

In response to the JERP requirement to establish a programme for the development and support of local suppliers in Kazakhstan

A Feasibility of Supplier Development in the Oil, Gas and Metallurgical Sectors

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Executive Summary

At present, Kazakhstan has a number of major foreign direct investors operating in the energy and metallurgical sectors. Kazakhstan does not currently receive the maximum benefit from these foreign investments as there are few linkages to the supply chains of investing companies for Kazakhstani firms. This paper proposes that a supplier development programme focused on the oil, gas and metallurgical sectors be undertaken. There is evidence that Kazakhstani companies have the potential to operate competitively in the supply chains of transnational corporations (TNC) and could become suppliers at a regional level to the many companies operating in these sectors around the Caspian Sea and in the Commonwealth of Independent States (CIS) after completing business improvement programmes and achieving the required quality certifications.

There are of course obstacles. Quality certification will have to change from CIS standards to European and North American standards in order to achieve even low-end sourcing business with TNCs. Additionally, there are issues around the business-to-business relationships and practices that TNCs will expect from Kazakhstani suppliers which will have to be addressed. As if these were not enough, there are no well-defined or incite access routes to capital for the business expansion that will be needed if Kazakhstani companies are to develop into global players.

A supplier development program can address all of these issues by:

- Helping firms to achieve certification
- Introducing firms to TNCs
- Providing consultancy on specific aspects of business
- Creating a forum where TNCs can explain their needs to Kazakhstani firms.
- Developing links for technology transfer to SMEs from both TNCs and universities.

The sectors offering the greatest potential for Supplier Development are oil, gas and metallurgical. Why these three?

- Major purchasers of materials and services
- Principal foreign investments in Kazakhstan
- All three have staff dedicated to local sourcing
- There are clearly defined standards and international benchmarks
- Geographic concentrations of activity in Atyrau, Karaganda, and Almaty
- Good communication lines with the key players

A supplier development programme tailored to the needs of the oil, gas, and metallurgical industries is recommended as the way forward. TNCs and their major suppliers have agreed to assist in the construction of assessment documents that will enable Kazakhstani firms to develop business improvement plans which will, with expert assistance, help them to achieve approved supplier status (see Appendix A for details).

1. Introduction

A World Bank (WB) mission comprising Jean-Louis Racine (Task Team Leader and Private Sector Development Specialist), John Varney (Supplier Development Expert) and Elvira Mami (Research Analyst) visited Kazakhstan from November 12-23, 2007. The main objectives of the mission were to gather information on key regulatory and strategic issues for the supplier development program, key target sectors for supplier development in Kazakhstan and local procurement issues, through consultations with public and private sector organizations in Kazakhstan (see list in Annex B) through interviews with government and academic officials, as well as with private sector stakeholders. This report summarizes the mission's findings and next steps. The mission would like to express its appreciation to the officials of the Ministry of Industry and Trade and all other participants of the mission presented in Annex B.

2. Rationale for a Kazakhstani Supplier Development Programme

Given the dominant role of natural resources in Kazakhstan's economy, an important channel to industrial development should be the supply of knowledge-intensive high value added goods for the global extractive industry. Such a specialization can lead to a sustainable path to economic development, enduring beyond the life of the local natural resources.

The pursuit of this goal will require improvements, both technological and managerial, amongst Kazakhstani firms together with a focus on applied research and development in universities and other research establishments. These two improvements, together with financial support for innovation, technology absorption and entrepreneurship, will ensure the future success of the economy of the Republic of Kazakhstan.¹

There is evidence of the economic impact of supplier development programs from many countries and in many sectors.² In recent years, Kazakhstan has benefited from considerable inward investment, the largest investments having been in the extractive industries, in particular oil and gas. Oil, gas, and mineral exports are key contributors to Kazakhstan's current economic success and accounted for on average approximately 45 % of the gross foreign direct investment (FDI) in Kazakhstan during the 2003-2005 period. In 2006, gross FDI in the oil and gas industry was US\$14.5 billion, a 17.5% increase from the previous year. More than 40% of gross FDI took place in Atyrau region.³

In order to derive maximum benefit from these investments, Kazakhstan must strive to increase procurement from Kazakhstani firms. This will bring benefits in terms of increased income streams, job creation, technology transfer, raised levels of competence in Kazakhstani firms and so forth. Examples of this progression can be seen in economies as diverse as Ireland, South Korea and the Czech Republic. The development of a healthy vigorous and internationally competitive productive sector is essential to the country's future economic well being. Supplier Development, in the form that will be recommended here, is a good starting point from which to achieve these longer term goals.

