

Report on Conference: “Best Practices – Business Service Providers in Kazakhstan”

April, 12, 2007 – Almaty

On April 12th more than 50 representatives of different business services provider organizations from across Kazakhstan participated in the Conference “Best Practices – Business Services Providers (BSP) in Kazakhstan” that took place in Almaty. This conference was sponsored by the Kazakhstan Small Business Development (KSBD) Project, which is jointly funded by the United States Agency for International Development (USAID) and the Government of Kazakhstan (GOK) and USAID’s Regional Competitiveness Initiative (RCI).

The conference was opened by Mr Chris Crowley, Director of the USAID/CAR mission. Mr. Crowley stated USAID’s ongoing support for the development of competitive SMEs in Kazakhstan and emphasized the importance of BSPs in accomplishing this task. Mr. Neal Nathanson, from USAID/Washington’s RCI provided additional introductory remarks about the nature of competitiveness and strategies for both private and public sectors in countries to improve their situation in this regard.

Kazakhstani organizations shared their successes and exchanged work experience with representatives from consulting companies from Poland, Bulgaria, Montenegro and experts from the United States. The visitors presented the best practice of the analogous business services providers in their countries.

After initial presentations from the international experts, all the participants divided into three Working Groups with the following headings:

- Expansion of Business Services to SMEs
- Collaboration and Business Service Provider Networks
- Cooperation with the Government on National and Local Levels

Each Working Group identified and discussed problems and made recommendations.

The major problems identified included:

- Lack of consulting services in the regions
- Lack of SME finances to pay for business services
- Lack of confidence and trust between consultants and clients

- Lack of information regarding SME service providers, financial tools and resources, donor projects, support institutions and legal/regulatory issues.
- Lack of skilled personnel
- Weakness in these particular areas, particularly in the regions:
 - Basic management
 - Human Resource (HR) management
 - Tax
 - Legal services
 - Financial management and analysis
 - Business planning
 - Project development and management
- Instability of legal/regulatory environment
- Lack of GOK coordination on SME support programs
- SMEs lack adequate advocacy capacity leading to too much of a “top down” approach

The major recommendations included:

- Establishing consulting (and particularly accounting) centers in rural areas through donor funding
- Providing investment in SMEs from local and national government and foreign and domestic large companies
- Cooperation among consulting services to make services more cost effective and affordable
- Creation of local Guarantee Funds
- International study tours
- Meetings with entrepreneurs and SMEs at akimat level
- Telephone consulting capacity for SMEs
- Distant consulting via internet

- Publication of brochures every 3 months with legal/regulatory updates and new tools
- Training for businesses looking for or already having
- Training of government staff, including using internet
- Presentations from development organizations, consulting firms and government support institutions
- Increase communication among Kazakh consultants
- Exhibitions and fairs regarding consulting services and internal and international trade
- Provide more literature to help SMEs
- Sponsorship from extractive industry companies
- Certification of professionals
- Master classes from Russian business service providers
- State divest itself of internal/state consulting services and outsource consulting to private sector to improve quality and promote competition
- Make tax system more transparent
- Form a Working Group on business service provider networking
- Distribute conference minutes to participants
- GOK needs to make sure international “best practices” are up-to-date and not obsolete

KSBD activities to support the conference outputs

KSBD has two principal components which address many of the issues raised at the conference:

- Strengthening GOK’s capacity effectively and efficiently to assist competitive SME development
- Developing the capacity of business service providers (BSPs), such as consulting firms and training providers, and business support institutions, such as education institutions and financial firms, to assist SMEs, particularly in the regions.

Under the first component, KSBD has been working with GOK entities to improve planning, implementation and evaluation of SME support programs, as well as coordination among GOK entities. KSBD is sponsoring a study tour for GOK officials and some private sector

representatives to Poland to evaluate best practices and lessons learned from the successful Polish experience in driving economic growth through building a strong SME sector.

Under the second component, KSBD is supporting the development of a national consulting profession, by supporting a consulting certification program and the development of professional associations based on successful models from Japan and Great Britain.

The program includes a set of Business Essentials courses developed under prior USAID SME-support programs in Central Asia. These courses include SME tools that have been tested over 1,600 SMEs in Central Asia and have produced on average over 60% annual increase in sales and 46%. The Business Essentials program is complemented by a Consulting Essentials training program for consultants, based on a tiered certification program for consultants in the United Kingdom.

These programs will provide the technical basis for professional consultants to form a professional association to provide the additional requirements for professional certification, including experience, continuing professional development, ethics, etc. based on international standards disseminated by the International Council of Management Consulting Institutes (ICMCI).

KSBD is also looking for ways to encourage the private sector to build bridges to educational and other institutions in the country to improve the access of Kazakhstan's current and future business community to knowledge, skills and information.

KSBD is also supporting developing the information based and analytical capacity for Kazakhstan to measure its development based on global criteria and in comparison to other countries in the world. Besides sponsoring a presentation in Astana at the "Forum on Economic Growth and Competitiveness in Kazakhstan" by specialists from the World Economic Forum's Global Competitiveness Index in April 2007, KSBD is supporting the establishment in Kazakhstan of the Global Entrepreneurship Monitoring (GEM) program developed by the London School of Economics.

For more information on KSBD: www.ksbd.kz

Annex: List of attendees and members of each Working Group