

**Evaluation of
International Trade Centre
(UNCTAD/WTO)**

**Volume 3
Country Reports**

**KYRGYZ
REPUBLIC**

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Exchange Rate (October 2005)

Currency	USD 1.00	EUR 1.00
Kyrgyz's Som (KGS)	40.85	49.08

List of Acronyms

BAS	Business Advisory Services
BSP	Business Service Provider
CDF	Comprehensive Development Framework
CIA	Central Intelligence Services
CIDA	Canadian International Development Agency
CIS	Commonwealth of Independent States
COMREG	(software for managing) COMpany REGisters
DFID	Department for International Development
DPMD	Division of Product and Market Development
DTCC	Department of Technical Cooperation Coordination
EBRD	EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT
ECIS	Europe and Commonwealth of Independent States
ECO	Economic Cooperation Organisation
EU	European Union
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
HQ	Headquarters
IMIS	Integrated Management Information System
INT	Interregional Projects in ITC Project Portal
ISP	Internet Service Provider
ITC	International Trade Centre
KYR	Kyrgyz project designation
LAC	Latin America and the Caribbean
LDC	Least Developed Country
MAS	Market Analysis Services
MTS	Multi-lateral Trading System
NGO	Non-Governmental Organization
NISM	National Institute of Standard and Metrology (of Kyrgyz Republic)
NSPR	National Strategy on Poverty Reduction
OASEC	Office for Arab States, Europe and CIS
OECD	Organisation for Economic Co-operation and Development
PR	Public Relations
RER	Regional Projects for ITC
SDC	Swiss Agency for Development and Cooperation
Seco	State Secretariat for Economic Affairs
SMEs	Small and Medium-sized Enterprises
SPS	Sanitary and Phyto-Sanitary Measures
SQAM	Standardization, Quality Assurance, Accreditation and Metrology
SWOT	Strengths, Weaknesses, Opportunities and Threats analysis
TBT	Technical Barriers to Trade
TPO	Trade Promotion Organisation
TRTA	Trade Related Technical Assistance
TSIs	Trade Support Institutions
USAID	United States Agency for International Development
USD	United States Dollar
US\$	United States Dollar

WB	World Bank
WTN	World Trade Network
WTO	World Trade Organization
WWW	World Wide Web (in the context of the E-Trade Bridge program ITC's definition is Winning With the Web)

1 Country Report – Kyrgyz Republic

The Kyrgyz Republic is a land-locked low income country in Central Asia. Kyrgyz was the first member of the Former Soviet Union to join the World Trade Organization (WTO), but it faces challenges in its trade relations with its neighbours.

The Kyrgyz Republic was selected as one of the country studies for Joint Evaluation because there is a major country level project and it is one of two transition economies examined in the analysis of International Trade Centre (ITC) interventions at the country level.

1.1 Methodology

The overall methodology for the country studies and Trade Related Technical Assistance (TRTA) reference framework was presented in the Inception Report and the process of evaluating ITC interventions at the country level is presented in the introduction to this volume. This section summarises the key methodological points relevant to the evaluation of ITC interventions in Kyrgyz Republic.

The selection of the Kyrgyz Republic as one of the ten countries to be studied during the Joint Evaluation was discussed with the Core Group supervising the Joint Evaluation and is extensively discussed in the Inception Report. The overall approach to country selection emphasised (i) countries drawn from every region of the world where ITC is operating, (ii) countries at different levels of development, and (iii) countries where ITC has a significant range of activities. Criteria for country selection also included a balanced coverage of ITC competences as defined in the TRTA reference framework for the evaluation. The competences for ITC projects in the Kyrgyz Republic are outlined in Table 1.

Table 1: Areas of ITC Competence and Cross-Cutting Issues in Kyrgyz Republic

Area of Competence	Number of Entries	Number of Projects/Activities (from a total of 7 ¹)
Export Strategy	2	1
Multilateral Trade System (MTS) and Business Implications	2	2
Market Analysis and Strategic Market Research	4	4
Trade in Services	0	N/A
Institutional Infrastructure strengthening	3	1
Cross Cutting Issues/Development Concerns		
Gender	0	N/A
Poverty Reduction	0	N/A

Note: Entries number more than the number of projects 7 since sometimes projects have more than one entry in the project portal and projects may cover more than one competence.

¹ A number of activities, e.g. the World Trade Net, consisted of a number of individual projects. For the purposes of this evaluation the World Trade Net is evaluated as one of the 7 projects (not 2 of 8).

Evaluation Process

The projects/activities in the ITC project portal formed the basis for the evaluation of ITC interventions in Kyrgyz Republic. These projects were selected based on repeated meetings with ITC staff, in the course of which all relevant and available project information was requested, provided, and reviewed. Following the selection of The Kyrgyz Republic for a field visit, and the completion of the desk research phase, a local consultant was recruited to assist with meeting modalities and data collection. He was trained on, and provided with, the country evaluation tools including copies of the different questionnaires covering the different areas (ITC Partners, Donors, *etc.*), which he proceeded to administer to selected parties and which he used to gather information preparatory to the arrival of the core evaluator. The local consultant was trained at a workshop involving other local experts and two members of the Core Evaluation Team².

The core evaluator visited the Kyrgyz Republic in August 2004 for one week, and carried out his own interviews with priority stakeholders. A total of 14 organisations were met and interviewed by the Core Evaluator and/or Local Consultant, covering 26 individuals. As well a half-day round-table meeting was held with all beneficiaries (no donors) during which the purpose of the evaluation and the findings of the mission were reviewed and discussed again and key issues reviewed. Finally, key stakeholders from the Kyrgyz Republic attended the Executive Forum in Montreux in September 2004 and the analysis and findings of the evaluation were discussed with them at that time.

The full list of those interviewed is presented in Annex 2. In addition to the Country Data sheet, interview/data sheets were completed for 15 parties, drawn from the following sectors:

Table 2: Sources of Information

	Interviews	People	Data Sheets
National Chamber of Commerce/TSI	1	2	1
Government Policy Bodies	5	11	5
Donors	5	8	4
End Users	3	5	3

The methodology of this qualitative evaluation of ITC at the country level consisted of extensive interviews with respondents (stakeholders and beneficiaries) supported by documentary evaluation as required. As is well known, people's memories are selective and often faulty as to details, however, the overall responses from respondent to respondent are consistent.

Based on the views expressed by stakeholders in the course of the interviews and the evaluators own observations, a rating of each project on the five evaluation criteria was then compiled by the evaluator on a 4-point Likert scale (4 Highly Satisfactory; 3 Satisfactory; 2 Less than Satisfactory; 1 Highly Unsatisfactory). The ITC interventions were evaluated according to the five evaluation criteria identified in the Inception Report.

² The country evaluation tools and the training of local consultants are topics discussed in more detail in the introduction to this volume.

The statistical information used in this report was drawn from various documents analyses on the Kyrgyz Republic's economic situation.

The ITC project portal was consulted thoroughly on all entries related to the Kyrgyz Republic and the supporting project documentation was obtained through a series of interviews with ITC staff at headquarters in Geneva. The interviews at Headquarters in Geneva were conducted both before the field mission and after the field mission. A draft of the report was submitted to the ITC for validation and checking in September of 2004 and comments were received from ITC staff through January 2005.

The study was reviewed by peer and external reviewers during July and August of 2005 and their comments incorporated.

1.2 Country Profile on Trade and Development

The Kyrgyz Republic emerged in 1991 from the break-up of the Soviet Union. It is a small land-locked economy with a population of 5.1 million and Gross National Income of USD 340 per capita. Very recently there have been dramatic political developments with the opposition taking control of the government.

In the first quarter of 2004 the Kyrgyz economy grew by 5.7 percent, indicating continued strong growth since the previous year. Services, the most dynamically developing sector, grew most strongly, while non-gold industrial production demonstrated continued growth as well. However, overall investment was weak, with the only tangible increase in public investment in the power generation sector. The positive feature of export development in the first quarter was growth of exports other than gold and oil products for military bases. Imports increased by 57 percent, albeit from their low level in first quarter of 2003.

During the period 1998-2002, the Government of the Kyrgyz Republic implemented the most liberal and decisive restructuring and macroeconomic stabilization programme in Central Asia.

Major achievements included the following:

- The development of essential legal institutions and social structures, such as Constitutional amendments promoting reforms in the governance system; the transfer to parliament of many presidential powers; free elections of village government leaders; and the increased involvement of non-governmental organizations (NGOs) and business associations in the formulation of national policy;
- Adoption of a national currency, the phase-out of price controls in a number of sectors, banking reforms, and the elimination of capital controls (Kyrgyzstan offers unrestricted movement of capital and dividends. All payments abroad, including repatriation of capital and remittance of profits, are freely permitted);
- Liberalization of the foreign trade regime (in 1998 the Kyrgyz Republic became the first Commonwealth of Independent States (CIS) country to join the WTO);
- Introduction of private ownership of land;
- Privatization of public enterprises. Kyrgyzstan has been one of the fastest reforming countries in the region as far as privatization is concerned.

The success of the macroeconomic stabilization programme would not have been possible without the liberalization of the foreign trade regime.

Imports for the period 1998-2002 totalled USD1,355 billion, with the highest negative trade balance occurring at the start of the period, largely due to an increase in imports associated with foreign investment. At the end of the period (2002), exports were increasing at 13% annually, and the (negative) foreign trade balance for the period as a whole had decreased by 21%. However, the apparent turnaround in the country's historic trade balance deficit was achieved almost exclusively due to lower imports. Compared to

1998, in which the trade deficit was the largest in Kyrgyzstan's history, imports decreased by 45%, but exports also decreased, though not so dramatically, by 7%. Thus, the decrease of the trade deficit was caused by a reduction of imports. Over the period there were notable changes in the orientation of foreign trade flows, with a decline in trade with CIS countries, and an increase in trade with other countries. By 2002, trade with eight countries – the largest being Switzerland, Russia, China, Uzbekistan, USA, United Arab Emirates, Kazakhstan and Turkey – accounted for over 86% of the total.

The country's exports are composed of three main components: gold, electricity and other commodities. A distinctive feature of gold and electricity is that the export volumes are largely determined by technical and climatic conditions and by world market conditions, factors that are (relatively) independent of economic activities in the Kyrgyz Republic. Thus, fluctuations in the export of these two commodities (jointly accounting for more than 50% of the total value of Kyrgyz exports) do not indicate either an improvement, or deterioration, of the overall economic climate in the country. As for exports of other commodities, in 2001 (the latest year for which data was available) this indicator appeared to be at its lowest level in the recent history of the Republic.

Reduced imports in 2001 are explained largely by lower imports of machinery and equipment, yet no offsetting growth in the domestic machine-building industry or import substitution of domestic goods for imports took place in this segment of the Kyrgyz economy. A considerable substitution of domestic goods for imports took place in agriculture, mainly due to a decrease of humanitarian aid supplies (wheat) to the country. This would indicate that the country has sufficient production potential, and that long-term aid in many cases suppresses economic and, consequently, social development of the country, rather than promotes it.

Foreign trade in the Kyrgyz Republic has an individual distinctiveness which has to be taken into consideration by policy makers in their efforts to realize the potential for developing exports and improving operations.

This distinctiveness comes from the following:

- Gold and electricity jointly account for more than 50% of the total value of exports;
- Geographic structure of foreign trade – eight countries dominate foreign trade, accounting for 86% of the total. The largest trading partners are China, Kazakhstan and Russia;
- There has been no import substitution of domestic goods in the machine-building industry;
- Substitution of domestic goods for imports has occurred only in agriculture;
- There is relatively small participation of Small and Medium Enterprises SMEs in foreign trade.