Many TNCs have their own supplier development programmes but will not take on unknown companies. As a situation arises in which if a firm is not a current supplier, it will not be offered to participate in a company supplier development programme. What is needed is a first step programme which evaluates, promotes and develops the local firms so that they achieve approved supplier status with TNCs or with tier one or tier two suppliers to the TNCs. In addition, where TNCs consider potential suppliers by making audit or reference visits, they rarely, if ever, give feedback to suppliers. Local suppliers are unable to improve their prospects because they are not aware of their short comings and therefore find themselves unable to compete. A

¹ The National Innovation Fund is currently finding ways of ensuring funding private sector growth and innovation.

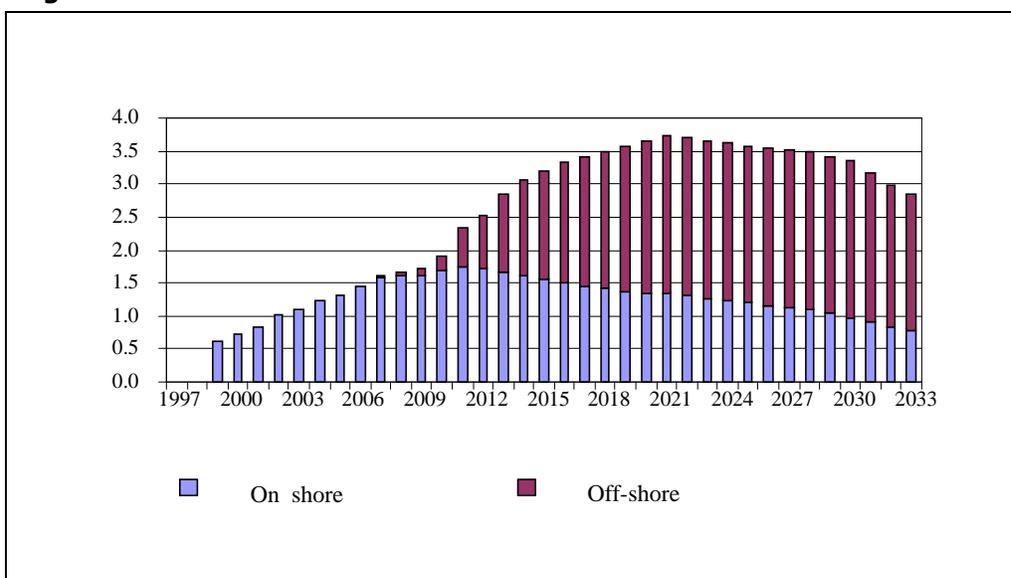
² A good summary of the benefits derived from such interventions is provided in: *Spillovers from Foreign Direct Investment: Within or between Industries?* Maurice Kuglera July 2005 Economics, School of Social Sciences, University of Southampton, Southampton, SO17 1BJ, UK. Tel.: + 44 238059 3395. Fax.: + 44 23 8059 3858. E - mail: Maurice.Kugler@soton.ac.uk

³ Agency for Statistics of the Republic of Kazakhstan.

traditional response to this in the automotive trade in Eastern Europe has been to cut prices to un-realistic levels hoping to compete purely on price. This, in an industry which expects a five percent cost cut year on year. Supplier development programmes fill this knowledge gap and provide opportunities for local Small and Medium Sized Enterprises (SMEs) to meet with TNCs.⁴

Given the expected expansion in the oil business and the move from on shore to shallow offshore,⁵ an opportunity for long term supplier development and the creation of a new knowledge base presents itself. For this reason, any supplier development programme for Kazakhstan should link closely with local Universities and foreign Institutions, ensuring an output of suitably qualified engineers and managers are available from 2012. This date is a critical point in the growth of offshore business, a sub-sector of the oil business, with different needs that is far enough in the future to allow curricular changes to be effected in Universities.

