

Kazakhstan and ADB Strengthen Partnership in Private Sector

The Asian Development Bank (ADB) noted Kazakhstan's continued and remarkable economic development and opportunities for ADB's private sector operations in the country.

Liqun Jin, ADB Vice-President (Operations 1), who is responsible for private sector operations, cited these developments during his 3-day visit to Kazakhstan from 15 to 19 April. He also emphasized that ADB is encouraged by the Government's efforts toward economic diversification and promoting sustainable and balanced growth.

"Kazakhstan and ADB share views on development. We are committed to long-term partnership with Kazakhstan through active private sector operations. As a regional development partner from Asia, we will pay close attention to promoting Kazakhstan's lead role in developing closer ties between Central and South Asia," said Mr. Jin.

Vice-President Jin met with Sauat Mynbaev, Deputy Prime Minister and concurrent Minister of Industry and

Trade; Arman Dunayev, Minister of Finance and ADB Governor for Kazakhstan; Kassymzhomart Tokayev, Minister of Foreign Affairs; Anvar Saidenov, Chairman of National Bank; and other senior officials of Kazakhstan.

We are committed to long-term partnership with Kazakhstan through active private sector operations.
—ADB Vice-President Liqun Jin

They discussed strengthening the partnership in private sector development both within Kazakhstan and in the Central and South Asia subregions.

Mr. Jin noted that Kazakhstan offered a wealth of opportunities for ADB's private sector operations. "ADB will actively explore opportunities in the private sector that will help ensure sustainable economic growth. We have no fixed budget for these operations and are guided by market opportunities," he added.

An important aspect of ADB's private investment to Kazakhstan will be complementarity with other private sector investors. Transport, energy, finance, and trade were among possible areas of collaboration.

He also met with key representatives of the banking and financial sectors and discussed ADB's involvement in the private sector of Kazakhstan. They also discussed business climate and investment opportunities in the private sector.

Mr. Jin noted Kazakhstan's lead role in the development of the financial sector in Central Asia, and reported on ongoing and planned technical assistance grants to support the sector. A key result would include the enhancement of a regulatory framework to promote private sector investments. This will provide complementary support to further enhance economic activities in Kazakhstan. ■



HIGH-LEVEL MEETING Kassymzhomart Tokayev, Minister of Foreign Affairs (second from left), and Liqun Jin, ADB Vice-President (Operations 1) (second from right), discussed proactive collaboration to ensure sustainable growth in Kazakhstan

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In this publication, \$ refers to US dollars.

Cooperation with Kazakhstan Pursues Long-Term Development, ADB Executive Director Says

The Asian Development Bank (ADB) vowed to cooperate with Kazakhstan to ensure sustainable development. “Cooperation with Kazakhstan pursues long-term development,” said Marita Magpili-Jimenez, Executive Director for Kazakhstan, who visited Kazakhstan on 21–22 April. Ms. Magpili-Jimenez met with Arman Dunayev, Minister of Finance and ADB Governor for Kazakhstan, to discuss ADB’s Annual Meeting in Istanbul (Turkey) in May.

She exchanged views with Sauat Mynbaev, Deputy Prime Minister and concurrent Minister of Industry and Trade, on ADB’s role in development of

Kazakhstan. She also discussed prospects of ADB and Kazakhstan partnership on crosscutting issues with Aitkul Samakova, Minister of Environmental Protection, and Gulzhana Karagusova, Minister of Labor and Social Protection.

She also met with representatives of nongovernment organizations and visited Almaty School Number 81 under an ADB-assisted basic education project to observe benefits since its completion in 2001. ■



DIRECTOR’S VISIT Marita Magpili-Jimenez, ADB Executive Director for Kazakhstan (second from left), with Arman Dunayev, ADB Governor for Kazakhstan and Minister of Finance (second from right); Aidar Arifkhanov, Vice-Minister of Finance (extreme right); and Kazuhiko Higuchi, ADB Kazakhstan Resident Mission Country Director

Prospects for Robust Growth of Kazakhstan in 2005–2007

Kazakhstan is expected to sustain its robust growth on to 2007 at 8.5% a year, says the *Asian Development Outlook (ADO) 2005*, the annual flagship publication of the Asian Development Bank (ADB).

