

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 2005 Obligation:	\$10,300,000 FSA
Prior Year Unobligated:	\$2,628,000 FSA
Proposed FY 2006 Obligation:	\$9,870,000 FSA
Year of Initial Obligation:	2001
Estimated Year of Final Obligation:	2007

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

Inputs, Outputs, Activities:

FY 2005 Program: Enhance Participation in Global Trade and Investment (\$1,299,000 FSA, \$103,000 FSA carryover). USAID's Trade Facilitation and Investment Project (TFI) will continue working to develop trade and transit facilitation mechanisms to reduce high trade and transit costs and improve access of businesses to trade-related regulations of Kyrgyzstan and its Central Asian neighbors. TFI will continue working with business associations and local governments to reduce investment constraints, particularly in the Ferghana Valley. At the national level, the project will assist Kyrgyzstan in its legislative efforts aimed at reducing the level of government interference in business activities. The Investment Roundtable (IRT) will continue working with the Government to reduce barriers to investment. Principal contractors/grantees: Pragma Corporation (prime) and IRT (prime).

Improve Economic Policy and Governance (\$3,707,000 FSA, \$1,471,000 FSA carryover). USAID will strengthen the Government's capacity to formulate and execute budgets and improve public accounting and tax policy. USAID will improve civil and commercial laws and build capacity to implement laws in a transparent way. In addition to training the judiciary in civil and commercial law, USAID will support the preparation and dissemination of legal information and will assist in the development of an administrative procedures act. To promote transparency in the courts, the Judicial Opinion Database will be expanded by 40,000 pages. Support will be provided to further develop arbitration as a viable alternative to judicial resolution of commercial disputes. USAID will continue assistance in land reform to strengthen land markets and supporting institutions. Principal contractors/grantees: ARD/Checchi (prime), Helvetas (prime), and TBD (prime).

Improve Private Sector Growth (\$2,683,000 FSA). Under USAID's Enterprise Development Project (EDP), support will be provided to expand opportunities for businesses to start up, grow, and become more competitive. Principal contractor/grantee: Pragma Corporation (prime).

Enhance the Financial Sector's Contribution to Economic Growth (\$1,325,000 FSA). USAID will work with the National Bank of Kyrgyzstan (NBK) to continue to raise its compliance with Basel Core Principles. Training will be provided to NBK staff on international accounting standards. USAID will support financing opportunities for enterprises through assistance to microfinance institutions and our partnership with the European Bank for Reconstruction and Development's (EBRD) Micro and Small Enterprise Finance Facility. Principal contractors/grantees: European Bank for Reconstruction and Development (EBRD) (prime), and Agricultural Cooperative Development International/Volunteers for Overseas Cooperative Assistance (ACDI/VOCA) (prime), TBD.

Expand and Improve Access to Economic and Social Infrastructure (schools and higher education institutions) (\$587,000 FSA, \$1,054,000 FSA carryover). USAID will continue providing support to

strengthen the quality of business and economics programs in secondary and higher education institutions. The program will make courses more responsive to the needs of businesses and the economy, create faculty development and advocacy mechanisms, and help move educational institutions toward international standards. USAID, in partnership with Junior Achievement Worldwide (JA), will provide business and economics training to middle and high school teachers and build JA administrative capacity. Principal contractors/grantees: JA (prime), TBD.

Improve Agricultural Productivity (\$699,000 FSA). Assistance in Osh will concentrate on overall development of the agribusiness vertical supply chain as technical advice and training will go to farmers, agro-input retailers, and food processing companies. Principal contractor/grantee: International Fertilizer Development Center (IFDC) (prime).

FY 2006 Program: Enhance Participation in Global Trade and Investment (\$1,162,000 FSA). TFI will continue its activities partnering with associations and the Government to reduce costs of doing business and improve cross-border trade in the Ferghana Valley. Principal contractor/grantee: Pragma Corporation (prime).

Improve Economic Policy and Governance (\$2,719,000 FSA). Assistance will be provided to develop implementing regulations and train inspectors and taxpayers on a revised tax code to be approved in FY 2005. USAID will continue providing assistance to improve transparency in government expenditures and may expand assistance to improve the fiscal capabilities of municipalities. USAID will continue improving civil and commercial laws and building capacity to implement laws in transparent way. Further assistance in land reform will be provided. Principal contractor/grantee: TBD (prime).

Improve Private Sector Growth (\$2,785,000 FSA). Support will be provided to expand opportunities for businesses to start up, grow, and become more competitive. Principal contractor/grantee: Pragma Corporation (prime).

Enhance the Financial Sector's Contribution to Economic Growth (\$1,892,000 FSA). Assistance to microfinance institutions (MFIs) will aim to strengthen the capacity of these institutions to provide financial services to the poor. Work with the NBK will implement Basel Core Principles to improve supervisory capabilities. Assistance will be provided to the commercial banking sector to improve lending policies and attract more deposits. Principal contractors/grantees: ACDI/VOCA (prime), TBD (prime).

Expand and Improve Access to Economic and Social Infrastructure (\$723,000 FSA). USAID will continue its support to strengthen the quality of business and economics education at the university and the school level. Principal contractors/grantees: TBD (prime) and JA (prime).

Improve Agricultural Productivity (\$589,000 FSA). Further assistance in Osh will be provided to develop the agribusiness sector. Principal contractor/grantee: IFDC (prime).

Performance and Results: With USAID assistance, the Government adopted a WTO-compliant draft Law on Technical Regulations and assisted the Customs Service in the development and adoption of a new WTO-compliant customs code. Assistance was provided in drafting a new Tax Code. USAID implemented a nationwide training initiative to support fiscal decentralization. USAID's Commercial Reform Project supported the creation of a judicial opinion database containing 13,000 opinions issued by commercial courts. The Legal Assistance to Rural Citizens Project provided legal consultation and dispute resolution services to help rural citizens resolve their land-related disputes. Business and trade advisory services were provided to 81 businesses. Enterprise improvement services resulted in actual portfolio sales growth in excess of \$18.1 million, with an average 76% actual sales increase and 66% productivity increase for the assisted enterprises. By program's end, reforms to the regulatory and legal environment will help foster sustained growth of SMEs, which are critical to employment and revenue generation. In addition, entrepreneurs will have access to credit and modern business skills.

US Financing in Thousands of Dollars

Kyrgyzstan

116-0131 Small and Medium Enterprises	FSA
Through September 30, 2003	
Obligations	27,677
Expenditures	14,417
Unliquidated	13,260
Fiscal Year 2004	
Obligations	10,734
Expenditures	14,117
Through September 30, 2004	
Obligations	38,411
Expenditures	28,534
Unliquidated	9,877
Prior Year Unobligated Funds	
Obligations	2,628
Planned Fiscal Year 2005 NOA	
Obligations	10,300
Total Planned Fiscal Year 2005	
Obligations	12,928
Proposed Fiscal Year 2006 NOA	
Obligations	9,870
Future Obligations	9,700
Est. Total Cost	70,909