Figure 1: Potential Oil Production 1999-2035



Source: World Bank paper produced under JERP with Min of Economy Report No. 30852-KZ

The manufacturing sector has been credited with creating high-productivity activities with strong growth potential, and has transformed and stimulated the economies of many emerging economies. It has often been the engine of economic growth, exports and employment in newly-industrialized countries during their early stages of development. SMEs are particularly important for global economic integration, as their small sizes provide them with the flexibility to respond to increasingly fast product cycles that require continuous changes in product mix and quality. At a more general level, the development and support of SMEs should be encouraged. In the European Union SMEs account for 75 million jobs and contribute 57 percent to GDP. In 2006, in Kazakhstan, SMEs only accounted for 7.8 percent of employment and 10.4 percent of GDP. In Kazakhstan, a strong SME base will not simply encourage local procurement by TNCs but also

⁴ It should be remembered that many tier two and even tier three suppliers in the oil and gas business are themselves TNCs. Halliburton, Schlumberger PFD are examples.

⁵ The graph shows the rising potential in offshore extraction and the decline of on-shore. This gives a special opportunity to build knowledge and competence in offshore extraction as this sector grows.

further inward investment by companies needing SMEs with technical capability similar to that used to supply the oil industry.⁶

3. Findings from Meetings with Stakeholders in Kazakhstan

The Atyrau and Karaganda regions, with high levels of FDI in their extractive sectors and high associated potential for backward linkages, could see major benefits from a successful supplier development program. The mission team met Tengizchevroil and Agip, the two largest TNCs in the Atyrau region and Arcelor Mittal, the largest steel plant under foreign ownership and located in the Karaganda region. It was decided that given the vast territory of Kazakhstan, supplier development programmes in this country should be designed on a regional basis. The mission team also met with Byelkamit, Kazakhstan Engineering and KazPetroMac, the largest holding companies operating in the extractive industry's local supplier market. Appendix B provides a list of organizations met during the mission.

From conversations held with various stakeholders in the metallurgical and oil and gas industry, it is apparent that in some places there is a reluctance to do business with local suppliers. The reasons were logical. For the most part major oil companies had existing global deals with suppliers who were well known to them. In addition, few were structured in ways which allowed dealing with small suppliers in a variety of countries. There are also problems with certification, according to many engaged in the oil business. There will need to be a transition from the Russian standards used in the past and currently to international standards such as ISO, API⁷ or ASME.⁸ The generally expressed view was that TNCs wish only to deal with firms who reflected their standards in all aspects, not simply technical but also cultural and operational. A Supplier Development Programme should not concentrate only on technical matters: management and customer relationships are just as important.

Tengizchevroil, a US-Kazakhstani joint venture in the oil and gas sector, drew attention to the need for capital in potential suppliers and support for joint ventures between Kazakhstani firms and foreign companies supplying to the oil business who had advanced technologies and worked to global standards. This would affect rapid improvement in Kazakhstani firms' performance. Moody International, an international certification body, pointed out that Kazakhstani firms did not understand the prequalification system nor were they trained in the preparation of tenders. There are two major pipeline projects one of 1200km and another of 780km the contracts for which will undoubtedly go to foreign firms. Agip, an extraction contractor based in Atyrau, on the other hand, was positive about potential for supplier development. Agip is prepared to join any steering group for supplier development and to give access to their supplier data base to help identify potential participants in a pilot programme.

⁶ In the case of the Czech Republic, a toy manufacturer became the largest supplier of television bodies to Panasonic because of their capacity to produce large plastic extrusions.