The private sector: is generally weak; lacks capital, knowledge and experience, and among SMEs in particular, still takes “direction” from bureaucrats who consider that they know best what is required for the economy. Business associations are not a natural phenome-

non since in Soviet time associations were forced on society thus at the moment a frequent reaction by companies is to go it alone.

Position in the MTS System/Trade Structure

The Kyrgyz Republic has been a member of the WTO since 1998. Three of its immediate neighbours, Kazakhstan, Uzbekistan and Tajikistan are not WTO members, and this situation continues to cause difficulties in regional trade. Since China's accession to the WTO, trade with that country has increased substantially. Most exports are still to CIS countries and to Russia in particular, while the trade with e.g. Switzerland is also quite substantial

While membership in the WTO assists with gaining access to the markets of other WTO member states, it does not guarantee access. For example, while in theory Kyrgyz food exporters have access to the European Union (EU) market, in practice they do not, as very few of them can meet EU food safety standards. Thus most food exports still go to Russia and CIS countries where standards are much lower, or can be circumvented without too much difficulty. Border disputes also cause difficulties, with the most serious disputes being with Uzbekistan around various enclaves and along some 130 km of border.³

The Kyrgyz Republic is one of the countries developing and implementing a Comprehensive Development Framework (CDF – www.cdf.gov.kg) approach with greater emphasis on the social, human and structural dimensions of development. The CDF is designed to formulate a vision for the future, to develop a strategy in order to achieve this vision, to improve donors' strategic contribution and priorities, and to achieve better complementarity of donor assistance programs for economic development of the Kyrgyz Republic.

In order to formulate the CDF the Government conducted three workshops during 1999 - 2000 on the following topics:

- Poverty Alleviation and Social Protection
- Sustainable Economic Growth (including emphasis on private sector development, transportation and telecommunications infrastructure upgrading, and urban and regional cooperation)
- Good Governance, Legal and Judicial Reforms

Part of the CDF is a National Strategy on Poverty Reduction, which has extensive and intensive emphasis placed on economic development in the widest sense.

All of the above rely substantially on private sector development as an engine of development that will drive improvements not only in the economy but in the social and public sectors as well. As outlined earlier under the Country Profile, results have been uneven and there is much progress yet to be made.

³ CIA World Fact book.

ITC Activities in the Kyrgyz Republic

Objectives of ITC in the Kyrgyz Republic

From the beginning the reasons for ITC's presence in Kyrgyzstan were to:

- Develop opportunities for trade promotion and trade capacity on the part of SMEs; and,
- Assist with the implementation of Kyrgyzstan's WTO membership.

ITC established its project office in 1999 for its first country project in Kyrgyzstan (*project KYR 61/74*); before that, projects were managed from Geneva.

The first local ITC office worked with just three companies: Nuristan, Shoro and Teplichniy, and the Bishkek Chamber of Trade as a single project. The local National Programme Coordinator and the National Programme Assistant worked in the local ITC office, managed from Geneva by the ITC desk officer responsible. The first project office was mainly reactive in nature. ITC wished to have a pro-active presence in Kyrgyzstan and established a new project office that currently works with a broad spectrum of organizations including government ministries, agencies, donors, NGOs and companies and other ITC country offices. The local ITC office reports to the Kyrgyz Government and to the Chief, Office for Arab States, Europe and CIS (OASEC), via the desk officer responsible in Geneva. (*This information applies to projects RER 61/85 and KYR 61/91*)

The local ITC office (using part-time consultants) together with the ITC office in Geneva has, in May 2003, put together a summary report on the needs assessments of four countries (Kazakhstan, Tajikistan, Uzbekistan and Kyrgyzstan) with recommendations for follow-up⁴. The four Governments were also asked to nominate a team of Government and business representatives to participate in a technical round table meeting, which took place in Almaty, Kazakhstan, in early July 2003. This meeting was the culmination of the first year programme. Based on two inputs – trade development needs in the four countries as assessed by the ITC experts and documented in the report, and the structure of trade promotion needs and national priorities as articulated by the Governments' and business communities' representatives at the meeting – a two-day debate was held on the priorities for trade development of the four Central Asian economies, and on the optimal scope and parameters of the next programme phase. During the meeting it was decided that the continuing programme should be made up of four national projects, with a view to support, where feasible, the growth of regional cooperation in selected areas of trade promotion and development.

The current Kyrgyz project is the result; the logic and basic structure is the same in all 4 countries, but specific outputs vary, based on the different priorities in the four countries.

⁴ This report was based on the inputs of the ITC experts and International Consultants, who undertook needs assessments and delivered training workshops and roundtables in the context of project RER 61/85. The Russian version of the report was distributed to the four Central Asian governments with an invitation to comment and to contribute with an analytical paper on their country's trade development trends, priorities, and strategies.

The Kyrgyz component is structured in 3 components/levels:

- Direct entrepreneurial assistance for selected companies; companies that will be assisted will be from the Kyrgyz Fruit & Vegetable Processors Association (38 companies) and will be selected as follows:
- Companies will be grouped based on export readiness (not ready, may be ready, yes - ready)
- A food specialist will do company audits to arrive at the final group and based on the audit, a list of major weaknesses/issues and top companies that are ready for export will be established.

Based on these results, some activities to address the needs of the whole group, and to address the individual needs of those enterprises (SMEs) which are most export ready, will be organized under a cost-sharing agreement

As of fall 2005, the companies have been selected. In 2004 15 companies per country were 'diagnosed' by International Food Processing specialists. These companies were ranked according to their export potential, and the top six were selected for 'in-depth' company audits. The companies had to sign a Letter of Agreement, which commits them to follow-up on the IC advice and invest own resources, and they had to pay for the cost of a local consultancy firm 'shadowing' the International Consultants. During summer 2005, the food processing specialists spent 3 days in each company, to review their processes and develop individual action plans.

A list of Kyrgyz companies is attached as Annex 5: Kyrgyz Companies Selected for Export Assistance.⁵

At the institutional level, work to develop a national export strategy and a sector export strategy (processed fruit and vegetables in the case of Kyrgyzstan).

The first workshop for the sector export strategy in Kyrgyzstan took place in the third week of October 2004; a second took place in March/April 2005; the strategy documents have been drafted, and are in the process of being finalised.

Based on the above results there will be work with local service providers to correct weaknesses of local enterprises, and to strengthen the local export services support providers.

One theme on the institutional level that is addressed by the project, is the field of Standardization, Quality Assurance, Accreditation and Metrology (SQAM)

⁵ ITC also organised the participation of Central Asian companies in an international trade fair as visitors (World of Food, Bangkok Thailand, May 2005), combined with buyers-sellers meetings and training in international marketing. The top six companies from each country were invited, but had to cover their own travel cost. Four companies from Kyrgyzstan participated.

Activities and Developments

As part of ITC's mission to support developing and transition economies, the following activities were carried out in the Kyrgyz Republic the period 1999 to 2002:

- Assistance in the development of a foreign trade strategy (a national export strategy was to be finalized in 2004);
- Support to a range of trade development activities such as the following;
- Workforce development/training in export industries;
- Development of business networks (formal and informal)
- Market analyses;
- Coordination of work on strategy development with key government agencies;
- A round table with local government agencies and donor organizations on the role of export promotion;
- Implementation and monitoring of various planned activities.

The outcomes of these activities included:

- Increased capacities among exporters and increased exports, particularly in the processed food sector;
- Increased capacity of Trade Promotion Organisations (TPOs) and Trade Support Institutions (TSIs), e.g. in their recognition of the importance of accurate and current trade information;
- Eleven direct beneficiaries (Annex 2 includes a list institutions and individual companies);
- The passing on of the experience gained during the initial phase to the end-users, e.g. companies and associations received information about (potential) partners and competitors.

The most important role of the ITC office has been that of facilitating and networking, promoting business ideas, and connecting stakeholders and beneficiaries with each other.

ITC has a good reputation among partners, and the chosen project approach brings valuable results. For example:

- ITC has realized diverse activities, for example: a study tour for selected SMEs; Public Relation activity; expert evaluations; consultations and training; and development of a “needs assessment”. These activities have given ITC various opportunities to work closely with different participants, such as public servants, companies, entrepreneurs, TSIs, and business associations.
- All of the above-mentioned classes of beneficiaries provided positive feedback during interviews and (group) meetings about ITC activity;
- Last, but not least, the Government has recognized and respects ITC activity in Kyrgyzstan. To this end, the Government has chosen ITC as a key partner for development of the National Export Strategy.

ITC is involved in a number of broad activities, most of which have been multi-year programs/projects. The major ones are the following:

Export Strategy

ITC started working with the Ministry of External Trade and Industry (now Foreign Affairs) in 1995/96. In 1997 ITC provided the Ministry with some computers and access to databases for an information centre. Unfortunately the Ministry was unable to keep the centre operating. In 2002 a new project was begun as the preparatory stage for the current assistance to Kyrgyzstan. This project had various components, e.g. e-bridge, and implications of WTO membership for SMEs, as the original Kyrgyz export strategy of 2002, in which ITC was not involved, was not a fully completed document.

The ITC office has been assisting the Ministry of Economy to develop a new, comprehensive export strategy. The new export strategy is coordinated with, and responds to, the priorities of the government's Comprehensive Development Framework. The major result of CDF implementation should be the improvement of society's living standards through sustainable economic growth and poverty reduction. CDF is based on all previous experiences of project and program development, and pre-supposes a number of new approaches, taking into account the changes that have occurred in the country during recent years. One such approach is including the development of a National Strategy on Poverty Reduction (NSPR) as a first stage program of CDF. The new export strategy should have more validity than the previous one as seminars/workshops have been held with TSIs and SMEs/exporters in order to solicit their views, needs and wants.

The new export strategy was scheduled to be completed in the fall of 2004, however, the first draft was only completed in the fourth quarter of 2004. It was then circulated among the stakeholders concerned. In March 2005 the working group started to work on the second draft, but due to the Kyrgyz revolution the status of the strategy is now open.

Quality Management

Another major ITC project is one on quality management, i.e. "Assistance in developing the SQAM infrastructure of Kyrgyzstan" which has been a component of projects RER 61/85 and KYR 61/91. This project was originally assisted by USAID (via Pragma Corporation)⁶. ITC works closely with the Kyrgyzstan Standards Office – the National Institute of Standards and Metrology of Kyrgyz Republic (NISM). The main difficulty facing ITC is that the capacity of the NISM appears to be quite low. NISM officials consider their greatest needs to be access to up-to-date hardware and software and training of officials in international standards. ITC will assist NISM to develop working relationships with international bodies.

Work with Enterprises and Business Associations

Due to its limited resources, ITC has to be very careful in selecting entrepreneurs with whom to work. It is doing a survey based on a previous ITC survey of SMEs and based

⁶ Pragma is still active, but according to NISM, ITC's activities are distinct from those of Pragma.

on the government's priority sectors of food processing and tourism⁷. For example, ITC has been active in supporting the Association of Fruit and Vegetable Processing Enterprises. ITC will audit about 30 companies, of which about 5 may have export potential, and then will identify specific assistance for each of the five companies. All company specific interventions will be cost-shared and provided in co-operation with local service providers.

