technical assistance.

Program Area Performance \ 4 Economic Growth \ 4.5 Agriculture

Agriculture and agribusiness are vital to the economies of Central Asia. At a broad level, the five Central Asian republics face many similar obstacles to improving agricultural productivity and competitiveness such as weak market linkages, outdated infrastructure, limited access to finance, access to better technology, restrictive policies, and inadequate knowledge and productivity tools for farmers. In Kyrgyzstan agriculture is almost free of government quotas, allowing competitive farmers to meet market demands, though food processing continues to be significantly underdeveloped. Corruption remains a problem at national and local levels.

Credit is increasingly available, but farmer and agribusiness demand for affordable credit with appropriate terms remains insufficient. As an indication of this fact, over the past year through a USAID-funded Development Credit Authority (DCA), a local micro-credit agency increased their agricultural group loans under the guarantee coverage. As of September, the total DCA loan portfolio reached $1m, representing over 1760 borrowers.

The primary goal of USAID assistance in the agricultural sector of Kyrgyzstan is to increase rural incomes by improving the policy environment and improving the capacity of agriculture producers. USAID initiated the Aglinks program, which will apply a value chain approach to selected agricultural commodities. The program will strengthen all aspects of improving the productivity within that sub-sector. The activity is a larger follow-on to a similar project where several participating farmers were able to intensify production of high-value vegetable crops. The expansion into higher value crops has been particularly impressive this year, where in some areas of targeted assistance, cotton growing areas have decreased by 10-30% as farmers move into growing alternative crops.

Program Element Performance \ 4 Economic Growth \ 4.5 Agriculture \ 4.5.1 Agricultural Enabling Environment

The Land Reform and Market Development Project is assisting the Government of Kyrgyzstan and the private sector in the development of agricultural land markets by improving the land-related policy environment and by stimulating effective rural land markets. In 2007, USAID provided support with the improvement in the management of the state-owned Land Redistribution Fund, which contains 25% of all non-privatized arable land in the country. Support included a study of the current use of the Fund and an analysis of four possible options for its future use. USAID's recommendation is to partially privatize land contained in the Fund and transfer the remaining land to municipal ownership. Assistance also included support for the drafting of model regulations for the management of the Fund, which was approved by the Government and by the Parliament in summer 2007. Support for lease auctions for transparent and

competitive allocation of the Fund parcels in three pilot village circuits resulted in a two- to six-fold increase in revenues for the local governments, as a result of the transparent auction procedures and land lease price information. In 2007, the Land Reform project also started working on surveying, mapping, zoning of the Fund parcels in ten pilot village circuits. Based on these successes and the host government's support of this initiative, in 2008 USAID will expand to an additional 120 village circuits and will work with the Government on developing a strategy for the future use of the Fund.

USAID also worked closely with the Government on amendments to the Law on Agricultural Land Management and to the Land Code. These laws, however, were not adopted by the Parliament due to political changes. After a new Parliament is elected and a new government is formed, USAID expects to continue advocating for the adoption of these laws. USAID cooperated with the World Bank on pastureland reforms by conducting a legal analysis of the laws to be changed in order to decentralize and improve pasture management.

USAID continued a broad-based information campaign on land rights through the local media and helped to resolve 16,888 land-related problems through a network of 120 rural activists residing in all parts of the country, with the emphasis on providing access to such consultations for rural women.

Program Element Performance \ 4 Economic Growth \ 4.5 Agriculture \ 4.5.2 Agricultural Sector Productivity

USAID is created and helping Water User Associations (WUAs) so that farmers can operate, manage, and make the investment decisions needed to maintain and improve the on-farm irrigation and drainage system. As a result of better water management and irrigation practices, WUAs have increased land is more efficiently irrigated, crop yields have increased, and farmers have experienced economic benefits. Five new WUAs were established in 2007, and 2800 participants received training in WUA management, governance, business and water management. Seventeen WUAs now have increased capacity to prepare and implement water distribution schedules, to prepare and manage annual budgets, to collect fees from members to cover operating costs, and to organize irrigation system rehabilitation and maintenance. WUAs have increased their investment in irrigation and drainage infrastructure. During 2006, a total of $106,220 was collected from members as irrigation service fees - this was 82% of their planned budgets. WUA budgets for 2007 have increased to $167,000 from $129,000 in 2006. Water management and delivery has improved on 15 WUAs covering an area of more than 17,000 hectares. This resulted in reduced conflict over water delivery and scheduling and has increased incomes for about 100,000 beneficiaries.

The Farmer-to-Farmer program achieved significant results through 41 volunteers assisting local farmers. For example, 130 members of a potato growers association increased net income by 43%. Within the horticulture sector, more than 2,000 farmers benefited from volunteers' assistance that resulted in sales increases of more than $500,000 and income increases of more than $250,000.

Assistance is complemented by Association strengthening so that it can impact sectors rather than just individual farms. An example is the creation of the Kyrgyz Agribusiness Association, members of which have created 28 farm stores with a customer base of over 330,000. Ten new stores were formed in 2007, which serve 22,000 additional farmers. Surveys of customers indicate increased yields and income from the use of quality products from these stores.

USAID's Cooperative Development Initiative gathers community leaders together to discuss and implement

projects that are of mutual benefit to an entire region. As a result, projects are being implemented to improve farmer profitabilty in the areas of poultry, veterinary services, sun dried tomatoes and greenhouse production of vegetables.

