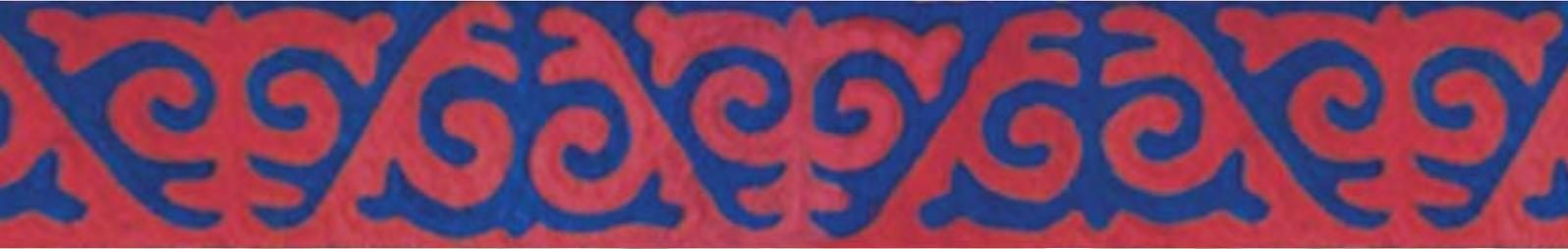




**USAID**  
FROM THE AMERICAN PEOPLE

# IN PARTNERSHIP WITH KYRGYZSTAN





USAID:

# FROM THE AMERICAN PEOPLE

The United States Agency for International Development (USAID) was created by the U.S. Government in 1961. It now works in more than 100 countries around the world.

USAID launched its programs for Kyrgyzstan in late 1992, soon after the country became independent, and set up a representative office in 1993. Since that time, the American people through USAID have provided nearly \$400 million in programs that foster the development of Kyrgyzstan's economic sector, healthcare and education systems, and democratic institutions. These programs help the people of Kyrgyzstan ensure adequate and affordable health care, a better education for their children, affordable financial credits, democratic elections, and a justice system that serves all citizens.

USAID programs in Kyrgyzstan promote broad-based economic growth, macroeconomic policy reforms, and improvements in the business environment. Assistance also focuses on the agriculture and energy sectors that are critical to the sustained growth of the Kyrgyz economy. USAID is contributing to the development of a stable banking sector and a thriving microfinance sector. These two sectors are vital to the growth of small and medium-size businesses that comprise over 40% of the Kyrgyz economy. Working closely with local governments and communities, USAID is helping improve human and institutional capacity, as well as opportunities for local economic development.

Support for health sector reforms focuses on enhancing access to quality medical care, as well as treatment and

prevention of such infectious diseases as HIV/AIDS, tuberculosis, and malaria. To strengthen the education sector, USAID facilitates teacher training, curriculum development, testing, and improvements in the overall management of the education system.

USAID democracy-oriented programs further good governance, constitutional and legal reforms, human rights, media freedoms, transparent elections, rule of law, civil society advocacy, as well as political party and local community development.

USAID seeks to continue its cooperation with ministries, governmental and non-governmental organizations, businesses, and communities to improve the lives of the Kyrgyz people.

PHOTO: IFES



# KEY SECTORS OF THE ECONOMY

**Agriculture: USAID focuses on improving the capacity of producers, input businesses, associations, processors, and others along the value chain to respond to both domestic and export market opportunities.**

To improve the profitability of farms and agribusinesses, USAID helps farmers and other stakeholders to better manage local water delivery systems, create a legal market for fertilizer and seed imports, and develop associations that work to improve the business climate for the sector.

Twenty-four water user associations with over 30,000 farmers and 35,000 hectares of land in southern Kyrgyzstan have benefited from USAID support. More than 3000 hectares of abandoned land were put back into production. Improvements in irrigation and production techniques resulted in approximately \$5 million in additional income.

USAID has supported the Association of Agro-businessmen of Kyrgyzstan (AAK), an organization that promotes quality agricultural inputs and best management practices. Since late 2001, in cooperation with this association, USAID has enabled farmers to increase their productivity on average by 50%. Expanded use of quality inputs and technologies, combined with improved irrigation, has increased the sales of agricultural production and inputs by \$80 million.