ITC will assist Business Services Providers, e.g. consultants, and train them in providing various services, based on the needs identified on the enterprise level, and through the sector strategy development exercise. The same principle applies to access to trade information. ITC will select a strong information provider and provide training.

In its first country specific project (KYR 61/74) ITC assisted potential exporters directly. While results with some companies were very good, (e.g. the companies Shoro and Nuristan were both very complimentary about ITC assistance), due to ITC's limited resources, this highly targeted approach reached only a few companies.

Therefore in its current project (KYR 61/91) ITC will provide direct assistance to selected companies, but in parallel also, via local export/business services providers, will also provide assistance to a larger pool of companies⁸. The two main associations with which ITC currently works are the Fruit & Vegetable Producers' Association and the Exporters' Association.

ITC does not work closely with either major chamber of commerce. The Kyrgyzstan Chamber of Commerce is a hold-over from Soviet times and is in effect a semi-government organization. It is active in all formal events requiring an official business sector representative, but other than providing certificates of origin to all exporters, the Chamber does not work in any meaningful way with SMEs.

The Bishkek Chamber of Trade Promotion is a private sector business association formed in 2001. ITC provided initial assistance including World Trade Network (WTN). The Chamber also worked with ITC in a South/South project analysis of the textile and the food and beverages industry. The analysis has been useful to some of the chamber's members; for example, Shoro, after reading the analysis, decided to start trading with China. Using the ITC tool TradeMap, Shoro also developed marketing strategies for entering the Chinese market.

The Bishkek Chamber works with ITC Headquarters, as in their view, the local ITC office is oriented to working with government bodies, not SMEs nor their associations.⁹

⁷ Tourism may be considered at a later stage, but is not part of the current project 2004-2005.

⁸ It is recognized that ITC will be working directly with companies in the fruit and vegetable processing sector (see Section 1.2.1), but this is limited to that sector. ITC does not have the resources to do the same in all sectors.

⁹ This is an understandable, but incorrect view, as for most of 2003 ITC was involved in an extensive needs assessment (see Section 1.2.1) during which time direct activity with individual companies almost stopped while extensive consultations went on with various government bodies, associations, donors, etc.

E-Trade

While e-trade activities are important for ITC, it is too early for Kyrgyz companies to get involved with e-commerce activities. Most companies do not have access to IT resources and many have difficulties with basic commercial activities. The chief economic advisor to the President of the republic suggests that e-trade activities in Kyrgyzstan be delayed for a few years. As part of its needs assessment in 2003 ITC produced the publication *State of e-Business and Potential for Development in Kyrgyzstan*.

Only a few companies use e-commerce directly, while some others use internet cafes (this applies to Bishkek only though).¹⁰

See also Role of TPOs and Digital Divide Issues in the following section.

¹⁰ Kyrgyzstan does not appear as one of the 100 countries from which users access the ITC web site.

1.3 Main Findings on Thematic Issues

External Environment/Donor Perspectives

Donors and international organizations, such as the European Bank for Reconstruction and Development (EBRD), are uniformly complimentary about ITC overall and also of the local ITC office. The two most often mentioned positive aspects are ITC's publications, which are used by many donors as hand-out material, and ITC's consultants. Consultants (both internal, i.e. ITC staff, and specialists on contract – donors did not differentiate) are viewed as technically capable, however, they are generally considered to be “on the ground” for too short a period of time to fully understand the local environment and to be able to deliver all the assistance that may be required.

The only organization that was less than complimentary about ITC was USAID's private contractor Pragma Corporation, which considered that ITC was unwilling to cooperate with it. Pragma nevertheless considered ITC's publications to be of very high quality (“very practical, very to the point”) and uses them.

Horizontal and Functional Themes

Use of Product and Market Development Tools and Projects

ITC has been/is involved in thirteen (13) projects in Kyrgyzstan of which only 3 are country-specific projects¹¹. Therefore the absolute level of use of DPMD tools and projects is modest. However, as mentioned elsewhere, ITC publications are widely used by both TPOs, TSIs and donors, and are very highly regarded¹². Of particular interest are all publications that are aimed specifically at export readiness.

With regard to the DPMD area, the Market Analysis Services' (MAS) tools were used in the previous phase, e.g. TradeMap was used to determine priority sectors, and training workshops on MAS tools have been held. Currently there is a separate programme on the use of MAS tools that includes three training workshops with “homework” between workshops. Participants include the team from the President's office that is developing the national trade strategy.

ITC's Trade Information Section was involved in the previous phase (KYR 61/74), providing training in the use of COMREG software and database (used to capture company information).

World Trade Net and Business Advisory Services

Only the Bishkek Chamber of Trade Promotion is an active user of WTN. The local ITC office intends to work with selected TSIs and business services providers to provide a

¹¹ Only seven projects were evaluated; some activities, e.g. the Executive Forum are listed as separate projects each time they take place – in this case the Executive Forum represents 4 of the 13 projects.

¹² One problem is that Russian is not a language of publication, which limits the number of users.

range of business services including business advisory services¹³ (see the Section on Work with Enterprises and Business Associations above).

SME Competitiveness

SME competitiveness is being addressed through all of ITC's activities, but most directly through its work with selected companies and business associations (see the Section on Work with Enterprises and Business Associations above).

It has been argued that the return on investment from working with a few larger companies with excellent growth prospects may be higher than from working with an association composed of small and micro companies with minimal or no business skills. While assistance to the few large and successful firms in Kyrgyzstan would likely bring immediate and visible results in the form of new markets, new product development, increases in exports, and the like, unless firms are very large (e.g. the Kumtor Gold Company which contributes alone about 6% to Kyrgyzstan's GDP, the effect is likely to be small at the country scale. At the same time a very large number of small firms can have a much larger effect at the country level, even though each firm's contribution may be insignificant individually. In addition the social benefits, specifically employment, generally are proportionately larger for SMEs than for large firms.

South-South Development Concerns

South/South development in the Kyrgyz context frequently refers to the southern part of the country, particularly the Fergana Valley. With ITC's help the Fruit and Vegetable Processors Association intended to start a branch of the association in the Valley, but delayed doing so as another association was started with assistance from USAID (Pragma). The Association, however, has gone ahead with its plans for a branch in the city of Osh and the tentative official launch date is late May 2005.

In the broader South/South context the Kyrgyz Republic is beginning to trade with other "South" countries. Substantial investment and trade is developing with India. Turkish companies are major investors in the retail sector.

ITC's South/South Trade Promotion Unit has been involved with Kyrgyzstan in the context of a regional trade development project, carried out in co-operation with the Economic Cooperation Organisation (ECO)¹⁴. Kyrgyzstan is a member state of ECO, together with Azerbaijan, Kazakhstan, Tajikistan, Uzbekistan, Iran, Afghanistan, Pakistan and Turkey (projects RAS 97/761 and INT/W2/09).

Role of TPOs

The External Economic Development and WTO Department of the Ministry of Economic Development, Industry and Trade provides some services directly to SMEs, but it

¹³ This does not refer to ITC's Business Advisory Services (BAS) section.

¹⁴ ECO: "Economic Cooperation Organization (ECO), is an intergovernmental regional organization established in 1985 by Iran, Pakistan and Turkey for the purpose of promoting economic, technical and cultural cooperation among the Member States. In 1992, the Organization was expanded to include seven new members, namely: Islamic Republic of Afghanistan, Republic of Azerbaijan, Republic of Kazakhstan, Kyrgyz Republic, Republic of Tajikistan, Turkmenistan and Republic of Uzbekistan."

is not a TPO as normally understood. There is no other government agency that fulfills the TPO role. Being a department of a ministry, the External Economic Development and WTO Department concentrates more on policy development than on trade promotion, in contrast to TPOs in most other countries.

While not a TPO, the office of the chief economic advisor to the President of the Republic has a significant impact on trade promotion. This office is responsible for development of the National Export Strategy.

Digital Divide

The Digital Divide is a real issue in Kyrgyzstan which is one of the poorest countries in the world with an annual per capital income of USD 340. Until incomes (personal and corporate) increase substantially, there is no prospect of undertaking significant e-commerce activities. The Bishkek Chamber of Trade Promotion estimates that the per capita income level would have to double before digital divide issues can be realistically addressed.

In July 2003, ITC published a Country Preparedness Report – State of e-Business and Potential Development for Kyrgyzstan. This report, while highlighting the potential for e-business in Kyrgyzstan, also indicated that the ability of Kyrgyz business to conduct e-commerce the way it is normally understood in developed countries is modest at best. There are few Internet Service Providers (ISPs), only the largest companies have computer networks, and there is minimal state funding for development of e-commerce. Quite a few young people are enrolled in computer and communications courses, but there is a fear that many of them will leave Kyrgyzstan to find work in more developed countries.

The government's National Strategy does focus on encouraging the information business and electronic commerce, particularly by stimulating developments within the private sector, but budget allocations to all e-commerce activities are 1% of the total budget¹⁵. As well there is an under-developed legal base for establishment of full e-commerce.

Organizational and Management Aspects

Project Cycle Management

Projects are well managed and are based on both short and long-range plans (depending on the project).

Project needs assessment, design and implementation, as well as budgeting, while done in consultation and cooperation with beneficiaries, donors and other stakeholders, is internal to ITC.

ITC coordinates projects through its National Programme Manager who is the main contact between the national partners, donors and beneficiaries and ITC departments in Geneva.

¹⁵ It is not clear that the budgeted amount is actually spent on e-commerce.

Implementation partners play an important role in a project's operational management, although with the involvement and supervision of ITC. The role of national partners is most important in multi agency projects where the coordination with various stakeholders and beneficiaries is a very important role for partners. In Kyrgyzstan only government ministries and agencies are capable of carrying out this coordination role. None of the private sector associations has yet developed to that level, and would not, anyhow, carry enough credibility.

One of the difficulties encountered by ITC in project management is that donor funding is rarely received as and when required. In Kyrgyzstan this was mentioned as an issue of the past and it was touched upon briefly in passing. However, in a separate meeting unrelated to Kyrgyzstan, a donor agency mentioned that they were frequently frustrated by ITC's inability to complete all necessary paper-work and thus to ask for timely disbursements of approved funds.

However, once project funds are in place, ITC is an efficient manager of projects, from the initial stages of planning and preparation through delivery and conclusion and, finally, reporting/feedback/ evaluations of inputs and results.

Budgetary and Funding Issues

The total budget allocated to the Kyrgyz Republic from 1999 through 2004 is \$881 000, with \$430 000 in expenditures planned for 2005.

Annual allocations for all projects have been as follows:

Table 3: Annual Allocations of ITC Funding in the Kyrgyz Republic

Year	Funding, USD
1999	12 000
2000	53 000
2001	83 000
2002	189 000
2003	216 000
2004	328 000
2005 (planned)	430 000

1.4 Country Level Evaluation

Overview

As mentioned under Donor Perspectives above, all donors and beneficiaries are complimentary about ITC overall and about the local ITC office. Positive activities not previously mentioned include all ITC's information-related work (WTN and trade data mentioned in particular) and ITC's efforts at creating/developing networks.

From meetings with stakeholders, it is clear that the local ITC office has strong professional and personal relationships with them, and in particular with staff in the Ministry of Economic Development, Industry and Trade and with the chief advisor to the President on economic affairs. This allows ITC to wield influence in excess of what would be expected based on budget allocation or number of projects under way or planned.

Detailed ratings of programmes evaluated are given in the table following this section. A Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis also follows.