Element Indicator Narrative \ 4 Economic Growth \ 4.5 Agriculture \ 4.5.1 Agricultural Enabling Environment

In 2007, the Government of Kyrgyzstan approved a model regulation for the management of a state-owned Land Redistribution Fund, which was initiated and drafted by the USAID Land Reform and Market Development Project. Two other land-related laws, amendments to the Agricultural Land Management Law and to the Land Code, were submitted to parliament for adoption. In FY 2008, USAID plans to assist the Government of Kyrgyzstan with the development of a strategy on future use of the Land Redistribution Fund. The 2008 targets were reduced based on accelerated results in 2007.

Element Indicator Narrative \ 4 Economic Growth \ 4.5 Agriculture \ 4.5.2 Agricultural Sector Productivity

FY 2007 actual data for all three indicators represent Water Users Associatoin Support Program (WUASP), AgFin+, and IFDC projects. The 2008 revised targets reflect a reduction due to the closure of the AgFin+ and the IFDC activities, thus the target is being reported only for the WUASP activity. Relatively high actual figures reflect additional hectares under improved technologies related to significantly greater than expected new land being brought under irrigation under new water user associations that WUASP established in FY 2007. Vulnerable households are practically all rural households that WUASP works with.

Program Area Performance \ 4 Economic Growth \ 4.6 Private Sector Competitiveness

Private sector competitiveness is the key to economic growth in Kyrgyzstan. With a small population, many living in inaccessible rural regions, the internal Kyrgyz market is unable to support robust growth -- on which social stability depends -- which must be driven by the country\'s ability to compete and export. Trade and investment are hampered by a high-risk operating environment.

Despite numerous constraints, USAID activities have made progress in improving the business enabling environment and in developing Kyrgyzstan’s workforce. USAID’s support for the adoption of the law “On Inspections” is a good example. The law is unique in Central Asia for its shift in the role of inspections from enforcing compliance and extracting payments, to encouraging compliance and assuming good-faith on the part of businesspersons. Since supporting the development of the law, USAID’s Business Environment Improvement project (BEI), has been working closely with the Prime Minister and local private organizations to draft regulations. Unfortunately, national-level dialog outside of the law “On Inspections” and on streamlining the inspection process has been slow to develop due to political instability. Instability and lack of transparency in the business environment affects all businesses including USAID’s Central Asia Small Enterprise Fund. Of the Funds significant investments, the El Gas LPG Joint Venture continues to struggle as local partners resist proposed management changes to improve governance and transparency. As partner disagreements continue, competition is growing, taking more of the company’s market share.

On the positive side USAID’s workforce development activities are succeeding in introducing basics of a

market economy in schools and in helping cultivate entrepeneurship in communities. During the reporting period, 37,439 students (out of total number 49,273) joined Junior Achievment (JA) programs and 342 new teachers were trained to implement JA programs (out of total number 435) at 194 schools (out of total number 420). This impressive growth propelled JA Kyrgyzstan to one of the top seven countries in the JA network based on student growth. 750 packages in Russian and 2,000 – in Kyrgyz, of the amended JA Economics materials (teacher guides, texts, and workbooks) were published and disseminated among trained teachers. The activity is heavily supported by the Ministry of Education and Science.

Program Element Performance \ 4 Economic Growth \ 4.6 Private Sector Competitiveness \ 4.6.1 Business Enabling Environment

The target of providing assistance to eleven municipalities in regulatory/administrative simplification was exceeded (thirteen achieved) through the combined efforts of the Business Environment Improvement Project (BEI) and the Land Reform and Market Development Project (LRMD). These municipalities directly benefited from the establishment of legal zoning rules threby improving transparancy, investment proceedures and proverty development. Complementary efforts by the LRMD project supported the introduciton of national appraisal standards. Municipalities also received assistance and business environement information across a wide range of other issues. The most significant enabling reform achievement was the adoption of the law \"Procedures for Conducting Inspections of Businesses\" with provisions limiting inspections, information disclosure requirements, prohibiting the application of conflicting laws and regulations against businesses, and requiring a remedy period before sanctions can be applied. This law has strong support from the office of the Prime Minister and the public though vested interests are making implementation challenging. BEI also supported the challenge to an illegal resolution that resulted in the renting of Bishkek city land plots that are normally to be provided for free; defeating this resolution saves local residential cooperatives over $2.3 million annually. BEI was instrumental in the development of the decree “On Certain Measures to Streamline Permits and the Regulatory System in the Kyrgyz Republic” which was signed by President Bakiev on July 23, 2007. The decree and draft law on streamlining the permits and regulatory system will enable a review of all GOK bodies for compliance and require a regulatory impact analysis of their procedures.

While host country commitment has favorably supported an improved business enabling environment, this support has been relatively stronger at the local level, with national level commitment troubled by political instability. A bright spot at the national level has been the high level of leadership and cooperation from the office of Prime Minister Atambaev.

Program Element Performance \ 4 Economic Growth \ 4.6 Private Sector Competitiveness \ 4.6.3 Workforce Development

USAID assistance supports the integration of business and economics education into the curricula of secondary schools. Learning about modern economics and finance subjects better prepares young people for the transition to work. The Junior Achievement (JA) program provides opportunities for young people to acquire practical skills in economics and entrepreneurship that help them to improve their job proppects and foster economic and social development in their countries. In Kyrgyzstan, Junior Achievement’s key goals are to introduce market economy basics to schools, provide an opportunity for entrepreneurship experience through establishment and management of businesses, and to promote ideas of an open democratic society among youth through development and distribution of economic education programs.

