

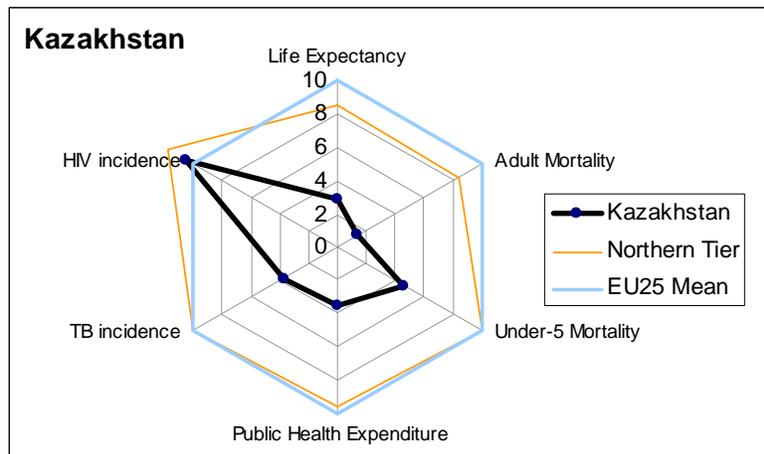
Annex A1: Kazakhstan: Expectations of Movement Along the Development Continuum over the Next Two Years

Kazakhstan's status as an upper-middle income country places it in the Sustaining Partnership Countries category of the U.S. Foreign Assistance Strategic Framework. However, it falls into the Developing Countries category judging by the assistance profile for the Investing in People (IIP) program area; namely, "Encourage social policies that deepen the ability of institutions to establish appropriate roles for the public and private sector in service delivery." The changes expected in the health sector over the next two years will not have an impact on the country's movement along the continuum from the "Developing" to "Transforming Country" category. Kazakhstan may achieve Transforming Country status over the next seven years in terms of the IIP assistance profile but is unlikely to reach Sustaining Partnership status.

Kazakhstan ranks 25 of 28 countries (higher number rankings are worse cases) in the 2007 Europe and Eurasia Health Vulnerability Analysis. See the report at:

http://www.usaid.gov/locations/europe_eurasia/dem_gov/docs/2007_ee_health_vulnerability_analysis_report_final.pdf