USAID helped the Government of Kyrgyzstan develop a policy for the use and improved management of the state-owned land reserve that holds and manages 25% of the country's

arable land. In 10 *aiyl okmotus* (village governments) USAID helped establish transparent and simple mechanisms to manage that land reserve. USAID helped carry out land inventory, zoning, prepare strategic land use plans, and conduct land lease auctions. These have been replicated with USAID support in 25% of all the country's *aiyl okmotus*. Transparent land lease auctions expanded access to land for farmers and have more than tripled *aiyl okmotu* budgets. Additionally, a network of *demilgechi* (local counsels), created with USAID support, helped approximately 150,000 rural citizens exercise their land rights and resolve land-related issues.



“Today Boz residents again cultivate gardens, plant fruit trees, and build houses – all because of access to water,” says Torokul Satiev, the 84 year old patriarch of Boz village in the Bazarkorgon region, Jalalabat Oblast. “I thank the American people who helped us return life to our village.

During Soviet times the collective farm maintained a pump to bring water to the village. After the Soviet Union collapsed, we could no longer afford to pay for the pump, and had to hand-carry all our water from many kilometers away. USAID helped us dig a passageway to a nearby canal, thus eliminating the need for a pump. The canal now delivers enough drinking water for over 4,000 people in Boz and irrigates 220 hectares of land.”

PHOTO: WINROCK INTERNATIONAL



“Health sector partnership with USAID and city administration helped resolve pending problems and improve sanitary and hygiene standards in our hospital,” said former Chief Physician of the Republican Infectious Diseases Hospital, Nurisa Muratova. USAID helped the hospital replace and reconstruct a number of windows and doors, place thermal screens at the entrance, and install thermal valves for heaters. The hospital is now much warmer, and the maintenance for the heating system is considerably cheaper.

PHOTO: USAID

## **Energy: USAID helps rationalize the use of energy resources, meet domestic energy demand, and increase the electricity trade in Central and South Asia.**

In the past 15 years, USAID energy programs helped to unbundle the state energy monopoly KyrgyzEnergo, prepare the country’s tariff methodology, create the State Energy Agency, and draft energy laws. Support in solving trans-boundary water management issues led to the 1998 Framework Agreement between Kazakhstan, Kyrgyzstan, and Uzbekistan on the Use of Water and Energy Resources of the Syr Darya Basin.

Currently, assistance focuses on helping the Kyrgyz Government

develop an energy strategy. This sector-wide approach aims to balance domestic needs with export opportunities, introduces better planning and production techniques, and attracts necessary investments. With these inputs, Kyrgyzstan will be prepared to compete in the Central Asia energy market and benefit from increased trade and export to other regions. Expert technical, legal, and financial advice helps power-sector institutions build local skills to address the country’s energy needs and use energy resources for the benefit of the Kyrgyz people.

Additionally, a recent USAID-supported energy efficiency project in cooperation with the Ministry of Health and Bishkek City Administration helped introduce energy-saving measures in some Bishkek medical facilities. In response to energy shortages in the country, over 50 hospitals across the country received electric power generators to ensure uninterrupted energy supply for the life-saving equipment in maternity wards, operating, and emergency rooms.

FOSTERING

# LOCAL ECONOMIC DEVELOPMENT

**USAID works to improve the livelihoods of Kyrgyz citizens by increasing the capacity and responsiveness of local government and by sponsoring community development.**



Bekten is one of 600 young people who gained job skills through apprenticeships with local masters under USAID-funded community development programs. These formerly unemployed youths now have the opportunity to earn a living and provide needed services for their communities. The program also is working with leaders and activists in 46 communities of southern Kyrgyzstan to address and peacefully manage tensions through small-scale economic development initiatives.

In partnerships with local officials and citizens, USAID works to foster more effective and responsive local government across the country. With USAID assistance, local governments in all 25 of Kyrgyzstan's cities and one-quarter of the country's *aiyl okmotus* have improved budget allocation, management of municipal property, and strategic planning of local economic development initiatives. USAID helped conduct competitive auctions for the lease of agricultural land that have more than tripled budgets for a number of *aiyl okmotus*. For example, the cities of Jalalabat and Karakol have increased their revenues from municipal property leasing ten times.

Additionally, more than 750,000 residents across the country have benefited from over 200 local infrastructure and social projects, carried out with USAID support. Through these projects, communities renovated their schools, medical

"Most of the young people in my village do household work or sell walnuts. Many drink and fight with other boys. To stay away from this, one should be doing something useful," says Bekten Kanybek uulu, Aktobo village, Jalalabat Oblast.

