

Data Sheet

USAID Mission:	Kyrgyzstan
Program Title:	Small and Medium Enterprises
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	116-0131
Status:	Continuing
Planned FY 2006 Obligation:	\$8,220,000 FSA
Prior Year Unobligated:	\$1,539,000 FSA
Proposed FY 2007 Obligation:	\$10,656,000 FSA
Year of Initial Obligation:	2001
Estimated Year of Final Obligation:	2007

Summary: USAID's program to improve the business environment for the growth of small and medium enterprises includes training and technical assistance to increase opportunities to obtain business information, knowledge, and skills; to support more responsive financial institutions, instruments, and markets; and to improve the implementation of laws and regulations.

Inputs, Outputs, Activities:

FY 2006 Program:

Improve Economic Policy and the Business Environment (\$3,528,000 FSA, \$943,439 FSA carryover). USAID will strengthen central and local government fiscal management capacity and Parliament's capacity to conduct economic and policy analysis. USAID will also provide support to implement a pilot program to introduce more transparent tax administration processes with the Bishkek City Tax Inspectorate. USAID will assist in implementation of zoning regulations to offer more transparent investment alternatives to existing and potential land owners and users. USAID's planned new Business Environment Improvement Project will work with business associations, governments, and other stakeholders to increase the effectiveness and sustainability of local institutions and partnerships in their pursuit to improve the business, trade, and the legal environment. Principal contractors/grantees: Bearing Point, Chemonics International (CI), and to be determined (TBD) (primes).

Improve Private Sector Competitiveness (\$1,423,000 FSA, \$19,200 FSA carryover). USAID's Enterprise Development Project will train six local partners throughout Kyrgyzstan on trade transactions and help the e-commerce facility administered by the project to become a sustainable commercial service. USAID will shift its work in the area of Small and Medium Enterprise (SME) development from firm-level assistance to strengthening local business service providers to increase competitiveness of Kyrgyzstan's SMEs. Future work will entail provision of technical assistance to SME support institutions, professional business associations, and the private sector. USAID will support implementation of International Financial Reporting Standards through increased sustainability of the professional certification program and professional accounting associations, ultimately to improve transparency and competitiveness of SMEs. Principal contractors/grantees: Pragma Corporation and TBD (primes).

Improve Quality of Workforce through Vocational/Technical Education (\$400,000 FSA, \$356,185 FSA carryover). USAID will continue to strengthen the quality of business and economics programs in high schools and higher education institutions by helping them to become more responsive to the needs of businesses, creating sustainable faculty development and advocacy mechanisms, and supporting educational institutions to move toward international standards. Principal contractors/grantees: Carana Corporation and TBD (primes).

Increase Agricultural Sector Productivity (\$1,309,000 FSA, \$70,748 FSA carryover). Assistance will concentrate on the development of agribusiness through technical advice and specialized training courses. USAID will also contribute to this objective by improving land legislation and land management, and by eliminating constraints to the development of rural land markets. With an improved functioning land market, farmer beneficiaries will increase their land productivity. Principal contractors/grantees: International Fertilizer Development Center and CI (primes).

Strengthen the Financial Services Sector and Increase Access to Capital (\$1,560,000 FSA, \$8,989 FSA carryover). USAID will work with the National Bank of Kyrgyzstan to raise its compliance with Basel Core Principles. USAID will continue to strengthen the capacity of local banks and microfinance institutions to provide financial services to micro and small entrepreneurs on a sustainable basis. Special attention will be given to expand services to rural areas. Principal contractors/grantees: Bearing Point and TBD (primes).

Strengthen the Legislative Function/Legal Framework (\$140,063 FSA carryover). USAID will provide assistance to improve the commercial legislation framework. USAID will continue to build the capacity of legal professionals and the judiciary responsible for interpreting and applying laws and regulations, including third-party arbitration. Principal contractor/grantee: Associates in Rural Development (prime).

FY 2007 Program:

Improve Economic Policy and the Business Environment (\$4,568,831 FSA). USAID will continue its assistance to Parliament in fiscal analysis and to central and local governments in strengthening their fiscal management capacities. Continued assistance will also be provided to implement zoning regulations. Further work will be conducted with business associations and the Government to improve the environment for businesses. Principal contractors/grantees: Bearing Point, CI, and TBD(primes).

Improve Private Sector Competitiveness (\$3,181,000 FSA). Support will be provided to expand opportunities for businesses to grow and become more competitive. USAID will continue its work on accounting reform. Principal contractors/grantees: TBD (prime).

Increase Agricultural Sector Productivity (\$1,856,371 FSA). Further assistance will be provided to develop the agribusiness sector and improve land productivity. Principal contractors/grantees: International Fertilizer Development Center and Chemonics International (primes).

Strengthen the Financial Services Sector and Increase Access to Capital (\$1,049,797 FSA). The National Bank will receive further assistance to improve its supervisory capabilities. USAID will also support further expansion of access to finance for micro and small entrepreneurs through banks and/or microfinance institutions. Principal contractors/grantees: Bearing Point and TBD (primes).

Performance and Results: USAID developed implementing regulations for the new WTO-compliant Customs Code that went into force on January 1, 2005. Assistance was provided to draft a new Tax Code, which was finalized and is being considered by a public-private Commission set up by President Bakiev. As a result of USAID assistance to eliminate discretionary steps and streamline procedures to increase transparency and predictability of government requirements, entrepreneurs will save 26,313 work days and \$4 million. In FY 2005, 162 businesses assisted through two Enterprise Development Centers achieved 7% increase in both sales and productivity, with cumulative sales of \$74 million, or 3.3% of Kyrgyzstan's Gross Domestic Product. The number of accounting practitioners who completed the requirements for the Certified Accounting Practitioners certificate fell only slightly, from 194 to 183 in the last year. The USAID-supported European Bank for Reconstruction and Development Micro and Small Enterprise Finance Program's outstanding portfolio grew by 141% to \$22,700,000; active clients increased from 6,667 to 14,092. Almost 10,000 rural residents, mainly farmers, benefited from the legal services of 22 rural legal aid centers run by the USAID-funded non-governmental organization Legal Assistance for Rural Citizens. USAID provided 7,207 legal services through its assistance, helping 10.3% of clients obtain land plots, 8.6% restore their right to land, 7% register businesses, and another 8.6% enter into contracts. USAID continued to promote the independence of the judiciary, and increase transparency and efficiency in court proceedings through the Commercial Law Activity. This activity partnered with the Judicial Training Center to conduct trainings for judges and related professionals, and to administer the Database of Judicial Opinions, which provides the only public access to judicial opinions in Kyrgyzstan. An additional 12,079 judicial opinions were received from the courts for inclusion into this Database during FY 2005. By program's end, reforms of the regulatory and legal environment will foster the sustained growth of small and medium enterprises, which are critical to employment and revenue generation; and entrepreneurs will have access to credit and modern business skills and knowledge.

US Financing in Thousands of Dollars

Kyrgyzstan

116-0131 Small and Medium Enterprises	FSA
Through September 30, 2004	
Obligations	38,411
Expenditures	28,534
Unliquidated	9,877
Fiscal Year 2005	
Obligations	10,300
Expenditures	0
Through September 30, 2005	
Obligations	48,711
Expenditures	28,534
Unliquidated	20,177
Prior Year Unobligated Funds	
Obligations	1,539
Planned Fiscal Year 2006 NOA	
Obligations	8,220
Total Planned Fiscal Year 2006	
Obligations	9,759
Proposed Fiscal Year 2007 NOA	
Obligations	10,656
Future Obligations	9,700
Est. Total Cost	78,826