The following section summarizes the views of the various stakeholders – national partner institutions, donor community, other administrative bodies such as line ministries, beneficiary enterprises and individuals, and non-partnering TSIs met in the course of the field mission. The section evaluates ITC's work in the Kyrgyz Republic based on the five evaluation criteria of *relevance, efficiency, effectiveness, impact and sustainability*. It must be noted that most organizations had great difficulty making an evaluation of these criteria for two main reasons.

- First, by definition, donors and other assistance agencies consider their own work and that of ITC to be relevant, efficient, *etc.* and by and large complementary and synergistic. Thus it was difficult to get opinions that were not generalities and platitudes (with minor exceptions).
- Second, both government ministries/agencies (with the exception of the President's economic advisor) and the private sector (firms and associations) have an extremely narrow view of ITC's activities based on their own self-interest. Thus if an activity does not have direct interest for the ministry/organization, it has not been thought about except in the most cursory manner.

Rating by Evaluation Criteria

The rating is scaled from 1 – 4, with 1 being the lowest, and 4 the highest (4 is defined as being MORE THAN EXPECTED).

4 -- Highly satisfactory

3 -- Satisfactory

2 – Less than satisfactory

1 – Highly unsatisfactory

Relevance

Rating: 3 out of 4

All organizations interviewed considered ITC's work to be relevant, particularly as it applied to the private sector, and to information-related activities such as TradeMap and hard-copy publications which are very practical. Companies and business associations were very complimentary about the study trips organized in the past, and regretted that ITC no longer supported such an activity¹⁶.

“Their focus on the private sector means that ITC is not subject to politics as much as other donors,” DFID.

The evaluator concurs that the ITC work is very relevant, especially work done directly with the private sector. The response from the companies interviewed was highly complimentary with assertions that without ITC's assistance the company's current success would not have been possible.

Efficiency

Rating: 2.5 out of 4

Stakeholders were of the view that ITC's operations are efficient. However, it should be noted that this is a subjective evaluation, not an objective one, as they have no way of knowing about ITC's internal operations, other than through delivery of the final product (a conference, seminar, round-table discussion, etc.).

There were a few dissenting comments directed at cooperation by the ITC head office, based on promises to send or share information that purportedly was never sent or shared. However, this was not regarded as a major issue by the organizations making the comment.

Difficulties in assessing efficiency stem from scarcity of information on outputs. It is obvious that more is accomplished than is reported, but formal reporting is sparse. Also it is very difficult to get (financial) breakdowns by activity within a project. Again the information is available, but can only be obtained through specific requests and is not aggregated in figures easy to interpret..

Given the above, overall ITC's operations nevertheless appear efficient, with reasonable costs. In some cases costs are very low as activities are paid for out of ITC's overheads. However, these are exceptions and are for very small projects, thus the overall impact on efficiency is minimal.

The score of 2.5 reflects more the fact that complete information is not available on which to make a full evaluation, and not that ITC is necessarily inefficient (it may be so, but there is no hard evidence that immediately points in that direction).

¹⁶ It is recognized that ITC works with both companies and associations, but the fact that it did not work with companies in 2002 – 2004 has left the impression that ITC no longer works with individual companies.

ITC has a good reputation among stakeholders as an efficient provider of its services. Well-qualified staff (local and international), the availability of standard products and services, and a national programme manager who is a native Kyrgyz person have built effective relationships and should provide continuity among activities in the country (the current programme manager has only been in place just over two years).

As noted already, information on outputs in the summary report is sketchy. A typical project report for one of the larger (financially) a project is shown in Annex 2. This may be an extreme example in that the output (a book adapted for four countries) has a disproportionately large input (over USD 1.5 million). Given the project description, much more must have been done for this sum of money, but it is not reflected anywhere in the report. For example, it would be useful to know how many formal multi-participant meetings or briefings took place (but not every meeting has to be reported), how long these meetings were, how many people participated that ITC paid for, what were the travel costs, how many trips were taken, how many consultants worked on the project, what their fees and expenses were, etc. And of course, what were the outputs (in addition to a book) of these meetings. For example, were the “Strong linkages and synergy” that were to be developed actually developed? What evidence is there of that?

It should be noted that if enough reports are reviewed (trip reports, notes to file, etc.) it is possible to build up a fairly comprehensive picture of what was done (outputs) and also to get an understanding of (potential) impacts. However, even though this information is available, it is in various locations and is not complete in terms of reporting on outputs and impacts. This kind of information should be included in summary reports such as the above (which in other respects is very complete).

Effectiveness

Rating: 3 out of 4

ITC's operations are considered to be effective under the re-organized Project Office in Bishkek. A project office has been in Bishkek since 1999, but the staff was changed in 2002 since the ITC desk officer did not consider the previous staff as pro-active enough. There were negative comments from some organizations about ITC's effectiveness under previous project staff. These comments applied in particular to ITC's inflexibility and/or slowness in responding to local requirements, and to the focus of the project office on satisfying Headquarters' reporting requirements rather than “doing the job” in Kyrgyzstan. This has now changed.

ITC has transferred knowledge, skills and capacities to the implementation partners to deal with their trade/export related challenges more effectively. The key stakeholders (the Office of the President, the Ministry of Economy) have received the biggest benefits from the partnership with ITC, and this is having a positive effect on all the trade related technical assistance being delivered in the country. Many government departments still have a serious lack of capacity. However, these departments (e.g. the statistics agency), themselves recognize this lack of capacity and are working to take advantage of ITC's and other donors' assistance.

There were 'lessons learnt' from one project to the next. The first project in Kyrgyzstan focused on enterprise level assistance, e.g. companies assisted with trade missions, but in the course of implementing this assistance it became obvious that overcoming export barriers at the institutional level were also very important. Thus ITC's second project dealt with an in-depth assessment of possible ITC interventions at the institutional level, and feed-back and advice in this field. This could have had negative consequences for ITC's image and effectiveness, as for over a year ITC withdrew almost completely from direct assistance to the private sector and developed a reputation as being an organization that is only interested in dealing with high-level bureaucrats and politicians. However, with the exception of the Bishkek Chamber of Trade Promotion which started to work directly with the ITC head office in Geneva, there do not seem to have been any adverse effects. And even with the Chamber, ITC's reputation overall has not suffered – merely the working relationship has changed.

Impact

Rating: 3 out of 4

Stakeholders feel ITC's interventions will have a positive impact. At the moment it appears that ITC is having a positive impact, especially in the area of information dissemination and of networking as both companies and business associations are using Trade Maps and hard copy publications. Only a very few organizations, e.g. Bishkek Chamber of Trade Promotion and Shoro Company, are capable of using this information, particularly TradeMap, but as the SME sector develops others will start to use the information on their own. Until that time, the Bishkek Chamber and similar organizations will act as intermediaries.

A larger impact is seen in ITC's networking activities in assisting in the development of, for example, the Fruit and Vegetable Processors Association. The Association, for example, offered the following qualitative comments:

- There is “strength in numbers”, i.e. ITC activities give it clout with government
- Through ITC leadership, international organizations can be involved to accomplish various objectives, e.g. developing trademark/logo for association that can also be used by members
- ITC support would allow to fulfil large orders if all members participate
- It has been facilitated with bulk purchasing from various suppliers

At the moment it appears that ITC is having a positive impact, especially in the area of information dissemination and of networking, and in its assistance in developing the National Export Strategy. The most visible impact is seen in the expansion of exports of the three companies that participated in the study tour and trade mission to the EU and in the activities of the fruit and vegetable processors association. The impact with these organizations is very high, however, even though successful, on a national scale their impact is minimal.

Sustainability and Outreach

Rating: 3 out of 4

The best measure of the sustainability of ITC's efforts is based on the confidence of all direct recipients of ITC's assistance that their success is based on their own efforts (with a greater or lesser recognition of ITC's assistance) and that they will be able continue their work in the future. This applies equally to organizations with clearly limited resources, such as the Bishkek Chamber of Trade Promotion, as well as to organizations whose resources are assured, such as government ministries.

Leaving aside the government and its agencies with their assured funding, the most visible and tangible evidence of sustainability is with (the few) private companies which have received ITC assistance directly. These companies are expanding into new (geographic) markets and new lines of business; they are creating jobs and in the longer term are role models for other businesses. It should be noted that these three companies (listed in Annex 2.1.5) received direct assistance from ITC in the form of a study tour and trade mission to EU countries as well as direct technical consulting from ITC consultants.

Similarly, the TSIs are confident of their future existence and their efforts to continue to grow and expand. The fruit and vegetable processors association, for example, has changed its statutes to allow it to levy an annual fee equal to 2% of a company's sales in order for the association to carry on its work. The association also proposes to open a branch in late May 2005 in the south of the country in the city of Osh in the Fergana Valley.

As noted in the previous section, the most visible and tangible evidence of sustainability is with (the few) private companies who have received ITC assistance directly. The consultants concur fully with the stakeholders' assessment.

SWOT Analysis

Table 4: SWOT Analysis

<p>Strengths Internal (Itc Services)</p> <ul style="list-style-type: none"> • Focus on private sector • Extensive experience in TRTA • Good local knowledge • Very good products, especially information-related ones • Good cooperation with other donors/aid agencies • Consultants have good technical knowledge (stakeholders' view – evaluators did not review) 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Limited resources • technical staff (generally stay in Kyrgyzstan too short a period of time) • financing (dependent on donor funding, and then on timely requests for, and transfers of, funds) • From 2002-2004 operating remote from target market, i.e. did not deal with companies directly (as of late 2004 this is no longer the case) • Concentration in Bishkek¹⁷
<p>Opportunities</p> <ul style="list-style-type: none"> • Expansion of activities with government ministries and departments, e.g. State Commission on SMEs which was not aware of ITC's activities • Expand direct work with companies vs. only through TSIs • Increased focus on direct work with business sector • Even stronger focus on key strength of information management 	<p>Barriers or threats to ITC performance</p> <ul style="list-style-type: none"> • Donor funding reduced or eliminated altogether (the likelihood of this happening in the near future is remote, but it is possible) • Limited resources – ITC may become marginalized due to its inability to “pull its share of the load” • Joint activities with regional partners (neighboring countries) difficult due to political difficulties (ITC has no control over politics between countries).

We define a “showstopper” as a weakness or threat that, if not corrected or countered, could potentially cause complete failure of an organization. In the case of ITC in the Kyrgyz Republic the need for ongoing donor funding is a showstopper. If donors, for whatever reason, decide to no longer fund ITC (or even fund it at a lower level) then all ITC activities, except those that can be paid out of funds for regional or global projects will cease.

ITC Projects in the Country/ Projects Sampled

Following is a summary of the projects reviewed in Kyrgyzstan in light of the five performance evaluation criteria¹⁸.

The evaluation of the performance of the projects reviewed in terms of the 5 evaluation criteria shall only be seen in light of the project activities in Kyrgyzstan. This does not reflect the overall performance of a project where a project is a multi-country project

Some criteria are shown as N/A. This is because the consultants either did not participate in the activity themselves, e.g. Executive Forum and thus cannot rate that particular criterion. However, the consequences (impact and sustainability) can be rated because there is evidence from the activity.

¹⁷ It is recognized that 80% of economic activity, and all key political activity takes place in Bishkek; nevertheless there are unmet needs outside the capital city; this is recognized by ITC, but minimal activity has taken place.

¹⁸

The scores given in the table below are the aggregate of the stakeholders' and consultants' scores. Scores are given only for projects that were evaluated. If a project was not evaluated, or only a specific component was evaluated, it is so marked.