"When I heard that a well-known blacksmith, Kanybek ake, was organizing apprenticeships in our village through a USAID program, I applied and was selected along with five other boys. USAID provided our master with equipment for our lessons, and in three months I learned to harden steel, work with a drill, and make quality horseshoes and mandrels. Blacksmithing is a sure way to earn a living, and when I marry, I know I will be able support my family."

PHOTO: MERCY CORPS

facilities, irrigation systems, built electrical and water supply lines, and improved key services for the citizens.

USAID is actively facilitating Kyrgyzstan's decentralization efforts. Assistance on financial and fiscal reforms resulted in higher local revenues and more flexible budgets that are

now used to address local needs and priorities. As a result of fiscal decentralization reforms, local revenues increased on average by 22% in 2007.

USAID helped draft legislation and facilitated the creation of 600 housing associations that comprise 59,000 apartment

units. This has led to better maintenance of common areas and preservation of value for apartment owners. Over 90% of apartment owners surveyed noted that the value of their property increased thanks to their housing association.

Kaidanym Abdramanova was going through rough times. She had lost her job, was living in a dormitory, and her husband was sick. When she heard about a land lease tender to be conducted by the *akimiat* with USAID support, Kaidanym decided to try and rent a lot for a shop. Kaidanym won the tender and signed a lease agreement with the city for a small plot of land. With a bank loan, she built a food shop, and with sales booming, life became better for Kaidanym's family. They bought an apartment, and their children are going to school. "Today anyone can lease land from the city and start a business," says Kaidanym.

PHOTO: USAID



## SUPPORTING

# BUSINESS GROWTH

### Regulation and Trade: USAID helps increase opportunities for business and trade, as well as the country's participation in the global market economy.

To improve the business climate, investment regime, and corporate governance, USAID provides extensive advisory and capacity-building support to private and public sector entities. Assistance focuses on areas such as business registration, licensing, inspections, standards, and certifications.

USAID worked with the government and private sector to reduce burdens for small and medium-sized enterprises and supported the Kyrgyz Government in successfully completing its "100 Days of Reforms" initiative in 2008. As a result, the Kyrgyz Republic jumped from 99 to 68 in the

World Bank's Doing Business ranking and was declared one of the three top reformers in the world for 2008.

Over the years, USAID provided businesses with extensive hands-on support. For example, business consulting to almost 300 companies led to an average 37% increase in their sales by 2006.

An Internet-based trade portal [www.smetradecenter.net](http://www.smetradecenter.net), created by USAID in 2002, enables local companies to sell their products on regional and international markets. The portal is currently managed by a private Kyrgyz

company and receives 5,000 to 10,000 hits per day. Since its inception, the portal has facilitated over \$8.5 million in trade deals for Kyrgyz companies.

USAID assistance helped Kyrgyzstan become the first post-Soviet country to join the World Trade Organization (WTO) in 1998, and work on compliance with WTO regulations. WTO membership yielded several trade benefits, including resolution of disputed duties on Kyrgyz goods levied by Ukraine. The latter resulted in a settlement in excess of \$27 million in favor of Kyrgyzstan in 2008.

Light industry is one of the fastest-growing sectors in Kyrgyzstan, but until recently it has been part of the "shadow" economy. Because of its illegal status, workers could not protect their rights, businesses have been discouraged from expanding, and export has been hampered. Even though the government established tax "patents" to simplify the payment of taxes, few entrepreneurs knew about or used the new system.

The USAID Business Environment Improvement Project and the Bishkek Mayor's Office launched an informational campaign to explain the law on tax patents to local light industry companies. Within six months, the number of tax patents doubled, and tax revenues tripled. "Patenting enables businesses to work legally and helps us eliminate corruption," says Chinara Askarova, Head of Entrepreneurship Department at the Bishkek Mayor's Office.

PHOTO: USAID





Burganai Saparaliev and her eight children live in a small village near Bishkek. She used to make her living by selling vegetables. Money was short. One day, Burganai learned about the USAID-funded FINCA lending program and decided to apply for a loan. With the loan, Burganai and her older sons started making wooden trunks that Kyrgyz people buy for their daughters' dowries. The business became successful, and now Burganai has a steady flow of customers and income. Burganai opened a second business, built a new house, and is planning to build homes for her sons.