In FY 2007, 37,439 students participated in JA programs and 342 teachers were trained to implement JA programs at 194 schools. In addition, 750 books, teacher guides and other teaching materials have been translated into Russian and distributed and 2000 have been translated into the local Kyrgyz language and distributed. These materials were amended and developed by a group of experts including a representative from the Ministry of Education and Science based on teachers' feedback. Support from the Kyrgyz Government has been strong. The Ministry of Education and Science has issued an official letter recommending all local Departments of Education to collaborate with JA Kyrgyzstan on teacher trainings in the regions.

Program Area Performance \ 4 Economic Growth \ 4.7 Economic Opportunity

Building economic opportunity contributes to social stability which, in turn, help to combat extremism. Kyrgyzstan has a gross national income per capita of $490, making it one of the poorest countries in the world and almost three-quarters of the poor live in rural, mountainous regions. Moveover, rising unemployment is a cause of concern. Thus reducing poverty requires sustained economic performance with strong growth at the grass roots level, especially in rural areas. USAID assistance in 2007 focused on increasing credit opportunities for small businesses and farmers, and on improving the policy environment for small and micro businesses to allow them to come out of the shadow economy and prosper.

Specifically, assistance provided to the Association of Microfinance Institutions of Kyrygzstan has resulted in successful lobbying of important changes in the legislation governing microfinance and leasing services. These changes will enable microfinance institutions to grow and expand their loan portfolios. In addition, the Association provided highly-demanded training to the microfinance sector in various aspects of microfinance operation. Improved quality of services has enabled the Association to increase its membership from 10 to 19 institutions. In 2007 the outstanding loan portfolio of it's member Micro-Finance Institutions grew from $41 million to $69 million.

In addition, commercial banks supported with technical assistance and training in micro and small business lending continued to grow their loan portfolios. As of September, the loan portfolio under the program totaled $121 million with 35,000 loans compared to $54 million with 26,000 loans last year.

Program Element Performance \ 4 Economic Growth \ 4.7 Economic Opportunity \ 4.7.1 Inclusive Financial Markets

During FY2007, USAID changed the focus of its microfinance activities from institutional capacity building of retail-level institutions to support of the meso-level of the sector, namely, development of the Association of Microfinance Institutions of Kyrgyzstan (AMFI). Several capacity building activities enabled AMFI's management to establish good governance practices, develop budgets and financial plans, raise financial resources from other donors, and provide training to member MFIs in strategic marketing and taxation. AMFI also conducted several activities aimed at improving the existing microfinance legislation including lobbying improvements in the Tax Code, specifically on VAT exemption over the interest rate income of MFIs. The National Bank also adopted an AMFI-advocated regulation "On licensing the activities of microfinance companies in Kyrgyzstan," which significantly simplified the licensing and founder requirements for MFIs. Moreover, in FY07 AMFI was approved as a coordinator of the Kyrgyzstan microfinance strategy, which indicates the Government's recognition of the association's status and gives a good formal opportunity for MFIs to influence the sector's development. As a result of this work, AMFI has increased association membership from 10 to 19. In FY07 the outstanding loan portfolio of AMFI\'s member

MFIs grew from $41 million to $69 million.

In addition, an AgFinance working group was formed consisting of representatives of 40 financial, Government and donor institutions. The purpose of the group is to identify policy and administrative barriers hindering agricultural lending. The group successfully lobbied for changes in the Draft New Tax Code eliminating the contradiction between the leasing concept in the Tax Code and the Leasing Law, as well as fixed the VAT accrual and calculation issue. Moreover, to expedite the changes, the group successfully advocated for introduction of the same amendments to the law.

In FY07 USAID also completed its support to local banks under the joint bank downscaling program with EBRD. Seven commercial banks successfully adopted the SME lending methodology and introduced and greatly expanded their SME loan portfolios. In September 2007, the total outstanding loan portfolio under the program amounted to $121 million with 35,000 loans compared to $54 million with 26,000 loans last year. All banks commit to expanding SME lending beyond the program end.

Program Element Performance \ 4 Economic Growth \ 4.7 Economic Opportunity \ 4.7.2 Policy Environment for Micro and Small Enterprises

The Bishkek Tax Pilot project, designed to reduce the burden of compliance by small and micro businesses and shrink the opportunities for official corruption by extending the automated tax information system all of the Tax Inspectorate (TI) offices in Bishkek, was delayed owing to complexities in implementing its tri-partite Memorandum of Understanding but will be initiated in early FY 2008. While no results are reported for this fiscal year, the project's objectives remain to: implement effective anti-corruption measures in tax administration; enable the TI to adopt international best practices in tax administration and comply with future legislation; and reduce tax evasion and the administrative burden on taxpayers. The planned taxpayer education activity that was linked to passage of the new Tax Code was also postponed as that legislation was not enacted by the end of FY 07.

Element Indicator Narrative \ 4 Economic Growth \ 4.7 Economic Opportunity \ 4.7.1 Inclusive Financial Markets

The revised target for 2008 reflects an oversight in not having included it as an original target.

Element Indicator Narrative \ 4 Economic Growth \ 4.7 Economic Opportunity \ 4.7.2 Policy Environment for Micro and Small Enterprises

The indicator represents results under the CMFA microfinance association development activity and a planned tax pilot activity. The tax pilot activity was delayed owing to complexities of negotiating a multi-party Memorandum of Understanding and due to discussions with the ADB over a loan which is based on the pilot. The pilot will begin in FY 2008 thus the 2008 target has been revised.

Key Issue Performance \ Local Organization Capacity Development

USAID supported local organizational capacity development through innovative programming that strengthened local government reform, the national Parliament, political parties, anti-trafficking NGOs, independent media, and religious communities. Results, unfortunately, were hampered by the continually changing government and constitution.