The scores are based on interviews with up to three people involved in each project. With the exception of international agencies, the views expressed are those of the most senior official present. Other participants do not speak if the director speaks.

Table 5: ITC Projects in the Kyrgyz/ Projects Sampled

	Relevance - 4	Efficiency - 3	Effectiveness - 3	Impact - 3	Sustainability - 4
KYR 61/74a	<p><u>Arguments:</u> Highly relevant to ITC’s target group of SMEs, TSIs and business associations. All recipients of assistance had minimal or no understanding of the requirements for exporting to western markets.</p>	<p><u>Arguments:</u> Costs for trade mission for companies are reasonable. Project was completed on time and within budget.</p>	<p><u>Arguments:</u></p> <ul style="list-style-type: none"> • Companies are more knowledgeable about exporting, but nevertheless export mainly to Russia and CIS countries as most food products do not meet EU standards. • ITC assisted potential exporters directly. While results with some companies were very good, (e.g. the companies Shoro and Nuristan were both very complimentary about ITC assistance), due to ITC’s limited resources, this highly targeted approach reached only a few companies. 	<p><u>Arguments:</u></p> <ul style="list-style-type: none"> • Companies have entered new markets, but not EU (caveat: very few companies were able to use ITC assistance, thus at the national level impact is negligible). • While assistance to the few large and successful firms in Kyrgyzstan would likely bring immediate and visible results in the form of new markets, new product development, increases in exports, and the like, the effect is likely to be small at the country scale. • At the same time a very large number of small firms can have a much larger effect at the country level, even though each firm’s contribution may be insignificant individually. In addition the social benefits, specifically employment, generally are proportionately larger for SMEs than for large firms. 	<p><u>Arguments:</u> All companies which received assistance are expanding operations.</p>

	Relevance - 3	Efficiency - 3	Effectiveness -n/a	Impact – n/a	Sustainability –n/a
RER 61/85: Integrating Central Asian CIS member countries into the multilateral trade system.	<u><i>Arguments:</i></u> Highly relevant in order that subsequent activi- ties will be “right”. ITC was criticized by SMEs and associations for “abandoning” work directly with companies during this period.	<u><i>Arguments:</i></u> Costs involved are reasonable.	<u><i>Arguments:</i></u> Done for ITC’s own purposes to ensure future relevance, effec- tiveness, etc. of new ITC pro- grams/initiatives.	<u><i>Arguments:</i></u> Done for ITC’s own purposes to ensure fu- ture relevance, effective- ness, etc. of new ITC programs/initiatives.	<u><i>Arguments:</i></u> Done for ITC’s own purposes to ensure future relevance, ef- fectiveness, etc. of new ITC pro- grams/initiatives.

	Relevance - 3	Efficiency – n/a	Effectiveness -n/a	Impact – 3	Sustainability – 3
KYR 61/91A	<p>Arguments:</p> <ul style="list-style-type: none"> • Networking and creation of an association are highly relevant to ITC’s target group of SMEs. • Previous export strategy prepared without ITC was unsatisfactory. 	<p>Arguments:</p> <p>Project just started at time of evaluation and will not be completed for another year and a half, therefore evaluation of efficiency (on time/within budget) is not possible.</p>	<p>Arguments:</p> <ul style="list-style-type: none"> • Association formed, active & expanding. Export strategy not yet completed during term of evaluation – no score. • ITC will provide direct assistance to selected companies, but in parallel also, via local export/business services providers, will also provide assistance to a larger pool of companies¹⁹. The two main associations with which ITC currently works are the Fruit & Vegetable Producers’ Association and the Exporters’ Association. 	<p>Arguments:</p> <ul style="list-style-type: none"> • Companies via association are undertaking various joint activities to expand markets; setting up branch association in southern Kyrgyzstan. • While assistance to the few large and successful firms in Kyrgyzstan would likely bring immediate and visible results in the form of new markets, new product development, increases in exports, and the like, the effect is likely to be small at the country scale. • At the same time a very large number of small firms can have a much larger effect at the country level, even though each firm’s contribution may be insignificant individually. In addition the social benefits, specifically employment, generally are proportionately larger for SMEs than for large firms. 	<p>Arguments:</p> <p>Association has started charging membership fee to ensure sustainability.</p>

¹⁹ It is recognized that ITC will be working directly with companies in the fruit and vegetable processing sector (see Section 1.2.1), but this is limited to that sector. ITC does not have the resources to do the same in all sectors.

	Relevance - 3	Efficiency – 4	Effectiveness - 3	Impact - 3	Sustainability – n/a
INT/W2/08 E-Trade Bridge	<p>Arguments:</p> <ul style="list-style-type: none"> • With ITC's on-going use of electronic distribution channels, especially the internet, project was very relevant. • While e-trade activities are important for ITC, it is too early for Kyrgyz companies to get involved with e-commerce activities. Most companies do not have access to IT resources and many have difficulties with basic commercial activities. • The chief economic advisor to the President of the republic suggests that e-trade activities in Kyrgyzstan be delayed for a few years. Only a few companies use e-commerce directly, while some others use internet cafes (this applies to Bishkek only though). 	<p>Arguments:</p> <p>Costs are extremely reasonable given the final product. Project implemented on time and within budget.</p>	<p>Arguments:</p> <p>Provides a good overview of Kyrgyzstan business' readiness for "e-trade" (not ready).</p>	<p>Arguments:</p> <p>Provides information on which decisions can be made.</p>	<p>Arguments:</p> <p>N/A – a "one-off" activity.</p>

	Relevance - 3	Efficiency – 4	Effectiveness - 3	Impact – 3	Sustainability –2
INT W2/05, INT W2/10 World Trade Net	<p>Arguments: Highly relevant as many Kyrgyz businesses do not have the capacity to utilize the WTN – chamber provides a valuable service.</p>	<p>Arguments: Costs are extremely reasonable given the final product.</p>	<p>Arguments:</p> <ul style="list-style-type: none"> • Only a few companies are capable of taking advantage of the Chamber’s services. • Only the Bishkek Chamber of Trade Promotion is an active user of WTN. 	<p>Arguments:</p> <ul style="list-style-type: none"> • Companies have entered new markets, but not EU. • Very few companies are able to use the Chamber’s services, thus at the national level impact is negligible. 	<p>Arguments: Chamber’s sources of income & their longevity are not clear.</p>

1.5 Conclusions and Recommendations for Future Action

Stakeholders Conclusions/Recommendations

Donors and assistance agencies have all staked out some “turf” and are working within that limitation. ITC’s turf is recognized as being direct (more or less) assistance to SMEs wishing to export their products and services.

Stakeholders, including government and private sector organizations, believe ITC is doing valuable work and should continue its activities. It should continue to focus on the private sector and on the practical aspects of SME and trade development.

ITC needs to be more flexible in its processes and activities to be able to respond to specific needs in the field. In particular decision-making time has to be reduced. This can be accomplished by giving the local office more autonomy and flexibility.

Consultant’s Conclusions/Recommendations

In agreement with stakeholders, the consultants believe ITC is doing valuable work and should continue and expand its activities. Donors (locally) would like to develop even closer relations with ITC and ITC is encouraged to do this.

While ITC’s limited resources are recognized, its almost complete withdrawal from dealing directly with private companies (during 2003 in particular) puts it in danger of losing its key competitive advantage of knowing what the private sector needs and wants. The more intermediaries there are between its ultimate beneficiaries (companies) and ITC, the greater the danger that the “message” (company needs and wants) will be selectively interpreted by each layer of intermediaries to fit their own perceptions and prejudices. The end result will be that ITC will have a distorted view of what is really needed by its (purported) target market.

In terms of reporting, ITC must provide detailed information on outputs of its projects and programmes, combined with budget breakdowns by activity/output within the project or programme. This information should be part of the project report that is posted on the Project Portal.

ITC’s Role in Further Development of Foreign Trade in the Kyrgyz Republic

In the near term the country’s foreign trade situation is likely to worsen compared to previous years. This is due to the anticipated substantial decrease of gold exports and to the stagnation and even decrease of electricity exports (due to decreased water supply in hydro-electric power station reservoirs). These losses of export revenue may be partially compensated by growth in service sector exports (transportation, hotel services, etc.). Imports may increase to some extent, e.g. imports of consumer goods may increase as a con-

sequence of the recent growth in real incomes and the anticipated increase in government consumption.

Thus, the balance of foreign trade may again fall into a deficit position. ITC's support in developing export capability will be needed, especially in agriculture and food industries. Given the current situation in the Kyrgyz Republic, delivery of the following services would be useful. It is recognized that many of these services are already being provided by both ITC and other agencies.

ITC Publications and Report

Previously ITC publications were not available in Russian which limited their usefulness in Kyrgyzstan where business people generally are not literate in English. Currently the ITC publications 'A business Guide to the World Trading System', 'Export Quality Management', and 'Organizing Buyers-Sellers Meetings: A tool for promoting trade among developing countries' are available in Russian. Two modules on packaging (plastics and paper and board) are currently being translated in cooperation with the Training Centre 'Packaging Millenium' of the Russian Federation. (Russian is not a working language of ITC).

Various reports on different project aspects in Kyrgyzstan are available in Russian.²⁰

ITC Role is to continue to translate key publications into Russian.

Export Training Capacity Development

The Kyrgyz Republic has many enterprises which have competitive products, but due to a lack of competent enterprise managers there is no (or minimal) growth in exports. For instance, output of companies such as SHORO, BAKAI, etc. may have an even larger market outside of Kyrgyzstan than within the country. To develop more companies such as SHORO, more SME owners and managers need to be trained in business practices in general, and exporting in particular.

ITC Role. All ITC programs and services are relevant, but in particular those that will raise SME competitiveness, e.g. Enterprise Competitiveness tools such as The Export Fitness Checker, Trade Secrets, the Practical Guides, and the like.

Sector Specific Product and Market Development

Addressing supply-side constraints (e.g. high costs of doing business) can improve a sector's export performance. This is especially true of agriculture. Currently, there are few farmers who use the latest technologies. Therefore, costs of doing business are high, which makes output of these activities uncompetitive in other markets.

²⁰ Reports of national consultants according to ITC instructions are usually produced in Russian, and then translated into English in the field. Reports by international consultants are translated from English into Russian in the field.

A related constraining factor, is the tendency of local officials to meddle in local businesses. This year there is an oversupply of potatoes because local officials told farmers to plant potatoes (there was a potato shortage in 2003). Thus farmers, not wishing to antagonize officials, did not plant and harvest higher-value crops such as fruits and vegetables that had been recommended by specialists from various donor agencies working in the field. Fortunately, senior officials in the federal government recognize this problem and are addressing it, but it is already too late to affect 2004 crops.

ITC Role is to continue to work with industry and other associations to assist them in presenting their views to government.

Develop Wider Market Access for Kyrgyz SMEs

ITC's and government priorities are to provide support for the development of international trade capability by SMEs. This must include negotiations for access of Kyrgyz products to Kazakhstan, Uzbekistan and China and through Kazakhstan to Russia, including removal of both customs and transport controls. Market access within Kyrgyzstan also needs to be improved by removing monopoly powers and state support from enterprises operating under the protection of government structures and by developing state procurement procedures to provide fair access for SMEs.

The government procurement agency recognizes this latter issue and is changing legislation accordingly and is also training officials in professional procurement. ITC assisted in developing a business plan for the agency and by providing Internet access.