PHOTO: USAID

## Financial and Fiscal Sectors: USAID supports macro-level development and stability and micro-level financial lending.

Assistance from the American people has enabled many enterprising Kyrgyz to improve their livelihoods with loans from micro-credit institutions such as FINCA, the Bai Tushum Financial Foundation, and EBRD. The joint USAID and EBRD Micro and Small-business Lending Program, for example, encouraged commercial banks to issue smaller loans; currently seven commercial banks provide small-scale financing that enables Kyrgyz businesspeople and farmers to start or expand their business. In total, microfinance institutions and banks created or supported by USAID have disbursed over one million loans totalling \$800 million to individual and group borrowers.

USAID also funded the creation of a wholesale lending organization, Frontiers, that provides funds for microfinance institutions in Kyrgyzstan and other countries of Central Asia. Additional assistance

helped establish the country's Association of Microfinance Institutions. Its 23 members currently account for over 70% of the microfinance sector loan portfolio. To facilitate the growth of the sector, USAID also helped revise regulations that define organizations that can serve as founders of microfinance institutions with 100% ownership.

To promote the development of the banking sector, USAID helped strengthen the bank supervision function of the National Bank of Kyrgyzstan and supported the country's transition to international accounting standards. USAID assistance to the banking sector enhanced on-site inspections of commercial banks, helped introduce the Uniform Bank Rating System, improved regulatory documents and training, and supported the shift to international accounting standards. These improvements have resulted in increased investor and

depositor confidence in the country's banking sector. USAID also funded training programs and testing for internationally-recognized accounting qualifications and integration of these programs into university curriculum to help develop a cadre of skilled professionals.

To further strengthen Kyrgyzstan's fiscal sector, USAID helps introduce program-based budgeting and a three-tier budget system that devolves greater responsibility and flexibility to the local government. Economic policy efforts foster transparent budget development, taxation, and government accountability. USAID programs have worked with both the government and parliament to strengthen their capacity in developing fiscal impact analyses of new legislation. USAID assistance has facilitated recommendations to alternative drafts of the new Tax Code, as well as helped educate the public on those changes.

INCREASING ACCESS

# TO QUALITY HEALTH CARE

**Health Care: USAID supports a wide range of health sector programs aimed at improving access to and quality of medical care.**



Aidana woke up with a high temperature and then her breathing stopped. Her mother quickly called for an ambulance, and soon they were being rushed to the children's hospital. Feldsher Damira knew that time was of the essence. Having completed a USAID-supported training in basic emergency care, Damira swiftly began resuscitation. After a few cycles, Aidana started breathing, she became conscious, and color returned to her face. The feldsher is happy that she had taken the USAID-supported training and says that before it, "she simply would not have known what to do."

PHOTO: USAID

To help the country's medical facilities provide better quality, client-oriented, cost-effective health care services, USAID helped design and implement health reforms under Manas (1996-2006) and then Manas Taalimi (since 2006) national health programs.

In the area of family health, USAID helped pilot the family medicine approach in Issyk-Kul Oblast and then roll it out country-wide when the Kyrgyz Government adopted the model nationally. Currently, family medicine services are provided by over 700 family group practices that were opened with USAID support. USAID also helped create family medicine training centers across the country that over the past decade have retrained

all 10,000 of Kyrgyzstan's primary care doctors and nurses in family medicine. With USAID assistance, 165 village health committees in Issyk-Kul Oblast are working to improve community health services and address such local health priorities as alcoholism, brucellosis, hypertension, iodine deficiency, and nutrition. This support has resulted in better reproductive health and family planning services in health facilities across the country, as well as safer healthcare practices and policies for mothers and newborns.

USAID has supported broader health reforms and health financing models in Kyrgyzstan that have been recognized as international best practices for transitioning and developing

countries. Over 80% of the population is covered by the Health Insurance Fund under which they are eligible to receive a basic package of services free-of-charge and other services with a minimal co-payment. In partnership with other donors, USAID helped the Kyrgyz Government increase overall expenditures for the health sector. In addition, USAID assisted in reprioritizing allocations for primary health care, which led to an almost 400% increase in the primary health care budget from 2000 to 2007.

USAID assistance has helped reduce the prevalence of infectious diseases. Under the National Tuberculosis (TB) Program, the TB death rate decreased by 17% by

2004, and malaria cases in southern Kyrgyzstan declined by 84% from 2002 to 2005. Assistance to the National HIV/AIDS Control Program has helped reform policy and enabled the health system to better manage HIV/TB co-infection, anti-retroviral therapy, HIV counseling, and voluntary

testing. Thousands of young Kyrgyz men and women were educated on the risks involved with drug use. Additionally, HIV sentinel surveillance sites, established in the country with USAID support, produce scientifically-valid data on the HIV/AIDS epidemic.