Through its Business Environment Improvement Project, USAID reached agreements with 12 local business associations and will help them transform into strong advocates for their members' rights and interests. USAID also continued to provide assistance to the International Court of Arbitration to help it reach institutional and financial sustainability. Implementation of USAID recommendations resulted in cost savings of 75% and an increased organizational focus on building a sustainable enterprise.

In FY-07 USAID/CAR provided assistance to the Ministry of Health (MOH) and donors in strengthening institutional structure, roles, and relationships in the health sector. Assistance was provided in developing an application to the Global Fund to Fight AIDS, TB, and Malaria (GFATM); management of TB control issues; TB Electronic Surveillance System. Basic education local organization capacity development focused on further training of school directors, teachers, and education authorities.

Key Issue Performance \ Anti-Corruption

USAID supported the Kyrgyz Republic Scholarship Exam for its sixth year. This exam -the single entrance criteria for the more than 34,000 students seeking one of 5,000 state-funded scholarships for higher education- improves access to higher education for rural and other disadvantaged students. ransparency is ensured through test observation; clear instructions for students; and publishing test averages, university enrollment information, and the implementing partner's accounting records.

Health provider payment systems were developed using pre-determined rates for health services. USAID partners solidified these payment systems with Kazakh partners, thereby improving transparency and empowering health care consumers. In the area of economic growth, the most significant 2007 reform event in the business climate area was the adoption of the Law on Procedures for Conducting Inspections of Businesses with provisions limiting inspections, regulating information disclosure requirements, prohibiting the application of conflicting laws and regulations against businesses, and requiring a remedy period before sanctions can be applied. With USAID BEI support and significant media attention, Prime Minister created the Inspections Commission to manage implementation of this breakthrough law, eliminate redundant inspecting bodies, and ensure expected benefits of the new Law are delivered to businesses—all aimed at reducing corruption and improving the business environment.

Key Issue Performance \ Microenterprise

USAID funded programs such as the Central Asia Microfinance Alliance and SME Lending Program (with EBRD) focus on micro-enterprise development. The programs provide support to financial institutions and in some cases loan capital which is further passed -- in the form of more accessible and affordable loans -- to micro-enterprises. For example, as of September 2007 the total outstanding micro-loan portfolio of the banks under the SME lending program amounted to about $28 million with slightly over 27,000 borrowers.

Key Issue Performance \ Trade Capacity Building

Three areas of assistance support trade capacity building in Kyrgyzstan -- in business environment improvement, in trade liberalization and facilitation and in economic policy reform. FY07 achievements on business environment improvement supported the Investment Council under the Kyrgyz President as it focused on actions to implement the new Law on Inspections, which greatly reduces bureaucratic barriers to

investment. Additional assistance encouraged business support services in general, including for firms engaged in export and import and helps to develop business information, for domestic and export-import markets. Despite working less than two months in FY 07, the new regional trade project conducted several priority tasks, including a review of the Government's trade strategy, a status review on the customs risk management scheme for the Investment Council, and a roadmap of outstanding WTO compliance issues from the recently-completed Trade Policy Review. Assistance in the area of economic policy worked to help sustain sound fiscal, monetary, and exchange rate policies and to improve the transparency and effectiveness of tax administration.

Key Issue Performance \ Clean Energy

Through the Regional Energy Markets Assistance Program (REMAP), USAID has established a High Level Working Group in order to draft a National Energy Law. Part of this legislation will be measures to help promote investment into the hydropower sector of the country, a renewable and clean source of energy for both domestic and export markets. As the energy generated from hydropower grows, the country can rely less on coal and fuel oil imports from neighboring countries, thus reducing air pollution and the emission of greenhouse gases. Transmission Planning Model software was delivered and used by the state-controlled power monopoly. This software will assist in the development of a national model for the generation, transmission, and distribution of electrical power in the country in the most efficient way possible.

Key Issue Performance \ Applied Research

In FY 2007, USAID sponsored the U.S. Centers for Disease Control and Prevention (CDC) to conduct an investigation of an HIV outbreak among children in Osh. The Kyrgyz Ministry of Health, in coordination with international donors and the Country Coordination Mechanism, included recommendations outlined in the report from the Osh investigation into their Plan of Action for HIV Prevention. Also with USAID funding this year, CDC investigated two outbreaks of anthrax in Kyrgyzstan, and participated in an international study on side effects of anti-tuberculosis drugs.

Key Issue Performance \ Inclusive Development: Participation of People with Disabilities

Although originally noted as a key issue in the 2007 Operational Plan, issues related to People with Disabilities did not turn out not to be a relevant key issue for the FY 2007 USAID/CAR program in Kyrgyzstan.

Key Issue Performance \ Community Mobilization/Participation

The Water User Association Support Program organizes groups of farmers to improve the management of irrigation water and associated infrastructure. These communities participated in elections, budget decisions, distribution plans, and other aspects of water management. The Land Reform and Market Development project has trained and was supporting a network of 120 rural activists residing in all parts of the country that educate farmers on their land-related rights and mobilize their communities to work on communal land management issues and on resolving land-related disputes in their villages

USAID supported community mobilization through an integrated community development program in the south of the country that developed rural village local economic development plans. Through the

implementation of these plans, more than 200 unemployed youth participated in technical skill development courses, 45% of whom received jobs within three months of graduation.

Over 16,000 at-risk youth and sex workers were reached with HIV and drug prevention services. Over 2,000 young people completed the Street Choices workshops, including drug and HIV/AIDS prevention topics. USAID and other donors helped form about 750 Village Health Committees nationwide, to date the biggest community mobilization effort in Kyrgyzstan. USAID produced and distributed guidelines on community mobilization policy and practice for primary schools, and hosted a regional workshop to share best practices.