⁷ API is the international standards organization for pipeline laying and allied operations <http://www.api.org/Standards/>

⁸ ASME American Society of Mechanical Engineers <http://www.asme.org/>

The proposed data base of approved suppliers would be based on a very different model from that of the "Register of Goods, Works and Services Used in Subsoil Use Operations, and Their Producers" currently administered by Kazakhstan Contract Agency JSC. The proposed database would only include local suppliers who have completed a rigorous supplier development program and are thus recognized by transnational corporations as able to meet their stringent technical and organizational requirements. A key barrier to increased local content of high value-added goods is the buyers' lack of information on the capabilities and quality of local suppliers. This problem of information asymmetry cannot be solved by a database open to all suppliers, regardless of the quality of their outputs. The proposed database, developed through a supplier development program vetted by the transnational corporations, would dramatically increase the number of local contracts by solving this information asymmetry problem.

Arcelor Mittal's subsidiary in Karaganda, a result of the privatization of Ispat Karmet, is part of a world's largest steel manufacturing group. It has since 2003 had an arrangement for supplier development which was being undertaken in conjunction with the IFC. Their view was that Karaganda would benefit from supplier development. This said, Mittal's original ambition to spin out non-core activities from its own business had not as yet been realized.

The existing technopark in Karaganda could house a center for entrepreneurship which the Supplier Development programme would support, with expert seminars held in the technopark. It might, they thought, be helpful if workshops were held to give business start up advice to local people. This could be an adjunct to or central part of supplier development.

In order to have an effective programme of supplier development, sectors should be selected for their high potential in terms of their existing levels of procurement and where Kazakhstan has an existing level of expertise. Additionally, the geography of Kazakhstan must be considered. Oil gas and metallurgy meet these criteria and are reasonably found in concentrated geographic locations. Supplier development in a pilot form could be focused on Almaty, Karaganda and Atyrau. In addition, our mission found a willingness to cooperate with the programme in these sectors. All of the TNCs we spoke to have Local Sourcing Departments, which would be a great asset for a pilot programme. **Appendix A shows the level of support offered by all stakeholders interviewed during the mission.**

4. Recommended Approach

In general, the proposal for supplier development has been met with enthusiasm by all stakeholders who were contacted. In order to establish a methodology which is suitable to the unique requirements of Kazakhstan, it will be advisable to start with a small pilot scheme in which carefully selected Kazakhstani firms receive development assistance. Such assistance should be focused upon three sectors, oil, gas, and metallurgy. The overlaps between these sectors will improve the effectiveness of the programme as networking opportunities will be

increased. As other commentators have said, the entry points to supply chains are difficult to identify and once identified often have so many seeming barriers that local firms cease to try.⁹

Figure 2: Example of electronics industry supply chain management in the

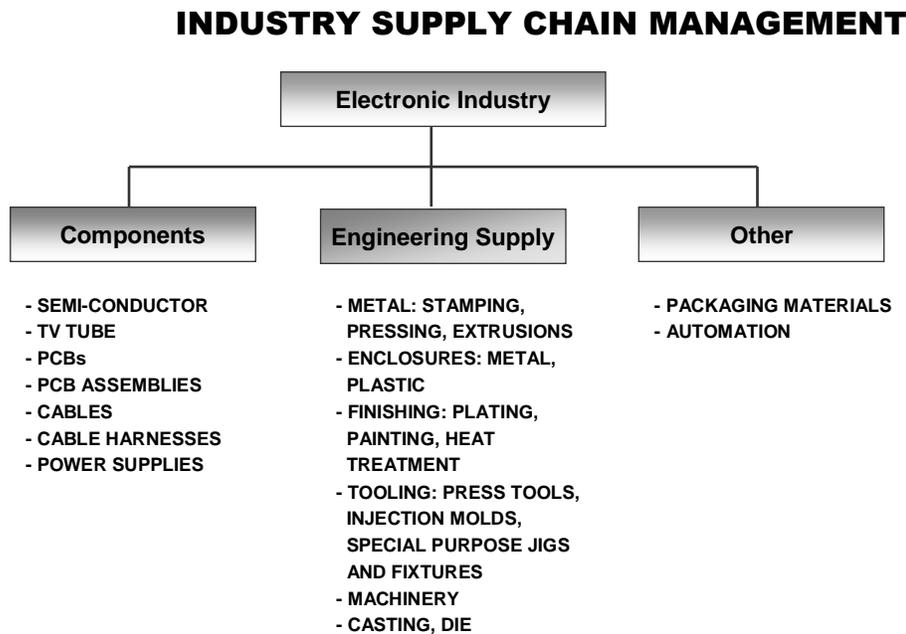


Figure 2 above shows a typical supply chain composition. As one examines the supply chain, it is apparent that certain aspects could be regarded as generic whilst others are highly specific and often require special technologies.