USAID also helped the government compile successful applications for grants from the Global Fund to Fight AIDS, TB, and Malaria, leading to over \$61 million of additional assistance for HIV/AIDS programs.

## People in Need: USAID activities mobilize public and private resources to help citizens in times of need.

USAID, through funding for the Eurasia Foundation of Central Asia (EFCA), mobilizes public and private resources to help citizens strengthen their communities, improve their civic, cultural, and economic wellbeing, and prevent ethnic conflict. Assistance helps improve conditions for labor migrants, youth, and vulnerable groups of the population. For example, the USAID-sponsored

project Talking Books worked to increase access to quality education and employment for the visually-impaired. Over 100 books on various educational topics were recorded, and more than 20 young visually-impaired individuals learned to use computers, MP3 players, and other digital audio equipment to listen to recorded books.

USAID food security programs provided humanitarian

assistance to 22,000 residents and patients in 85 hospitals, nursing homes, orphanages, incarceration facilities, and specialized tuberculosis hospitals across the country. Emergency assistance helps communities across the country alleviate the immediate effects of natural disasters.

Thanks to the USAID-sponsored project Talking Books, Dinara Dzhabueva was able to graduate from the Kyrgyz State Medical Academy with a degree in Nursing. For her studies, Dinara used an audio book, "Collection of Literature on Massage Therapy," that was one of more than 100 books recorded for use by visually-impaired students.

PHOTO: EURASIA FOUNDATION OF CENTRAL ASIA



STRENGTHENING

# DEMOCRATIC GOVERNANCE

**Engaging Civil Society: USAID is helping develop Kyrgyz civil society organizations, so that citizens can take a more active role in shaping their future.**



Kanishai had always dreamed of becoming an attorney. At the age of 26, she began her studies at the Islamic University in Osh, where she learned that USAID's Street Law Program supported law classes alongside the religious studies.

"Every week we learn about our rights and how to address various problems with the help of the law," says Kanishai. Now she wants to become a Street Law trainer, so that she can teach law in her village. "I was not able to become a lawyer, but I have a chance to become a teacher of law."

PHOTO: USAID

Kanishai is one of over 400 students who participated in the USAID-funded Street Law Program in 10 madrassas and two Islamic Institutes across the country. USAID's civic education programs also taught students in 25% of Kyrgyzstan's secular schools about their civil rights and responsibilities. The programs provided schools with civics teaching materials that subsequently have been recommended by the Government of Kyrgyzstan for use throughout the school system.

Through USAID's programs, future lawyers are able to practice their skills by teaching the basics of law and human rights at secular and religious schools.

To increase the access of Kyrgyz citizens to quality information, USAID has trained hundreds of TV, radio, and print journalists, and supports the development and broadcast of news programs. Thanks to USAID assistance, viewers around the country have access to programs on key local issues. One such TV program, "Demilge Program in Action," was rated the second most popular TV program in Kyrgyzstan in 2005 in a survey conducted by the National Television and Radio Corporation. The "Demilge Program in Action" highlights activities of local activists who help resolve land-related problems in their communities.

Over the past 15 years, USAID has also played a strong role

in developing one of the most active and vibrant civil society sectors in Central Asia. USAID provided substantial support for the development of non-governmental organizations and professional associations. Organizations like the Association of Civil Society Support Centers, created with funding from USAID, provide professional services to over 3,000 civil society groups throughout the country. USAID-supported public education campaigns on issues such as constitutional reform, as well as assistance for developing legislation on access to information, increased the ability of Kyrgyz citizens to exercise their political rights. Thousands of Kyrgyz citizens from all walks of life now have the skills

necessary to take a more active role in shaping their society.

USAID assisted the Kyrgyz Government in preparation for both parliamentary and presidential elections, working closely with the Central Election Commission, indigenous election monitors, and international election observers. The country continues receiving

USAID support for bringing the elections processes in compliance with international standards.

Dialogue among religious leaders, non-governmental organizations, and local officials participating in USAID-sponsored training courses and roundtable discussions promoted greater understanding

of religious freedom. USAID funding for anti-trafficking programs expanded the knowledge of the risks of human trafficking and illegal migration; facilitated victims' return and re-integration into the society; and provided medical care, legal assistance, and vocational training to trafficked persons.