ITC Role is in assisting government and business associations to remove non-tariff barriers to trade.

Reforms and a Strategy for Marketing the Kyrgyz Republic to Foreign Investors

Foreign direct investment is oriented toward trade, restaurant services, industry, transportation, communications, and the financial sector. Many foreign firms conduct contract work for foreign assistance organizations. These sectors have a significant impact on international trade performance in the Kyrgyz Republic.

While there is no evidence of discrimination against foreign investors, procedures for licensing and approvals are not transparent, which makes the process more difficult. In addition there is an overabundance of bureaucratic process and hurdles to overcome in the Foreign Direct Investment (FDI) process. While ostensibly there is a "one-stop-shop" within government for facilitating FDI, in practice each license and approval must be obtained separately from the appropriate ministry or department.

ITC Role is to continue work with government and business associations to provide foreign investors with a "one-stop-shop" investment service and assist with the development of the legal framework for attracting FDI to Kyrgyzstan.

Trade Facilitation

Export enterprises lack investment and have difficulties with obsolete equipment. As result, local exporters are unable to compete in international markets, particularly in food exports. The EU market for foodstuffs is virtually closed to almost all Kyrgyz companies because they are unable to meet EU quality and health standards. In the past this was circumvented by exporting to one of the 10 accession countries of Central and Eastern Europe, but now that they are part of the EU this is no longer possible. While many Kyrgyz food exports go to Russia, this is not a solution as Russia faces the same problem of gaining access to the EU food market.

Another problem is infrastructure (transport and communication) which requires large investments.

ITC Role is indirect, associating with other donors and assistance agencies; directly, with SMEs and their associations to develop management/export capabilities.

ITC can provide a specific service for local exporters, by assisting companies with export potential directly via information products, training seminars, study tours and consulting. For example, ITC has provided a study tour for top management of SHORO which allowed them to improve product design, knowledge in marketing and management. The company has branched into new product lines and new markets – especially western China which is only a few hundred kilometers away.

Benefits of Membership in the WTO

To date Kyrgyzstan has not been able to use all the advantages WTO membership confers. The following are some of the reasons:

- Lack of knowledge about potential benefits of Kyrgyzstan's membership in the WTO
- Unskilled government specialists and bodies (this is improving – see below);
- few enterprises are competitive in export markets;
- Limited finance and investments.
- However, the situation is changing. The following factors have a positive impact:
- Increased number of internet cafes makes it easier to access the WTO database (However cybercafes are still concentrated in Bishkek);
- Increasing number of young specialists with adequate education and experience;
- Foreign companies are trying to establish trade activities with Kyrgyz business.
- ITC Role: indirectly with other donors and assistance agencies; directly with companies by educating them on use of tools such as TradeMap.

Annexes

Annex 1. Review of ITC Projects and Field Research in the Context of the Country

Annex 2: Example of a Typical Project Report

Annex 3. List of Contacts

Annex 4. Direct Beneficiaries of ITC Assistance

Annex 5. List of Data Sheets

Annex 6. Kyrgyz Companies Selected for Export Assistance

Annex 7. Data on Kyrgyz Republic

Annex 1: Review of ITC Projects and Field Research in the Context of the Country

Country trade and development context

Summarized in Country Report Above

Results of field research on a project by project basis

Summarized in Country Report Above

Stakeholder analysis by consultant

The objective of the evaluation was not to analyze stakeholders, but to evaluate ITC's operations. Nevertheless some brief comments on the major stakeholders may be useful.

The comments are divided into three sections on donors, government and government agencies, and the private sector (companies and associations).

- Donors: there are half a dozen major donors working in Kyrgyzstan; there is good cooperation among them and each has (by and large) its own niche, e.g. ITC deals with the private sector, EBRD with financial institutions, USAID on legal reform, etc.
- Government: has relatively low capacity to drive and implement change (the president's office of the economic advisor is an exception); in many areas an irresolute mentality still predominates; however, many ministries recognize these short-comings and are looking for assistance;
- Private sector: generally weak, lacks capital, knowledge and experience, and among SMEs in particular still takes "direction" from bureaucrats; associations are not a natural phenomenon since in Soviet time associations were forced on society so at the moment a frequent reaction is to go it alone.

Description of Projects Evaluated

1. Trade promotion and export development. KYR/61/74A

Closed-Operationally

Start Date – Integrated Management Information System (IMIS): 01/01/1999

Start Date – Actual: 01/01/1999

Close Date: 31/12/2005

Beneficiary Country (ies): Kyrgyzstan 100%

Implementing agency is ITC itself; direct beneficiaries are the Fruit and Vegetable Processors Association and their members; indirect beneficiaries are farmers who sell products to Association members.

Coverage/Location: Anywhere in country where farming is possible, but in practice it is around the capital of Bishkek and in the Fergana Valley.

Source of Fund: ITC Bilateral donors Trust Funds - [ZS1]

Donor(s): Switzerland

Table Annex 1.2: Project Value (in US dollars without Support Costs)

Year	Allotted	Expected	Total
2001	83,244	0	83,244
2002	38,810	0	38,810
2003	8,104	0	8,104
2004	8,585	0	8,585
2005	8	0	8
Total	138,751	0	138,751

Brief Description:

The project objective is the expansion and diversification of exports through concentrated product and market development efforts in the processed food sector. Preliminary activities to set up a pilot trade information service.

Achievements (2004):

With ITC and other donors' help the Association of Fruit and Vegetable Processors developed a branding strategy and marketing materials.

2. Integrating Central Asian CIS member countries into the multilateral trade system (MTS9-Phase 1). RER 61/85A

Closed-Operationally

Start Date – IMIS: 01/01/2002

Start Date – Actual: 03/06/2002

Close Date: 31/12/2005

Table Annex 1.2: Beneficiary Countries:

ECIS (100%)	
Kazakhstan	25%
Kyrgyzstan	25%
Tajikistan	25%
Uzbekistan	25%

In Kyrgyzstan the implementing agency was the Office of the Economic Advisor to the President. Direct beneficiaries are exporters, and indirect beneficiaries are businesses in general.

Coverage/Location: Whole country.

Source of Fund: ITC Bilateral donors Trust Funds - [ZS1]

Donor(s): Switzerland

Table Annex 1.3: Project Value (in USD without Support Costs)

Year	Allotted	Expected	Total
2002	681,403	0	681,403
2003	845,743	0	845,743
2004	-718	0	-718
2005	1,891	0	1,891
Total	1,528,318	0	1,528,318

Brief Description:

The main objective of this long-term programme is the development, diversification and increase of the foreign trade of, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan. It centers on the countries' successful integration into the MTS. Moreover, it was to provide in depth needs assessments and validations in the field of trade development in Central Asia and to establish management structures in the field, as well as productive relations with the governments.

In its first phase, it focuses on the fields of foreign trade strategy, trade support services at the institutional level, enterprise support services, private sector supply management, public procurement, export quality management and trade information services. Strong linkages and synergy will be developed so as to ensure an optimal positive impact of all activities to be undertaken at the national and the regional level.

Achievements (2004):

"Export Quality Management: An answer book for small and medium sized exporters (Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan)". The publication was fully adapted for the 4 countries, and edited jointly by the 4 National Standardization Bodies.

3. Trade promotion in Kyrgyzstan - Phase I. KYR/61/91A

Operational

Start Date – IMIS: 01/01/2004

Start Date – Actual: 01/01/2004

Close Date: 31/12/2005

Beneficiary Country (ies): Kyrgyzstan 100%

ITC is the implementing agency.

Coverage/Location: Whole country

Source of Fund: ITC Bilateral donors Trust Funds - [ZS1]

Donor(s): Switzerland

Table Annex 1.4: Project Value (in USD without Support Costs)

Year	Allotted	Expected	Total
2004	269,796	0	269,796
2005	385,112	0	385,112
Total	654,908	0	654,908

Brief Description:

The objective of the project is to strengthen the sustainable expansion and diversification of SME exports in the Kyrgyz Republic. It provides a comprehensive and holistic technical cooperation response to priority needs identified in cooperation with the Government of the Kyrgyz Republic during the preparatory phase of the project (RER 61/85).

Interventions are to be demand driven, and are built around three pillars formulated as immediate objectives:

Immediate Objective 1: To improve the export competitiveness of enterprises in two priority sectors (initially agro-processing) in areas where export competitiveness is determined by activities at the enterprise level (such as in product design, quality management or marketing).

Immediate Objective 2: To improve the business environment for exporters by strengthening the dialogue between stakeholders and the public sector in the course of preparing sector and national trade strategies.

Immediate Objective 3: To strengthen Business Support Services Organisations through increasing the quality and range of their services that can assist potential and actual exporters in becoming more export competitive.

The project has been planned for a period of 5 years. Funding has been requested for the first two years with the possibility of an extension, based on performance established through a mid-term and final evaluation.

Achievements (2004):

ad Immediate Objective 1: Enterprise Surveys and Enterprise Audits for the fruit & vegetable processing sector, resulting in a definition of priority needs;

ad Immediate Objective 2: Start of a sector export strategy development process for the fruit & vegetable processing sector with sector data collection and a first sector strategy workshop in which all stakeholder groups participated; development of a National Export Strategy is close to finalisation;

ad Immediate Objective 3: Establishment of contacts and information on business services providers; assistance and training activities in the fields of Technical Barriers to Trade and Sanitary and Phyto-Sanitary Measures.

4. E-Trade Bridge for SME's . INT/W2/08A

Operational

Start Date – IMIS: 28/05/2002

Start Date – Actual: 01/01/2002

Close Date: 30/05/2006

Table Annex 1.5: Beneficiary Countries:

Africa (34%)		Arab (7%)		Asia (25%)		ECIS (10%)		Latin America and Caribbean (24%)		Less Developed Countries	
Cameroon	7%	Mauritania	7%	Cambodia	1%	Kazakhstan	1%	Barbados	1%	Cambodia	1%
Kenya	1%			China	5%	Kyrgyzstan	1%	Bolivia	1%	Mauritania	7%
Senegal	7%			India	1%	Romania	4%	Costa Rica	1%	Senegal	7%
South Africa	1%			Philippines	17%	Tajikistan	1%	Ecuador	1%	Tanzania, United Re- public of	17%
Tanzania, United Re- public of	17%			Viet Nam	1%	Turkey	1%	El Salvador	16%	Uganda	1%
Uganda	1%					Turkmenistan	1%	Guatemala	1%		
						Uzbekistan	1%	Honduras	1%		
								Jamaica	1%		
								Trinidad and Tobago	1%		

ITC is the implementing agency; direct beneficiary is Bishkek Chamber for Trade Promotion and companies who use the Chamber's services; indirect beneficiaries – all Kyrgyz companies who have Internet access.

Coverage/Location: Whole country; in practice almost exclusively Bishkek

Source of Fund: ITC Global Trust Fund Window 2 - [ZG2]

Donor(s): Global Trust Fund (W2)

Table Annex 1.6: Project Value (in USD without Support Costs)

Year	Allotted	Expected	Total
2002	181,414	0	181,414
2003	811,837	0	811,837
2004	1,112,117	0	1,112,117
2005	269,187	0	269,187
Total	2,374,554	0	2,374,554

Brief Description:

The goal of the E-Trade Bridge Programme for SMEs is to create internationally competitive e-competent businesses, and to build national e-trade capacities within the institutions that support them. The programme is modular and features: country e-assessment

reports, kick-off meetings, Winning With the Web (WWW), strategy trainers, and Enabling the SMEs (Training the trainers).