If suppliers in Kazakhstan follow the example set by the Czech supplier development experience (*Box 1*) they will seek to enter supply chains at a point somewhat below their capability. Once engaged in the supply chain, they should, by a combination of innovation and collaboration, move to higher added value positions in that chain until they eventually become not just suppliers but strategic partners to the TNC. An example of this is found in the Czech company Tanex Plasty. This firm supplied very low end products to the automotive industry, polymer extrusions for car boots and head restraints. The supplier development programme helped them to develop their processes to include the high value added activities of creating a complete head restraint unit fusing polymer and metal parts. Business with their existing customers grew but they also became a major exporter to the German and French Automobile Industry.

⁹ Paul Domjan August 2005 cited in Report 30852-KZ part of JERP World Bank and Ministry of Economy

Box 1
The Czech Experience with Supplier Development Programmes

Through a programme of supplier development, the Czech Ministry of Economy created a methodology for improving the supply chain position of Czech firms dealing with TNCs operating in the Czech Republic. Although the automotive and electronics industries were well represented in the Czech Republic, they purchased only very low value items, small plastic parts, fastenings etc. Through supplier development, Czech suppliers were brought to international standards of production in a short time. The programme also arranged meetings between suppliers and buyers. As a result of the programme, 17 of the 20 companies involved achieved sales directly attributable to participation of \$46m. The pilot was followed by a larger programme in different sectors and supplier development is now a standard part of economic development in Czech. It is worth noting that the Czech Ministry of Economy believes, after considerable research, that supplier development plays a large role in the attraction and retention of inward investment. The Czech Republic is now in the top five countries in the world for FDI attraction.

In short, enter the supply chain in a position which you can sustain and grow from. The target buyers for Kazakhstani suppliers should be existing first, second and third tier suppliers to the oil and gas sectors¹⁰ and first and second tier in the metallurgical sector. It is too great a step for Kazakhstani supplier to try to become first tier status at this stage. To achieve first tier status Kazakhstani firms would have to displace exiting strategic partners to the International Oil Companies (IOCs). This is almost impossible to achieve because of the longstanding and globally strategic nature of the existing arrangements. In Section 2 of this report, the question of readiness to become suppliers to the off shore production industry was mentioned. The reason why this is important is that as supplier relationships in this sector are not fully established, and there is potential for Kazakhstani firms to achieve first tier status in this sub-sector.

Having established which supply chains and at what level the programme of supplier development is aimed, a steering group made up of senior people from the sectors should be formed. A meeting of this group should be held to gain ownership and commitment to the project. Kazakhstani firms should then be invited to participate in the programme by public call. For this to work, a series of criteria for participation will have to be created. In addition, TNCs operating in Kazakhstan will be asked to suggest companies who they believe would benefit from the development programme.

An operational manual for the programme comprised of detailed timelines together with an assessment and self-assessment instrument suitable for the selected sectors needs to be created. This will enable evaluation of the participating firms and from the evaluation the agreement of

¹⁰ Firms such as Byelkamit and Kazakhstan Engineering regard themselves as third tier suppliers. It is unlikely that Kazakhstani firms will be able to supply direct to the IOCs for all the reasons given in this and other reports. Once in the supply chain there is no reason why Kazakhstani firms cannot progress in that chain to higher value activities.

individual business improvement plans which are the main element of good supplier development programmes.

The assessment of the companies is a critical part of the suggested pilot scheme, and should be performed by a Government Agency connected to the Ministry of Industry and Trade. Kazakhstan Contract Agency JSC, for example, would be in a position to play a key role in the development and implementation of a supplier development program in Kazakhstan. In this way a legacy system for further interventions will be left in Kazakhstan after the pilot is completed.