Key Issue Performance \ Public-Private Partnerships

Joint partnerships between business associations and the government, facilitated through the Business Environment Improvement project, led to the elimination of eleven business constraints -- producing an estimated savings of 4,8 million USD. These partnerships also led to the creation of consultative councils and working groups that brought business and government together for dialogue and the promotion of pro-business policies, including the Investment Council under the President of the Kyrgyz Republic, the Consultative Council under the State Customs Committee, and the Consultative Council under the General Prosecutor\'s Office.

However, at the sub-national level, establishment of permanent institutional dialogue bodies was difficult. The only exception was cooperation with the Osh Mayor through a new public-private dialogue group, the Osh Mayor’s Public Expertise Council. As part of regional outreach, the Business Environment Improvement project signed MOUs on implementation of partnership programs with six cities to work together with municipal authorities and business communities in those cities to identify economic problems and implement new procedures for reform at the local level. USAID will continue to work with regional partners to encourage both ad-hoc and formalized consultation and public-private collaboration.

Key Issue Performance \ Civil Society

USAID’s Business Environment Improvement Project supports the involvement of about 20 Kyrgyz business associations in dealing with restrictions of inspections, streamlining of the regulatory system, and reforming the tax administration system. USAID assists business associations to become strong advocates for their members’ rights and interests and champions of economic reforms. Land Reform and Market Development project helped develop NGOs, including Association of Rural Activists, Association of Urban Developers, and Union of Appraisers, and supports a network of 120 rural activists residing in all parts of the country who educate farmers on their land-related rights and mobilize their communities to work on communal land management issues and on resolving land-related disputes in their villages.

USAID built on a strong base of local media outlets and civil society organizations, where programs were instrumental in increasing access to information on the evolving constitutional process and other key national-level reforms that were considered. These included public service announcements on changes in the justice system, talk shows on constitutional reform issues, local focus groups and roundtables, and the distribution of printed materials. Civil society actors were actively engaged with the Government on a range of issues, contributing to important policy changes to restructure the national television broadcaster and reducing NGO vulnerability to unwarranted audits.

Key Issue Performance \ Water

Since independence there has not been enough investment in irrigation infrastructure. USAID assisted in the rehabilitation of such systems in 17 Water User Asssociations (WUA) for 114,028 beneficiaries, which has led to increased agricultural productivity. During the past year approximately 270 hectors of land were retained that had gone out of production because of the inability to deliver water. Training also took place for people on each of the WUAs on methods of improving water efficiencies, distribution and drainage technologies.

Key Issue Performance \ Increasing gender equity

Although women are very much involved in agriculture, in Central Asia men are usually the decision makers. To overcome this cultural barrier, USAID continued a broad-based information campaign on land rights through the local media and helped to resolve 16,888 land-related problems through the network of 120 rural activists residing in all parts of the country, with the emphasis on providing access to such consultations for rural women. Women comprise about 37% of the project's beneficiaries, with another positive sign being that the number of women seeking consultations increased by 30% over the previous year.

Increasing the role of women is also the focus of USAID's other agricultural projects. For the Water User Association project, programs were initiated for groups of women working within the Association that focused on improving the yields and marketing of crops that are commonly grown around the house and garden. Over 460 women have participated in these training programs.

USAID micro-lending programs also focus on gender equality. The portfolio of microfinance institutions show a nearly equal number of loans disbursed by gender. The loan portfolio of the commercial banks under the SME lending program with EBRD consists of 51% of male borrowers and 42% of female (with the rest being the groups or enterprise clients). .

Key Issue Performance \ Development Research

USAID's program to address tuberculosis (TB) developed, piloted, and revised logistic management information systems for the Kyrgyz Ministry of Health; government approval is pending. Operational research is ongoing to better inform local counterparts on problems confronting TB control efforts. The results of these studies are used to affect change within the system and to provide policy makers the tools they need to make management decisions for their projects.

In FY07 USAID Land Reform and Market Development Project cooperated with the World Bank on pastureland reforms by conducting a legal analysis of the laws to be changed in order to decentralize and improve management of pastures. The Land Project also conducted analysis of the state-owned Land Redistribution Fund and studied four options of its future use which will serve the basis for a strategy on the Land Redistribution Fund, to be developed next year by the Government of Kyrgyzstan with USAID's assistance. With the support of the USAID Business Environment Improvement project, Union of Entrepreneurs of Kyrgyzstan and Association of Consulting Companies conducted a research in the area of construction licensing and permitting and developed recommendations for future reforms in this area. Public Foundation Civil Initiative for Internet Policy conducted research and analysis on the licensing and permitting system in the area of telecommunications.

Key Issue Performance \ Food Security

The Kyrgyz Republic is a semi arid country and totally reliant on irrigation systems to bring water to agricultural crops. USAID has formed 17 Water User Associations benefiting over 97,000 people and 17,400 hectares of land. USAID is also assisting farmers to diversify away from monocropping practices into a greater variety of high value commodities. As a result 218 farmers replaced cotton planting with higher value crops like vegetables. USAID is also assisting farmers to increase production through the use of high quality seeds and other crop inputs. This has been accomplished through the formation of an Agribusiness Association which has had its members open farm stores that deal only in reputable products, and has conducted extension education programs which provide farmers with information needed to increase farm productivity. Furthermore, the USAID Farmer to Farmer program provides short term technical assistance to farmers and agribusinesses from US based experts on a wide variety of specific topics. USAID is in the initial stage of a program that will strengthen the value chains of several agricultural commodities. The project will facilitate linking these commodities with viable markets both domestic and abroad.