Website: www.intracen.org/etradebridge .

Achievements (2005):

(a) Component I - Improving SME competitiveness Through E-Trade: National capacities were mobilized to pilot the e-enable SMEs component in three countries. Management-export and e-competence of ninety-three SMEs were improved (e-enabled).

(b) Component II: Preparing E-Maps, E-Balance Sheets and Action Points: For all the twenty-eight applicant countries a survey of e-policy environment, e-trade support infrastructure was completed. E-Maps, E-Balance Sheets and Action Points were printed and distributed. (5 National / 4 Regional Reports).

(c) Component III: Training National Program Developers and Managers: Findings of e-policy and e-trade support surveys were debated for the construction of e-strategies in eight pilot countries. More than 300 national program developers and managers were trained.

(d) Component V: Capacity Building by Training Trainers and Counselors: More than 80 trainers, business counselors and consultants were trained in three pilot countries.

5. Business development and the WTO agreements (World Trade Nets).

INT/W2/05A

Closed-Financially

Start Date – IMIS: 01/01/1999

Start Date – Actual: 26/08/1999

Close Date: 31/05/2002

Beneficiary Country (ies): Albania; Armenia; Bangladesh; Belarus; Bosnia and Herzegovina; Bulgaria; Cambodia; Costa Rica; Croatia; Cuba; El Salvador; Estonia; Guatemala; Haiti; Honduras; Hungary; Jamaica; Jordan; Kazakhstan; Kyrgyzstan; Latvia; Lesotho; Lithuania; Malawi; Malaysia; Moldova, Republic of; Mongolia; Mozambique; Nepal; Nicaragua; Oman; Pakistan; Philippines; Romania; Sri Lanka; Swaziland; Thailand; Viet Nam; Zambia;

Source of Fund: ITC Global Trust Fund Window 2 - [ZG2]

Donor(s): Global Trust Fund (W2)

Table Annex 1.7: Project Value (in US dollars without Support Costs)

Year	Allotted	Expected	Total
2001	373,960	0	373,960
2002	601,630	0	601,630
2003	-12,209	0	-12,209
2004	-12,341	0	-12,341
Total	951,040	0	951,040

Brief Description:

Within the context of the Doha Development Agenda, the World Trade Net (WTN) aims to develop and strengthen the capacity of the business sector in developing and transition economies to:

- Analyse and address the changes of the international trading environment resulting from the implementation of the WTO Agreements;
- Contribute meaningfully to the negotiations through dialogue with the public sector.

6. World Trade Net (business and the 'Doha Development Agenda').**INT/W2/10A**

Operational

Start Date – IMIS: 01/01/2002

Start Date – Actual: 01/06/2002

Close Date: 31/05/2005

Table Annex 1.8: Beneficiary Countries:

Africa (10%)		Arab (6%)		Asia (24%)		ECIS (34%)		LAC (26%)		LDCs	
Lesotho	2%	Egypt	2%	Bangladesh	3%	Albania	2%	Argentina	2%	Bangladesh	3%
Malawi	1%	Jordan	2%	Bhutan	2%	Armenia	2%	Brazil	2%	Bhutan	2%
Mozambique	1%	Oman	2%	Cambodia	3%	Belarus	2%	Costa Rica	2%	Cambodia	3%
Nigeria	2%			Malaysia	2%	Bosnia and Herzegovina	2%	Cuba	2%	Haiti	2%
Senegal	1%			Mongolia	2%	Bulgaria	2%	Dominican Republic	2%	Lesotho	2%
Swaziland	2%			Nepal	2%	Croatia	2%	El Salvador	2%	Malawi	1%
Zambia	1%			Pakistan	2%	Estonia	2%	Guatemala	2%	Mozambique	1%
				Philippines	2%	Hungary	2%	Guyana	2%	Nepal	2%
				Sri Lanka	2%	Kazakhstan	2%	Haiti	2%	Senegal	1%
				Thailand	2%	Kyrgyzstan	2%	Honduras	2%	Zambia	1%
				Viet Nam	2%	Latvia	2%	Jamaica	2%		
						Lithuania	2%	Nicaragua	2%		
						Moldova, Republic of	2%	Trinidad and Tobago	2%		
						Romania	2%				
						Tajikistan	2%				
						Ukraine	2%				
						Uzbekistan	2%				

Implementing agency is Office of the Economic Advisor to the President;

Direct beneficiaries are government economic development ministries and agencies; indirect beneficiaries as well as Kyrgyz businesses

Coverage/Location: Whole country

Source of Fund: ITC Global Trust Fund Window 2 - [ZG2]

Donor(s): Global Trust Fund (W2)

Table Annex 1.9: Project Value (in US dollars without Support Costs)

Year	Alloted	Expected	Total
2002	625,945	0	625,945
2003	689,941	0	689,941
2004	1,239,284	0	1,239,284
2005	619,624	0	619,624
Total	3,174,794	0	3,174,794

Brief Description:

The programme aims to develop and strengthen the capacity of the business sector in developing and transition economies to analyse and address the changes of the international trading environment resulting from the implementation of the WTO Agreements. Within the context of the Doha Development Agenda, the World Trade Net aims to develop and strengthen the capacity of the business sector in developing and transition economies to:

- Analyse and address the changes of the international trading environment resulting from the implementation of the WTO Agreements;
- Contribute meaningfully to the negotiations through dialogue with the public sector.

Website: www.intracen.org/worldtradenet .

Achievements (2004):

The programme supported public-private networks of stakeholders in 51 member countries to analyze and address the changes for business operations brought about by the evolving WTO regulatory framework for international trade. At the request of network members, strong emphasis was given to strengthen business advocacy in the preparation of trade negotiations under the Doha Work Programme. Activities in the first half of the year concentrated on putting the WTO negotiations back on track after the failure in Cancun in 2003, work in the second half reflected the breakthrough for negotiations reached with the “July package” after the WTO General Council Decision of 1 August 2004. Nigeria joined the network in April 2004.

To equip network members for an informed public-private sector dialogue and prepare for meaningful contributions to the Doha Development Agenda, a unique array of business-relevant information and background materials were prepared and provided to World Trade Net members, for in-country use and dissemination through the networks. Information materials include a monthly newsletter, bi-annual “Progress reports” on six

key areas of ongoing negotiations, case studies and training/briefing materials. Technical papers and publications were prepared on trade remedies, textiles&clothing, business advocacy and trade facilitation.

Intensifying the working relations with the growing number of networks, regional coordinators backstopped the networking activities in four regions and supported the initiatives launched by World Tr@de Net members. Eleven member countries requested grant contributions to implement their activities. Initiatives included the organization of information sessions, dissemination of World Tr@de Net briefing materials and newsletters as well as business advocacy, networking for trade negotiations, participation in e-discussions and team preparation for contributions to regional events. Reflecting the priority interests indicated by each region, three regional networking events were held to assess business implications and exchange experiences among network members: “Textiles and Clothing” (Guatemala) for Latin America, “SPS” (Egypt) for Africa and “Textiles and Clothing” (Sri Lanka) for Asia.

In addition to the preparation of up-to-date background materials, the World Tr@de Net set the region-specific agenda for five “Business for Development” meetings in 2004 (see information under this initiative). A multitude of country papers and case studies were prepared by network members, addressing all major negotiating issues from a business perspective. The network infrastructure served not only to design, prepare and organize the “Business for Development” meetings, but also to bring the key issues back to the country-level for further discussion in the World Tr@de Net’s public-private networks.

Annex 2: Example of a Typical Project Report**Table 2.3: Year 2001-2005**

Project ID-Code	I032 - RER/61/85A	Operational
Project Title	Integrating Central Asian CIS member countries into the multilateral trade system (MTS9-Phase I)	
Start Date - IMIS	01/01/2002	
Start Date - Actual	03/06/2002	
Close Date	31/12/2004	
Responsible Section	OFFICE FOR ARAB STATES, EUROPE AND THE CIS [DTCC/OASEC]	
Certifying Officer	ROELOFSEN, Mr. Hendrik History	[Office: 4-05; Phone: 79383/363]
Managing Officer	HAUSWIRTH, Ms. Iris History	[Office: 4-26; Phone: 9377/579]
Technical Officer(s)	ANCEL, Mr. Bernard	[Office:2-03; Phone:79276/302]
	BIJL, Mr. Bastiaan	[Office:1-17; Phone:79399/524]
	BLANC, Mr. Stephan	[Office:1-03; Phone:79239/524]
	CORDON-ENGEL, Mr. Roberto	[Office:1-01; Phone:79200]
	GILLIES, Mr. John	[Office:3-26; Phone:79279/329]
	GUJADHUR, Mr. Shyam Kumar	[Office:5-06; Phone:79396/620]
	JIMENEZ PONT, Mr. Miguel	[Office:6-09; Phone:79613]
	NARAY, Mr. Peter	[Office:3-18; Phone:79306/389]
	OZALTINORDU, Mr. Mehmet Gultekin	[Office:3-38; Phone:79426/332]
	SAYERS, Mr. Ian	[Office:3-46; Phone:79260/409]
	VENUPRASAD , Mr. Govind	[Office:5-21; Phone:79614/510]
	WILLIAMS, Mr. Philip	[Office:5-08; Phone:79312/620]
Budget Officer	ANNEN-HWANG, Mrs. Michele	[Office:7-40; Phone:79458]
Source of Fund	ITC Bilateral donors Trust Funds	
Donor(s)	Switzerland	

Project Value
(in US dollars
without Support
Costs)

Year	Allotted	Expected	Total
2002	681,403	0	681,403
2003	845,743	0	845,743
2004	1,173	0	1,173
Total	1,528,318	0	1,528,318

Note:

Past Years, Total Budget = Expenditures
Current Year, Total Budget = Allotments, as per latest IMIS data + Expected
Future Years, Total Budget = Rephased Allocations + Expected.

ITC Corporate
Goal(s)
2004 | 2003

ITC Corporate
Programme(s)
2004 | 2003

Brief Description

The main objective of this long-term programme is the development, diversification and increase of the foreign trade of, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan. It centers on the countries' successful integration into the MTS. Moreover, it was to provide in depth needs assessments and validations in the field of trade development in Central Asia and to establish management structures in the field, as well as productive relations with the governments.

In its first phase, it focuses on the fields of foreign trade strategy, trade support services at the institutional level, enterprise support services, private sector supply management, public procurement, export quality management and trade information services. Strong linkages and synergy will be developed so as to ensure an optimal positive impact of all activities to be undertaken at the national and the regional level.

Geo-Coverage

- EUROPE AND CIS: Regional

Beneficiary Country
(ies)

Kazakhstan; Kazakhstan; Kyrgyzstan; Kyrgyzstan; Tajikistan; Tajikistan; Uzbekistan; Uzbekistan;

Achievements
2004 | 2003 | 2002

"Export Quality Management: An answer book for small and medium sized exporters (Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan)". The publication was fully adapted for the 4 countries, and edited jointly by the 4 National Standardization Bodies.

Monitoring &
Evaluation
2004 | 2003 | 2002

n.a.