The pilot programme should last between twenty and twenty four months and ideally have forty participating firms. The overall approach should be similar to that used in the Czech Republic: seminars, workshops followed by a programme of individual consultancy support delivered by industry experts. To optimize the benefit of this external support, it is recommended that each company is adopted by a member of the agency staff as an account manager, and that a Kazakhstani consultant also be allocated to the firm.¹¹ In this way the expertise brought in from overseas can be disseminated to several persons and begin the establishment of a cadre of Kazakhstani consultants.¹² The Supplier Development Programme should aim to establish a data base of Kazakhstani suppliers; this data base could be used by a number of agencies, such as the Center for Marketing and Analytical Research, Kazakhstan Contract Agency and the Kazakhstani Investment Promotion Center.

5. Risk Evaluation

- The main risk attached to the programme is that TNCs will not buy into the programme. The imminent joining of the WTO will probably result in the Government of Kazakhstan being unable to set quotas for local content. This will reduce leverage on TNCs to buy local.
- The Government Agency charged with delivery of the programme may not be sufficiently resourced. As a general guide, a minimum of twenty person days for each participating company should be assumed. For the first phase of the programme the second phase will be variable depending on the methodology selected.
- Lastly a failure to attract Kazakhstani firms into the project in its pilot form may cause difficulties.

¹¹ ERBD have agreed to support Supplier Development with Kazakhstani Consultants engaged currently on the TAM programme. In Czech TAM consultants were used very successfully to give long term support to selected companies after the Supplier Development Programme was completed.

¹² See report by Brian Ing Improving outcomes from Development Funding by using Indigenous Management Consultants 2007 written for ICMCI

6. The Operational Manual

The operational manual will be a complete handbook for those delivering managing and overseeing the pilot programme and will be accompanied by all documents associated with the delivery of the programme.

Initially, the manual will be used to make the various selections which are necessary prior to commencement of the programme. Activities at this stage will include the selection of the delivering agency by the Ministry of Industry and Trade and what criteria should be applied to this choice. Another critical early activity will be the formation of a steering group consisting of representatives of the TNCs operating in Kazakhstan, the representatives of the Ministry, representatives of business associations and possibly banks. Having taken these two steps, the manual will provide methods for determining training needs within the selected agency and the various approaches for the selection of sectors and/or geographic areas upon which the programme will focus. The manual will advise on the selection methods for participating companies and the criteria for selection. Sub tasks of this activity such as public relations (PR) and advertising will of course be covered in the manual.

A very important part of supplier development is the assessment of the participating Kazakhstani firms to create baselines for business improvement. To this end the Manual will be supported by the following:

- A self assessment model for companies to use to evaluate themselves.
- A comprehensive assessment document for the use of external assessors.
- A scoring guide to help assessors.

In all, the Operational Manual will be a comprehensive guide to the design, delivery and evaluation of the programme. There is no "silver bullet" approach to this and consultations will need to take place with key stakeholders to ensure a match between the manual and the needs of Kazakhstan.

Appendix A: Offers of Participation in a Kazakhstani Supplier Development Programme

	Will join steering group	Will identify suppliers	Will assist with assessment model	Will attend workshops	Offers to deliver programme
KazPetroMac	✓	✓	✓	✓	
Agip	✓	✓	✓	✓	
KazMunaiGaz	✓	✓	✓	✓	
KMGC	✓	✓	✓	✓	
Arcelor Mittal	✓		✓	✓	
Byelkamt	✓	✓	✓	✓	
Moody International	✓		✓	✓	
TengizChevroil			✓	✓	
Kazakhstan Engineering	✓	✓	✓	✓	
Kazakh British University			✓	✓	✓
CMAR					✓
Kazakhstan Contract Agency					✓
EBRD BAS		✓			✓