Key Issue Performance \ Counter Terrorism

Although originally noted as a key issue in the 2007 Operational Plan, Counter Terrorism turned out not to be a relevant key issue for the FY 2007 USAID/CAR program in Kyrgyzstan.

2 Governing Justly & Democratically - Kyrgyz Republic

2.1 Rule of Law and Human Rights\2.1.3 Justice System

Number of Justice Sector Personnel that Received USG Training

					Number of women					Number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

345 chars

2.1.3 Justice System narrative (no more than 1500 characters)

USAID did not provide any training of justice sector personnel in FY 2007. This indicator will be replaced by a more appropriate one in the next reporting cycle to better capture the results of USAID's work in this area. USAID's programs in this area focus on providing information on legal rights and responsibilities to religious communities.

2.1 Rule of Law and Human Rights\2.1.4 Human Rights

Number of public advocacy campaigns on human rights supported by USG

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
3	3	8	-	-

431 chars

2.1.4 Human Rights narrative (no more than 1500 characters)

USAID supported eight public advocacy campaigns on human rights in FY 2007, exceeding expectations. These campaigns covered such issues as decriminalizing libel, access to information, public assemblies, combating torture including through the ratification of the Optional Protocol to the Convention against Torture, access to justice, abolition of the death penalty, bride kidnapping and access to temporary detention facilities.

2.1 Rule of Law and Human Rights\2.1.5 Program Support (Rule of Law)

Number of monitoring plans

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1	1	1	1	-

1 chars

2.1.5 Program Support (Rule of Law) narrative (no more than 1500 characters)

2.2 Good Governance\2.2.1 Legislative Function and Processes

Number of National Legislators and National Legislative Staff Attending USG Sponsored training or educational Events

					Number of women					Number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	175	-	250	-	-	-	-	-	-	-	-	-	-

52 chars

2.2.1 Legislative Function and Processes narrative (no more than 1500 characters)

The data provided is not disaggregated by gender.

2.2 Good Governance\2.2.3 Local Government and Decentralization

Number of Sub-national Government Entities receiving USG assistance to Improve their

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
25	150	160	250	150

440 chars

2.2.3 Local Government and Decentralization narrative (no more than 1500 characters)

USAID work in this area exceeded expectations, reaching 160 sub-national government entities. This included assistance to all 25 cities, 42 villages in the south of the country and an additional 93 villages in other regions. Assistance focused on asset management, strategic planning, local economic development, citizen participation mechanisms and budget development. The specific assistance varied based on the needs of each entity.

2.2 Good Governance\2.2.6 Program Support (Governance)

Number of monitoring plans

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1	1	1	1	-

1 chars

2.2.6 Program Support (Governance) narrative (no more than 1500 characters)

2.3 Political Competition and Consensus-Building\2.3.3 Political Parties

Number of Individuals who Receive USG-Assisted Political Party Training

					Number of women					Number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	3,227	-	3,600	-	-	-	-	-	-	-	-	-	-

49 chars

The data provided is not disaggregated by gender

2.3.3 Political Parties narrative (no more than 1500 characters)

2.3 Political Competition and Consensus-Building\2.3.4 Program Support (Political Competition)

Number of monitoring plans

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1	1	1	1	-

1 chars

2.3.4 Program Support (Political Competition) narrative (no more than 1500 characters)

2.4 Civil Society\2.4.1 Civic Participation

Number of Positive Modifications to Enabling Legislation/Regulation for Civil Society

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	1	-	3

2.4 Civil Society\2.4.1 Civic Participation

Number of USG Assisted Civil Society Organizations that engage in advocacy and

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	-	-	30

51 chars

2.4.1 Civic Participation narrative (no more than 1500 characters)

The grants phase of the project hasn't started yet.

2.4 Civil Society\2.4.2 Media Freedom and Freedom of Information

Number of Journalists Trained with USG Assistance

					Number of women					Number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
132	-	152	-	-	50	-	72	-	-	82	-	80	-	-

2.4 Civil Society\2.4.2 Media Freedom and Freedom of Information

Number of Positive Modifications to Enabling Legislation/ Regulations for Media Drafted with

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	1	-	2

1 chars

2.4.2 Media Freedom and Freedom of Information narrative (no more than 1500 characters)

Number of monitoring plans

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1	1	1	1	

1 chars

2.4.3 Program Support (Civil Society) narrative (no more than 1500 characters)

3 Investing in People - Kyrgyz Republic

3.1 Health\3.1.1 HIV/AIDS

Number of individuals reached through community outreach that promotes HIV/AIDS prevention through other behavior change beyond abstinence and/or being faithful

					Number of women					Number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
50,900	38,200	66,742	10,000	20,000	26,103	20,057	34,489	5,000	10,000	24,797	18,143	32,253	5,000	10,000

3.1 Health\3.1.1 HIV/AIDS

Number of individuals trained in the provision of laboratory-related activities

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
5	20	18	20	12

712 chars

3.1.1 HIV/AIDS narrative (no more than 1500 characters)

In “number of people covered by USG-supported health financing arrangements,” the term “covered” refers to those benefiting from the primary health care, hospital, and public health financing systems. USAID overshot its target during FY 2007 because the target was set too low. The FY 2008 targets have been changed to reflect the increased activity of implementing partners against this indicator. In "number of individuals trained in the provision of laboratory-related activities," the FY 2008 target has been changed to reflect what is in the implementing partners' work plan, and to avoid double counting of individuals trained (i.e. twelve people will receive more than one laboratory-related training.)