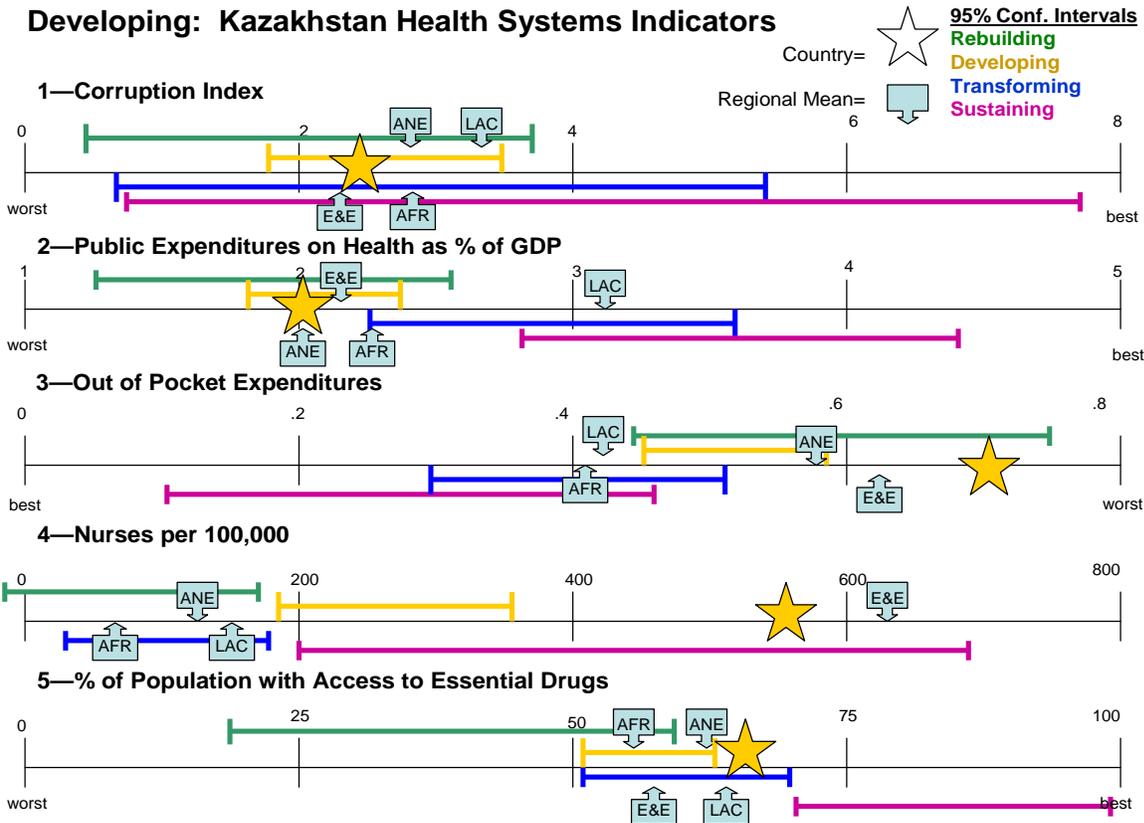
The analysis identifies those countries in the region where health status is the poorest and where the transition to democracy and free-market economies may be most vulnerable because of health factors. The graph below draws on this data to compare Kazakhstan's health status to European Union and E&E regional averages. For each indicator, a score of 10 corresponds with the **EU average**, suggesting ideal performance. A score of 1 indicates the poorest performance in that indicator in the **E&E** region. The country's performance is then plotted against this scale. A score of 10 is ideal performance for all indicators and all countries.



Northern Tier refers to the Czech Republic, Hungary, Poland, Slovakia, and Slovenia.

Kazakhstan is far from approaching the levels of health sector development achieved by countries in northern Europe and the EU25. It appears that Kazakhstan scores better than the EU average on HIV incidence. Since the number of confirmed HIV cases is highly dependant on the surveillance program in the country, HIV scores may be deceptively optimistic.

The graphic below shows Kazakhstan's performance on several key health systems development indicators relative to: (1) averages for Europe and Eurasia and other geographic regions, and (2) averages for country categories of the USG Foreign Assistance Framework. Indicators reflecting the extent of corruption and public expenditures for health put Kazakhstan into the Developing Country category. However, given Kazakhstan's increasing public expenditures in recent years, by this measure now it likely falls into the Transforming Country category. Out of pocket expenditures are very high relative to countries elsewhere in the region, and more characteristic of the Rebuilding Country category. It is not clear the extent to which these reflect formal payments by those with the ability to pay as opposed to informal payments by those for which these payments impose a heavy financial burden. Nurses per 100,000 are high, putting Kazakhstan in the Sustaining Country category. However, this is misleading as nurses receive low salaries and most require training to upgrade their skills. Access to essential drugs is high, reaching levels of the Transforming Country category.



Source: U.S. Agency for International Development, Bureau for Global Health; most data is 2006.

The GOK is increasing budgetary allocations to health annually and just contributed \$178.4 million to a \$296.1 million loan agreement with the World Bank. Nonetheless, Kazakhstan's ongoing health sector development requires technical assistance, in addition to money, so it can use these increases in resources efficiently and equitably.

The GOK is also demonstrating its commitment to health reform by implementing the State Health Care Development Program designed with ZdravPlus II technical assistance. As evidenced by interviews with GOK officials and health workers, much remains to be done to continue the reform momentum, including passage of additional key legislation and wider implementation of the reforms nationwide.

Given Kazakhstan's oil revenues and increasing per capita income, it is unlikely USAID can justify continuing its health assistance program beyond FY 2009 using traditional funding accounts. However, ongoing TA remains critical to sustaining and expanding the reforms to achieve a "critical mass" when USAID assistance is no longer required.