Appendix B: List of Meetings, November 12 – November 23, 2007

Date 2007	Organization	Background on Organization
November 12th Monday	Committee for Industry and Scientific and Technological development, Astana	The Committee for Industry and Scientific and Technological Development is a part of the Ministry of Industry and Trade. It was assigned as a counterpart for the development of the Supplier Development Program JERP TORs.
	Kazakhstan Contract Agency, Astana	<p>www.kca.kz</p> <p>The JSC «Kazakhstan contract agency» was created by the 2002 governmental order «On measures on strengthening of the state support of domestic manufacturers» and is under the responsibility of the Ministry of Industry and Trade. The agency was created for the purpose of increasing the level of efficiency and economic output of extracting sectors of economic activity by means of attraction of the Kazakhstan manufacturers of goods, works and services to the service market of subsoil use. In 2003, 50% of the state block of shares of the joint-stock company were transferred to the registered capital of JSC «National company KazMunaiGaz».</p> <p>The principal activity of the Agency is the attraction of domestic manufacturers and observance of their interests in accordance with established legislative order in tenders on acquisition of goods, works and services at realization of operations on subsoil use and petroleum operations; assistance to domestic enterprises and organizations in creation of new production related to high technologies; and provision of consultation services to the central and local executive state bodies.</p>
November 13th Tuesday	Vice-Minister of Industry and Trade, Astana	<p>www.mit.kz</p> <p>The Ministry of Industry and Trade is the official counterpart for this JERP activity.</p>
	Committee for Technical Regulation and Metrology and Institute for Certification and Standardization, Astana	<p>www.memst.kz</p> <p>Committee for Technical Regulation and Metrology is a part of the Ministry of Industry and Trade. The Institute for Certification and Standardization is a part of the Committee.</p>
	KMGC, Astana	<p>www.kmgc.kz</p> <p>KMG Consulting JSC is domestic consulting firm working in the oil and gas sector. The company was established by the Kazakhstani government in 2001 for the purposes of providing consulting services to central and local executive authorities as well as to individuals and firms, both in Kazakhstan and overseas. In August 2002, the company became a satellite to National Company KazMunayGas JSC.</p> <p>KMG Consulting is the official consultant of the Ministry of Energy and Mineral Resources and of the Ministry of Justice of the Republic of Kazakhstan. KMGC has participated in laws drafting the Tax Code, Administrative Code, different rules and regulations,</p>

		their interpretations and commentaries.
	KazmunaiGas, Astana	www.kmg.kz KazmunaiGas is a group of companies that includes exploration and production, transportation, oil products refining, marketing and infrastructure. It is the representative of Kazakhstani interests in the oil and gas sector. The company has three strategic objectives: maximization of economic benefits, achieving strategic benefits, and developing into an efficient oil and gas company of international standards.
November 14th Wednesday	Arcelor Mittal, Mittal Steel Temirtau	www.mittalsteel.com Mittal Steel Temirtau is one of the largest single-site integrated steel plants in the world. Located on the banks of the Nura River, it covers about 5,000 hectares and has a steelmaking capacity of 5.5 million tons per annum. The company has its own captive coal, iron ore and power. Its coal reserves amount to 1.5 billion tons, its iron ore reserves top 1.7 billion tons and the company operates a 435 MW thermal power station. The company exports about 96 per cent of its output to some 65 countries.
	UniScienTech Technopark, Karaganda	The technopark was established in 2004 by the Ministry of Industry and Trade. Its mission is the creation of favorable conditions for innovative activity in Central Kazakhstan by providing physical infrastructure and specialized services to initiators of innovative projects. Priority areas in performing services and technologies development: - mining and smelting industry; - production of new materials; - mechanical engineering; - chemical industry; - environment and energy conservation. The technopark consists of an buildings for technological business-incubating, with a total area of 3 260 square m. It is also equipped with a material science and metallographic laboratory.
November 15th Thursday	Center for Marketing and Analytical Research, Almaty	www.cmar.kz The Center for Marketing and Analytical Research (CMAR) was founded as a wholly-owned state participation in authorized capital by resolution of the government of the Republic of Kazakhstan "On urgent measures for developing institutional provision of scientific - innovative activity, aimed at implementation of the 2003-2015 Strategy of Industrial and Innovative Development of the Republic of Kazakhstan" dated August 1, 2003.
	Kazakh-British Technical University, Almaty	Kazakh British Technical University's (KBTU) mission is to prepare professionals in oil and gas, IT and financial sectors. It was established in January 2002 by four UK partner institutions: Aberdeen's The Robert Gordon University (RGU), the University of Aberdeen, Heriot-Watt University in Edinburgh, and the University of Westminster in London. Early initiatives, concentrated on international Master's programmes, including Human Resource