3.1 Health\3.1.2 Tuberculosis

Case notification rate in new sputum smear positive pulmonary TB cases in USG-supported areas

					number of women (do not use, do not need to disaggregate)				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
38	40	37	42	42	-	-	-	-	-

1 chars

3.1.2 Tuberculosis narrative (no more than 1500 characters)

3.1 Health\3.1.5 Other Public Health Threats

Number of people covered by USG-supported health financing arrangements

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
3,442,908	3,442,908	3,442,908	4,367,869	4,367,869

3.1 Health\3.1.5 Other Public Health Threats

Number of people trained in research with USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
2	2	3	2	4

566 chars

3.1.5 Other Public Health Threats narrative (no more than 1500 characters)

In “number of people covered by USG-supported health financing arrangements,” the term “covered” refers to those benefiting from the primary health care, hospital, and public health financing systems.

In "number of people trained in research with USG assistance," USAID's implementing partner had counted all students (3) in its Applied Epidemiology Training Program, whether they were in their first or second year of the two-year program. The FY 2008 target, therefore, was changed to reflect that a total of four students should undergo training during FY 2008.

Number of people trained in maternal/newborn health through USG-supported programs

					number of women					number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
827	728	1,086	937	632	-	-	-	-	-	-	-	-	-	-

445 chars

3.1.6 Maternal and Child Health narrative (no more than 1500 characters)

When the FY 2007 target was set for "number of people trained in maternal/newborn health through USG-supported programs," USAID did not include anticipated results for implementing partners that would not be receiving FY 2007 funds; this explains why it seems that USAID overachieved against its target in this indicator. The FY 2008 target was changed because the original target (937) would have double-counted individuals receiving training.

Number of USG-assisted service delivery points providing FP counseling or services

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
74	133	602	138	500

707 chars

3.1.7 Family Planning and Reproductive Health narrative (no more than 1500 characters)

When the FY 2007 target was set for "number of USG-assisted service delivery points providing Family Planning counseling or services," USAID did not include anticipated results for implementing partners that would not be receiving FY 2007 funds; this explains why it seems that USAID overachieved against its target in this indicator. The FY 2008 target was changed to best reflect how many service delivery points are being covered by the implementing partner working on this activity; that same implementing partner was supporting 500 service delivery points during FY 2007 with USG funds. The implementing partner covering the remaining 102 service delivery points during FY 2007 has ceased activities.

3.2 Education\3.2.1 Basic Education

Does your program support education systems/policy reform? If yes, please describe the

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1	1	1	1	-

3.2 Education\3.2.1 Basic Education

Number of learners enrolled in USG-supported secondary schools or equivalent non-school-based settings

					number of women					number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
14,595	-	69,405	-	-	-	-	34,498	-	-	-	-	34,907	-	-

3.2 Education\3.2.1 Basic Education

Number of teachers/educators trained with USG support

					number of women					number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1,599	1,320	1,399	-	-	-	-	1,259	-	-	-	-	140	-	-

1005 chars

3.2.1 Basic Education narrative (no more than 1500 characters)

USAID's Basic Education program included support under the Participation, Education and Knowledge Strengthening program for education/systems/policy reform through the pilot introduction of a new school finance mechanism designed to improve equity and efficiency in the use of existing education resources. Under the program, introduction of a per capita funding formula is accompanied by granting greater authority to school directors to manage their funding, incentives for economizing, and capacity building for school directors and accountants. While the pilot has already demonstrated that schools can achieve savings under pilot conditions and that the pilot can facilitate rationalization of the network of school facilities, further policy dialogue is required to move the Government of Kyrgyz Republic toward expansion of the pilot. Note: It is premature to set targets for 2008 at this time since USAID has just begun a new program and is in the process of developing a workplan and targets.

4 Economic Growth - Kyrgyz Republic

4.1 Macroeconomic Foundation for Growth\4.1.1 Fiscal policy

Number of key items of revenue policy work product prepared by the Fiscal Policy Unit

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
5	5	12	5	5

142 chars

4.1.1 Fiscal policy narrative (no more than 1500 characters)

The number of opportunities for productive analytical work with the key Government counterparts, used as training, was greater than expected.

4.1 Macroeconomic Foundation for Growth\4.1.3 Program Support (Macro Econ)

Number of monitoring plans

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1	1	-	1	-

1 chars

4.1.3 Program Support (Macro Econ) narrative (no more than 1500 characters)

4.2 Trade and Investment\4.2.1 Trade and Investment Enabling Environment

Number of participants in trade and investment environment trainings

					Number of women					Number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	50	10	75	75	-	-	4	-	30	-	-	6	-	45

264 chars

4.2.1 Trade and Investment Enabling Environment narrative (no more than 1500 characters)

Due to extended negotiations with the Government of Kyrgyzstan counterparts on this jointly funded regional activity, the project for this element only started work in August of 2007, so the number of possible opportunities for training was quite limited this FY.

4.2 Trade and Investment\4.2.3 Program Support (Trade)

Number of monitoring plans

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1	1	-	1	-

1 chars

4.2.3 Program Support (Trade) narrative (no more than 1500 characters)

Number of financial professionals certified in compliance with international accounting standards as a result of USG assistance

					Number of women					Number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
134	170	132	180	160	-	-	-	-	-	-	-	-	-	-

781 chars

4.3.1 Financial Sector Enabling Environment narrative (no more than 1500 characters)

The target for FY 2007 was only 77% met. One reason for this shortfall was because of a substantial increase in fees over the period. Although this fee increase was necessary in order to push towards sustainability, it has caused a reduction in the growth rate of exam participants. Additionally, there has been low publicity of the program and a weak advocacy of the program from the Professional Bodies. To address these challenges in 2008, the project will monitor closely the exam fee charged and its impact on exam participants, conduct joint marketing presentations with CIPA Examination Network to increase awareness, and continue to work with the Professional Bodies in order to gain better advocacy for the program among all stakeholders including the Kyrgyz government.