Output/Activities

OECD Donor

Switzerland (11)

OECD Purpose

Business support services and institutions (25011)

OECD Recipient CEECs/NIS UNALLOCATED (079)

Trade promotion
strategy and im-
plementation Yes

Market analysis and
development Yes

Entered:
4/06/2002

Last Updated: 02/09/2004

Annex 3: List of Contacts

ITC National Program Manager

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ITC Project Manager

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SECO, Swiss Cooperation Office in the Kyrgyz Republic

Swiss Ministry of Foreign Affairs

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Sue Bassett

International Trade Department

15. Commonwealth Secretariat

Marlborough House

Pall Mall

London SW1Y 5HX

Geraldine Goh

Public Affairs Officer

Communications and Public Affairs Division

Annex 4: Direct Beneficiaries of ITC Assistance

- Economic Policy Department of the President Administration, White House, Bishkek, Kyrgyz Republic
- State Commission for Small and Medium Business Support under the Government of Kyrgyz Republic
- State Commission on Public Procurement and Material Reserves
- Association of Fruit and Vegetable Processing Enterprises
- National Institute for standardization and metrology
- Bishkek Chamber for Trade Promotion
- SHORO company
- NURISTAN company
- The Congress of the Tourist Business Associations
- Ministry of Economic Development, Industry and Trade
- The Kyrgyz Chamber of Trade and Commerce
- "Teplichnyi" Company

Annex 5: Lists of Data Sheets

The following country data sheets drawn from the country evaluation tools were prepared for Kyrgyz Republic.

The following are the categories of country data sheets:

- Country Data Sheet
- Sector Data Sheet

Partner TSI:

- Bishkek Chamber for Trade Promotion

Government Policy Bodies:

- Ministry of Economy
- National Institute of Standard and Metrology of Kyrgyz Republic
- Department of Public Procurement
- SME investment fund
- Administration of the President

Donors:

- - DFID
- - EBRD
- - SDC – Swiss Agency for Development and Cooperation
- - USAID – Pragma Corporation

End Users:

- Association of fruits and vegetables

Annex 6: Kyrgyz Companies Selected for Export Assistance**Table Annex 6.1 Kyrgyz Companies Selected for Export Assistance**

Company	Address	Business
Eastman	Kasymbekov Street, The Jeidalik Village, Kara-Sui	Tomato Paste, Jam, Juices
A.N.MAS.TO	The Shamaldy-Sai, Nooken rayon	Tomato Paste Processing
Ailana	1 Otorbavev Street, Kara-Balta	Tomato Processing
Intershak	Torgovy side Street, Jalal-Abad	Mixed food processing
Agroplast	148 Kulatov Street, Kyzyk-Kiya	Tomato Paste, Jam, Vegetable Processing
Tokmokplodoovshch	50 Mira Street, Tokmok-Chui	Tomato, Fruit, Vegetable Processing

Annex 7: Data on Kyrgyz Republic**The Kyrgyz Republic at a Glance**

Country name	Kyrgyz Republic
Latitude	39 - 43 N, latitudes shared by Italy, Japan and Turkey
Climate	Temperate continental, lowlands summer average 26 C, winter - 5 C
Total area	198,500 km.sq.
Neighboring countries	China, Kazakhstan, Uzbekistan, Tajikistan
Population	4.67 million (1997)
Nationalities	Kyrgyz 58.6%, Russian 17.1%, Uzbek 13.8%, Ukrainian 1.9%
Languages	Kyrgyz and/or Russian
Capital	Bishkek, pop. 608,300 (1997)
Head of State	President
Head of government	Prime Minister, proposed by the President and approved by Parliament
Legislature	Bicameral parliament with 35 deputies in upper (legislative) chamber, 70 in lower (representative) chamber
Judicial system	Based on civil law system of Kyrgyz Constitution (May 5, 1993)
Administrative divisions	Six oblasts (regions) divided into raions (districts)
Currency	Som, 2002 rate vis-à-vis the US\$: US\$ 1 = 46.92Som
Electricity supply	220V, 50Hz
Fiscal Year	January 1st - December 31st

Measurements of key indicators at country scale

Country:	The Kyrgyz Republic
Local Consultant	Mr. Ruslan Myrzalimov

International Trade Profile
Source of information:

WTO Member: No ✓ Yes, If yes If yes Year Applied: 18 January 1996 Accession year: October 1998	
Membership of Trade Agreements (bilateral agreements can be grouped under one heading)	Year Joined
With CIS countries	
I. Intergovernmental Kyrgyz-Russian Joint Commission on Trade and Economic, Scientific and Technical and Cultural Cooperation	1998
	1999
II. Intergovernmental Joint Commission on Military and Technical Cooperation between the Kyrgyz Republic and Russian Federation	2001
III. Intergovernmental Kyrgyz-Sverdlovskaya Joint Commission on Trade and Economic, Scientific and Technical, and Humanitarian Cooperation	2000
	2000
IV. Intergovernmental Kyrgyz-Kazakhstan Commission on Trade and Economic, Scientific and Technical, and Cultural Cooperation	1997
V. Intergovernmental Kyrgyz-Belorussian Joint Commission on Trade and Economic Cooperation	
VI. Intergovernmental Kyrgyz-Ukrainian Joint Commission on Economic and Humanitarian Cooperation	
VII. Intergovernmental Kyrgyz-Uzbek Joint Commission on Trade and Economic, Scientific and Technical, and Cultural Cooperation	
VII. Intergovernmental Kyrgyz-Tajik Commission on Complex Consideration of Bilateral Issues	
IX. Intergovernmental Kyrgyz-Armenian and Kyrgyz-Azerbaijani Commissions on Trade and Economic, Scientific and Technical, Cultural, and Humanitarian Cooperation	
With foreign countries	
I. Intergovernmental Kyrgyz-Chinese Commission on Trade and Economic Cooperation.	1994
II. Joint Kyrgyz-Iranian Commission on Trade, Economic, Scientific, Technical and Cultural Cooperation.	1996
III. Joint Kyrgyz-Malaysian Special Economic Commission	1997
	1997
IV. Kyrgyz-Japanese Economic Commission.	1996
V. Intergovernmental Kyrgyz-Turkish Commission on Trade and Economic Cooperation.	1995
VI. Kyrgyz-Indian Joint Commission on Trade, Economic, Scientific and Technical Cooperation.	
VII. Kyrgyz-German Working Group on Trade and In-	

vestments.				
VIII. Combined Kyrgyz-Austrian Commission on Economic Cooperation.				
IX. Intergovernmental Kyrgyz-Mongolian Commission on Trade, Economic, Scientific, Technical and Cultural Cooperation.				
X. Intergovernmental Kyrgyz-Bulgarian Commission on Trade and Economic Cooperation.				
Trade Statistics				
Source of Information: ITC database		Use OECD Categories for sector label		
a. Exports				
Leading (non-Service) Export Sectors	Export Value (2002) (USD million)	Average Annual Increase/Decrease in (%) 1998-2002		
Non-ferrous metallurgy	198,4	-1,9 %		
Light industry	65	6,3 %		
Mechanical engineering	56	-2,3%		
Fuel industry	36	7,7%		
Food industry	17	-7,9 %		
Total Exports	485	16,9 %		
b. Imports				
Leading (non-Service) Import Sectors	Import Value (2002) (USD million)	Average Annual Increase/Decrease in (%) 1998-2002		
Fuel industry	142	0,8 %		
Mechanical engineering	135	-2,8 %		
Food industry	696	-0,7 %		
Light industry	43	0,3 %		
Chemical industry	34	0,9 %		
Total Imports	587	6,9 %		
c. Currency Variations: changes in the national currency against the \$US since 1997. (Average rate each year)				
Source of information: National Statistic Committee / National Bank				
1998	1999	2000	2001	2002
20,77	44,21	47,72	48,44	46,92
d. Share of Top 3 Export Markets in		1998	2002	

Total Exports (% of total) (for goods only, not including services) based on National data base	Germany 37.4% Kazakhstan 16.6% Russia 16.3%	Switzerland 20.3 % Russia 16.4 % China 8.4 %
e. Share of Top 3 Export Sectors in Total Exports (% of total) based on National data base	1998	2002
	non-ferrous metal-lurgy 47.9 % Mechanical engineering 15.2 % Food industry 11.8 %	Non-ferrous metal-lurgy 46.0 % Light industry 15.1 % Mechanical engineering 12.9 %
f. Share of Exports to Neighboring Markets in Total Exports Source of information: (Sum of export value to neighbors / total export* 100%)	1998	2002
	Kazakhstan 16.6 Uzbekistan 7.5 China 3.1 Tajikistan 2.1	China 8.4 Kazakhstan 7.5 Uzbekistan 5.7 Tajikistan 1.6
g. Estimated Value of Service Exports (\$M.) Source of information: Balance of Payment or WB Development Indicators, Central Bank (please add an explanatory not about how it is estimated)	1998	2002
	N/A	283,9
h. Leading Service Export Sectors (including tourism)	1998 Estimated Value	2002 Estimated Value
1. Transport Service (air, railway, auto)	N/A	37,5 (CIS – 15,6; Non-CIS – 21,9)
2. Tourism for foreigners		35,7 (CIS – 16,9; Non-CIS – 18,8)
3. Export of communication service		8,9 (CIS – 6,1; Non-CIS – 2,8)
Foreign Investment Indicators		
a. FDI Inflows Source of information: National Statistic Committee	1998 (\$M.)	2002 (\$M.)
	136.3	116.0
Leading Sectors	Share of Total (\$M 2002)	
1. Industry	61	
2. Trade and Catering	13.1	
3. Geology and Geodesy	10.1	
4. Finance	6.1	
b. What is the contribution of the following categories in the country's export development of leading sectors? (Perception: negligible – modest – substantial)		
Leading sectors	Foreign investment and	Nationally owned enterprise

<p>ger/km 2000 - 4665,5 mln passenger/km 2001 – 5083,2 mln passenger/km 2002 – 5123.9 mln passenger/km</p> <p>No. of sea ports (international): There are no sea ports in the country</p> <p>No> of airports for cargo: Two</p> <p>No. of km or railroad: 1998– 59,3 mln passenger/km 1999– 31,3 mln passenger/km 2000– 44,0 mln passenger/km 2001– 50,0 mln passenger/km 2002– 43,1 mln passenger/km</p>	<p>Weak private sector.</p>	
<p>c) Port logistics N/A (There are no ports in Kyrgyzstan)</p>		
<p>Source of information:</p>		
<p>Change in situation (1 – 4) of - customs procedures: - turn around time: - other aspects of logistics (please specify):</p>	<p>Perception of where bottlenecks, constraints are:</p>	
<p>d) Banking and foreign exchange procedures</p>		
<p>Source of information:</p>		
<p>Change in situation (1 – 4) of - Liberalized procedures: 4 - Access to currency: 4 - Access to credit: 3</p>	<p>Perception of where bottlenecks, constraints are: local currency is weak against US dollar</p>	

- Transaction cost: 3	
e) Government support Source of information:	
Change in situation (1 – 4) of - Export incentives: 2 - Export strategy: 3 - FDI: 2	Perception of where bottlenecks, constraints are: develop and complete the National Export Strategy; Process of implementation of the legislation on investment; Stabilization of trade regime;

References:

World Bank web site: <http://www.worldbank.org.kg/>

Kyrgyz National Statistics Committee: <http://www.stat-gov.bishkek.su>

Canadian International Development Agency (CIDA): <http://www.acdi-cida.gc.ca/index.htm>

European Union: <http://europa.eu.int>

ITC: <http://www.intracen.org>

Central Asian Gateway: <http://www.cagateway.org/index.php?nu=50&lng=1>

Business Information Services for Central Asia: <http://www.bisnis.doc.gov/bisnis.cfm>