		Management and 2007 saw the first international graduation ceremony at KBTU in Almaty. Fifteen students from RGU's PgD/MSc HRM programme graduated. More recently, RGU has secured European funding to support the development of KBTU's teaching staff through a combination of Tertiary Level Teaching, Specialist Masters and PhD programmes.
November 16th Friday	EBRD BAS, Almaty	The Central Asia BAS Programme assists enterprises in Kazakhstan, the Kyrgyz Republic, Tajikistan and Uzbekistan through the provision of practical business advice.
	KazPetroMac, Almaty	KazPetroMac (KPM) was formed in September of 2006 with the vision to become a leader in the production of equipment and related services for oil and gas and other industries. Its subsidiaries provide different spectrum of services ranging from valves (Ust-Kamenogorsk valves plant), fiber-glass pipes (Aktau fiber-glass plant) to metal construction (PrommontazhKIV). All the companies are ISO certified and meet the standard requirements of Kazakhstan and Russia.
November 19th Monday	Byelkamit, Almaty	<p>The BYELKAMIT plant is a joint venture and joint stock company. Its shares are divided between:</p> <ul style="list-style-type: none"> - Gidromash-Group LLP (RoK, Almaty) – 76,98 % - FBM Hudson Italiana S.p.A. (Italy, Bergamo) – 6,10 %, - Sitizenry USA – 1,74 %, - Managment and personnel – 15,18 %. <p>450 employees are involved in manufacturing activities, including 50 welders, certified by ASME and NDE III & II level specialists. 20% of personnel have bachelor degree. White collar employees are only 7% of total number of employees. Annual manufacturing capacity is about 2 500 tons of vessel equipment, including certified pressure vessels and substandard equipment, and over 24 000 tons of steel structures as the constructional steel so as the prefabricated storage tanks.</p> <p>In 2006 BYELKAMIT JSC JV was awarded by II level diploma at republic quality competition called «Altyn Sapa» (Gold Quality) among industrial goods producers.</p>
November 20th Tuesday	Agip KCO, Atyrau	<p>www.agipkco.kz</p> <p>Agip KCO, a company fully owned by Eni S.p.A. via Agip Caspian Sea B.V., is the single Operator of the appraisal, development and future production operations in the Kazakhstan sector of the Caspian Sea on behalf of seven international companies and under the North Caspian Sea Production Sharing Agreement (PSA).</p> <p>The North Caspian Sea PSA contract area extends over a territory of 5600 km² and includes the giant Kashagan oil field, the first large-scale offshore petroleum development in the Republic of Kazakhstan, as well as the Kashagan South West (SW), Aktote, Kairan and Kalamkas discoveries.</p> <p>Agip KCO's mission is to explore and develop the</p>

		North Caspian Sea PSA contract area in an economically and environmentally sound manner while increasing development opportunities for local communities, maximizing the participation of Kazakhstani companies in operations and generating value for the Consortium.
November 21st Wednesday	Moody's, Atyrau	Moody International Group is a leading global supplier of management system certification, technical and inspection services, product certification and technical training. The company has three offices in Kazakhstan.
	Tengiz Chevroil, Atyrau	www.chevron.com Tengiz Chevroil is a joint venture operating in Tengiz oilfield in Kazakhstan. 50% of Tengiz Chevroil is owned by Chevron Texaco, 25% ExxonMobil, 20% KazMunaiGas, 5 % Lukarco.
November 23rd Friday	Kazakhstan Engineering, Astana	www.ke.kz Kazakhstan Engineering is a company owned by the Government of Kazakhstan. It consists of 27 enterprises, operating in different fields. Kazakhstan Engineering is a supplier to different industries, including oil and gas, military and aviation.