## **Strengthening the Rule of Law: USAID partners with Kyrgyz state institutions and non-governmental entities to build more effective judicial and law enforcement systems.**

Soon after Kyrgyzstan became independent, USAID began providing training, legislative drafting assistance, and support for the creation of an independent Bar Association that now comprises several hundred attorneys. Extensive assistance was provided for the creation of an Association of Judges and for the establishment of the Judicial Training Center, the key institution for training the country's judges.

An Internet-based legal database, established by USAID, now comprises 36,000 judicial opinions and facilitates fair and consistent application of the law.

To foster market-driven growth, USAID assisted Kyrgyz policymakers in drafting fundamental legislation that reformed regulation of the economy. Expert advice supported the drafting of the 1996 Civil Code and the 1999 Land Code, as well as several laws that protect and regulate property rights.

More recently, USAID began assisting Millennium Challenge Account Threshold Program reforms in the country's judiciary, law enforcement, and criminal justice. To create a more independent court system, USAID helps develop more transparent judicial selection procedures, empower judges to

oversee judicial management, and improve procedures for discipline, budgeting, training, and court administration. Reforms in law enforcement aim to improve personnel systems and police responsiveness to citizen's complaints, including the creation of a Civilian Review Board empowered to take action against police misconduct. Criminal justice reforms concentrate on achieving a greater balance between prosecutors and the defense in court hearings through legislative changes and associated training.

In 2008, USAID launched a two-year, \$16 million assistance activity to support the Kyrgyz Republic's Millennium Challenge Account Threshold Program, an intensive effort to overhaul the country's judicial, law enforcement, and criminal justice systems. The goal of the Threshold Program is to increase the effectiveness of, and reduce corruption in, state institutions in these areas. "These fundamental reforms will ultimately benefit all the country's citizens," said USAID's Regional Mission Director William M. Frej at the signing ceremony.

PHOTO: VLADIMIR PIROGOV, PHOTOGRAPHER OF THE NEWSPAPER MSN



IMPROVING

# THE QUALITY OF EDUCATION

**USAID helps expand access to quality education by supporting improvements in teacher training, student testing and assessment, education financing, and teacher involvement in curriculum reform.**

“I wanted to study banking and finance, but this profession is very popular and without connections it is nearly impossible to get a government-financed scholarship. I couldn’t afford to pay for my own education,” says 22-year old Sergey Sergeev. “Shortly before graduation, I learned about National Scholarship Exams and I thought that this might be my chance. When the results came back, I could hardly believe that my score was among the 200 best in the country. This guaranteed me a government scholarship, and with it, I received a degree in Finance and Credit from a prestigious university.”

PHOTO: USAID



Sergey is one of 40,000 students who won scholarships through the National Scholarship Exams, supported by USAID. Through this partnership between the Ministry of Education and USAID, high school students from all over the country are given an equal chance to pursue higher education based on merit. To further expand access to higher education, USAID, together with the Open Society Institute, set up a \$15 million endowment for the Bishkek-based American University of Central Asia, a regional center of higher learning with over 1300 students from 25 countries. Additionally, in 2008 USAID launched a pilot program that guarantees up to \$1.5 million in student loans that will be disbursed by two Kyrgyz financial institutions.

USAID also supports the Kyrgyz Government’s plans to provide quality basic education for all children. Over 7,000 teachers upgraded their skills through in-service training offered by 13 decentralized professional training centers, created with USAID support. Students are now exposed to modern teaching methods that prepare them for an increasingly competitive society. At the same time, an increasing number of parents and community members are taking an active role in their local schools. In cooperation with the Ministry of Education, school administrators, teachers, community members, parents, and children, USAID improved management and administration of schools serving 15% of the country’s secondary school students.

The USAID-sponsored Junior Achievement Program provided education on economics, management, marketing, and entrepreneurship to 30,000 students in grades 5 through 11 in 15% of the schools around the country. The program trained 400 teachers and adapted, translated, and published nearly 3,000 sets of textbooks on economics for Kyrgyz high schools.

USAID also provides short-term training opportunities to thousands of Kyrgyz professionals on a wide variety of topics. For example, the USAID Community Connections Program organizes three-week home-stay study tours in the U.S. for specialists in civil society development, religious diversity, small business, health, and education.





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