



Kazakhstan

ACDI/VOCA's early work in Kazakhstan targeted longstanding issues of food security as well as structural obstacles blocking enterprise development. Our more recent work, which addressed credit access, lending and microfinance institutions, helped Kazakhstani banks respond to the global financial crisis at the end of 2007.

Farmer-to-Farmer Activities Boost Technical Expertise

In 1992 VOCA launched its first program in Kazakhstan, the USAID **Farmer-to-Farmer (F2F) Program**. In F2F's first phase, volunteer experts assisted Kazakhstan's private farms, agribusinesses, farmers' cooperatives, farmers' associations and financial institutions over seven years. Specifically, they trained local groups on business strategies, marketing, product diversification, technology transfer, quality control and rural credit.

ACDI/VOCA has since built on this preliminary phase of volunteer involvement. From 1999-2008, with funding and assistance from Winrock, ACDI/VOCA expanded to implement the **F2F Central Asia Program** in Kazakhstan. By sharing improved technologies and business management practices, ACDI/VOCA volunteers increased the sustainability of private agribusiness. Such work developed the capacity of farmer



associations, cooperatives and business support organizations to sustainably deliver services. Volunteer experts also strengthened the rural finance system to provide credit to agricultural enterprises.

Structural Reform of Credit Access and Enterprise Regulation

Several of ACDI/VOCA's programs in Kazakhstan have worked to strengthen existing food and credit systems, aiming to boost economic growth and reform practices. From 1993-1998, we implemented the Central Asia Food Systems Restructuring Project (FSRP) in Kazakhstan. The program aimed at increasing U.S. private sector involvement in the input and output distribution systems of the region's food processing and marketing sectors. Specifically, FSRP provided two types

of grants to U.S. companies pursuing joint venture investments. Over the life of the project, three fully financed and operating joint stock companies were created, more than 15 enterprises were privatized and 17 companies received grants. In addition, more than 25 technology transfers from the U.S. were completed and implementers mediated more than 30 technical assistance interventions.

During the **Grain Warehouse Receipts Program** (2001-2002), ACDI/VOCA provided technical assistance services to the grain warehouse receipts program in Kazakhstan, through a subgrant from Pragma Corporation. The new receipts system increased credit access for grain traders and producers and had a positive impact on the economic development of grain producing communities. Throughout the program, ACDI/VOCA helped establish the legal and regulatory environment.

In another project that targeted agribusiness reform, the **USAID Central Asia Enterprise Development Project**, ACDI/VOCA worked as a subcontractor to Pragma Corporation. From 2002-2006, we improved the market systems, business practices, product quality and regulatory and trade environment for Fergana Valley agribusinesses.

Strengthening Financial Services and Microfinance Institutions

Since the 1990s, ACDI/VOCA has implemented programs to strengthen lending practices and related financial services in Kazakhstan, particularly by helping build robust microfinance institutions (MFIs). In

1996, ACDI/VOCA received a grant from USAID and the Soros Foundation to start one of the first group lending programs in Kazakhstan. Working with several other organizations and the Kazakh government, we helped draft a new law that would provide public funds for small, working capital loans.

The new legislation was approved in 1997 and allowed ACDI/VOCA to begin its registration process to establish the first non-banking financial intermediary in Kazakhstan. In November 1997, the **Kazakhstan Community Loan Fund (KCLF)** received its license from the National Bank of Kazakhstan to begin lending.

From 2002-2009, the **USAID Central Asian Microfinance Alliance (CAMFA)** strengthened the microfinance industry in Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan. Over the duration of the project, ACDI/VOCA established four microfinance associations (MFAs) that through their members reached over 1,480,000 clients and dispersed over \$1.57 billion.

In developing the capacity of MFAs to sustainably serve MFIs, we received help from the Association of Microfinance Organizations of Kazakhstan (AMFOK). With funding from the Kazakhstan Ministry of Agriculture and the World Bank, AMFOK selected poorly performing MFIs and provided technical assistance and training in financial management, accounting, risk management, credit analysis, general management and controls procedures. ACDI/VOCA continued to

provide technical assistance to KCLF through the CAMFA project.

Creating Sustainable Communities through Coalition Building

In addition to financial programs, ACDI/VOCA has worked to boost social cohesion through coalition building. In 2002 ACDI/VOCA began the USAID-funded **Community Action Investment Program (CAIP)** which ran through 2005 in Kazakhstan and Kyrgyzstan. It promoted broad-based citizen dialogue and participation in communities where the majority of citizens are poor and the preconditions for violent conflict are present. The CAIP-targeted communities generally had ethnic, political or economic issues that could foster unstable conditions.

CAIP built the foundation for sustainable community action planning and developed replicable community action models. ACDI/VOCA strived to strengthen the relationships between active community members, government, NGO and media representatives, and to identify, prioritize and achieve their social and economic needs through participatory community projects. In three years, CAIP helped 51 communities implement 165 projects, generating over \$1.6 million in contributions.

Future Work in Kazakhstan

Since volunteer experts first started working in Kazakhstan in the early 1990s, ACDI/VOCA has boosted local capacities in agriculture and financial services. Business reform and community action coalitions have helped

Kazakhstanis gain access to the resources they need to improve their economic and social well-being. Our future work will build on these foundations to continue providing technical assistance and community support.

Published June 2013