Number of monitoring plans

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1	1	-	1	-

1 chars

4.3.3 Program Support (Financial Sector) narrative (no more than 1500 characters)

Number of people receiving USG supported training in energy related policy and regulatory practices

					Number of women					Number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	20	100	20	75	-	-	-	-	-	-	-	-	-	-

220 chars

4.4.1 Modern Energy Services narrative (no more than 1500 characters)

Performance exceeded the target due to a shift in project emphasis which focused more on capacity building through training, workshops, seminars, study tours and forums and relatively less on direct technical assistance.

Number of monitoring plans

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1	1	-	1	-

1 chars

4.4.4 Program Support (Infrastructure) narrative (no more than 1500 characters)

4.5 Agriculture\4.5.1 Agricultural Enabling Environment

Number of policy reforms analyzed with USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	-	-	-

4.5 Agriculture\4.5.1 Agricultural Enabling Environment

Number of policy reforms presented for legislation/decree as a result of USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
3	2	3	3	2

578 chars

4.5.1 Agricultural Enabling Environment narrative (no more than 1500 characters)

In 2007, the Government of Kyrgyzstan approved a model regulation for the management of a state-owned Land Redistribution Fund, which was initiated and drafted by the USAID Land Reform and Market Development Project. Two other land-related laws, amendments to the Agricultural Land Management Law and to the Land Code, were submitted to parliament for adoption. In FY 2008, USAID plans to assist the Government of Kyrgyzstan with the development of a strategy on future use of the Land Redistribution Fund. The 2008 targets were reduced based on accelerated results in 2007.

4.5 Agriculture\4.5.2 Agricultural Sector Productivity

Number of additional hectares under improved technologies or management practices as a result

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
14,000	5,000	9,205	5,000	2,000

4.5 Agriculture\4.5.2 Agricultural Sector Productivity

Number of producers organizations, water users associations, trade and business associations, and

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
15	20	19	20	20

4.5 Agriculture\4.5.2 Agricultural Sector Productivity

Number of rural households benefiting directly from USG interventions

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
12,000	15,000	20,857	15,000	21,000

624 chars

4.5.2 Agricultural Sector Productivity narrative (no more than 1500 characters)

FY 2007 actual data for all three indicators represent Water Users Associatoin Support Program (WUASP), AgFin+, and IFDC projects. The 2008 revised targets reflect a reduction due to the closure of the AgFin+ and the IFDC activities, thus the target is being reported only for the WUASP activity. Relatively high actual figures reflect additional hectares under improved technologies related to significantly greater than expected new land being brought under irrigation under new water user associations that WUASP established in FY 2007. Vulnerable households are practically all rural households that WUASP works with.

4.5 Agriculture\4.5.3 Program Support (Agriculture)

Number of monitoring plans

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1	1	-	1	-

1 chars

4.5.3 Program Support (Agriculture) narrative (no more than 1500 characters)

4.6 Private Sector Competitiveness\4.6.1 Business Enabling Environment

Number of municipalities receiving USG assistance with regulatory/ administrative simplification

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
3	11	13	13	13

1 chars

4.6.1 Business Enabling Environment narrative (no more than 1500 characters)

4.6 Private Sector Competitiveness\4.6.4 Program Support (Private Sector)

Number of monitoring plans

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1	1	1	1	1

1 chars

4.6.4 Program Support (Private Sector) narrative (no more than 1500 characters)

4.7 Economic Opportunity\4.7.1 Inclusive Financial Markets

Number of clients at USG-assisted microfinance institutions

					number of women					number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
61,332	84,000	82,995	-	97,000	-	-	-	-	-	-	-	-	-	-

98 chars

4.7.1 Inclusive Financial Markets narrative (no more than 1500 characters)

The revised target for 2008 reflects an oversight in not having included it as an original target.

4.7 Economic Opportunity\4.7.2 Policy Environment for Micro and Small Enterprises

Number of proposed improvements in laws and regulations affecting the operations of micro

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	5	2	10	7

391 chars

4.7.2 Policy Environment for Micro and Small Enterprises narrative (no more than 1500 characters)

The indicator represents results under the CMFA microfinance association development activity and a planned tax pilot activity. The tax pilot activity was delayed owing to complexities of negotiating a multi-party Memorandum of Understanding and due to discussions with the ADB over a loan which is based on the pilot. The pilot will begin in FY 2008 thus the 2008 target has been revised.

4.7 Economic Opportunity\4.7.5 Program Support (Econ Opportunity)

Number of monitoring plans

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1	1	-	1	-

1 chars

4.7.5 Program Support (Econ Opportunity) narrative (no more than 1500 characters)

FY 2007 Performance Report - Custom Indicators

Program Element	Custom Indicator	2007 Actual	2008 Target
3.1.2 Tuberculosis	Number of individuals trained in DOTS with USG funding	207	202
3.1.7 Family Planning and Reproductive Health	Number of people trained in FP/RH with USG funds	0	90
3.1.7 Family Planning and Reproductive Health	Number of people that have seen or heard a specific USG-supported FP/RH message	0	75,200