The ADB Kazakhstan Resident Mission (KARM), among 12 other ADB field offices around Asia and the Pacific, launched ADO 2005 on 6 April in Almaty at a press conference.

Kazuhiko Higuchi, Country Director, and Aliya Mukhamedyarova, Economics/Programs Officer of KARM, briefed journalists on global economic prospects, risks lying ahead for Asia and the Pacific,

regional outlook for Central Asia, and country-specific economic trends for Kazakhstan.

“The continued economic growth will help improve living standards. The number of people living below the subsistence minimum is expected to be below 10% toward the end of 2007,” said Mr. Higuchi. ADO 2005 notes the Kazakhstan Government’s efforts to reduce the urban-rural gap, strengthen social safety nets, and diversify the economy to ensure development of non-oil sectors. It forecasts a surplus in external trade balance and positive fiscal position in the medium term.

This year’s special theme chapter of the ADO 2005 was effective competition policy. The report underscored its benefits and contribution to long-term development and economic growth. “Competition helps economies. Increased benefits accrue to domestic consumers and production. That helps connect the country to the global economy,” said Mr. Higuchi. For a free online edition of ADO 2005, visit www.adb.org/documents/books/ado/2005/ ■

Promoting Public–Private Partnership

Government must lead efforts in creating a conducive business environment. This was identified as a key objective during the regional workshop on Achieving Results in Private Sector Development—A Strategic Process, held at ADB headquarters in Manila on 18–20 April. The workshop focused on the public-private partnership in ADB’s private sector operations in Kazakhstan that started in 2005.

Nearly 100 representatives from governments, private sector, academia, and development partners from Asia and the Pacific attended the workshop. They examined how the development and implementation of the private sector strategy can be effective in accelerating reform by increasing accountability and focusing on results. More countries in the region foresee the lead role of the private sector in economic growth.

Batyrkhan Issayev, Vice-Minister of Economy and Budget Planning and ADB Alternate Governor, participated in the workshop. He met with senior staff of ADB’s East and Central Asia Department. ■



FORECAST The ADB Kazakhstan Resident Mission presents the *Asian Development Outlook 2005* to the media

Exploring Developmental Needs and Growth Possibilities in Kazakhstan's Rural Areas

A draft report on the technical assistance project Regional Rural Development was discussed at the second national workshop on 17 March in Astana.

Representatives of government agencies at the central and local levels, think tanks, and microfinance organizations attended. Sanat Tungyshbekov, Chairman of the Committee for Rural Area Development presided at the workshop.

Kazuhiko Higuchi, Country Director of the Kazakhstan Resident Mission gave the welcome remarks. John Whittle, Principal Project Economist, ADB East and Central Asia Department; and Royston Brockman, consultant, presented the proposed project and summary of the vis-

its to South and North Kazakhstan oblasts from 3 to 11 March.

The workshop gave the Government and various stakeholders the opportunity to express their views on developing the rural areas. ■



DISCUSSIONS Sanat Tungyshbekov, Chairman of the Committee on Rural Area Development (center); Kazuhiko Higuchi, Country Director, ADB Kazakhstan Resident Mission (right); and John Whittle, Principal Project Economist, ADB East and Central Asia Department (left)

Strategic Development in Road Sector

The status of the technical assistance project on Formulation of State Roads Development Plan was discussed during the visit of Hasan Masood, Senior Transport Specialist, ADB East and Central Asia Department, on 5–8 March in Astana. He conducted a series of meetings with senior government officials of the Ministry of Transport and Communications, Ministry of Economy and Budget Planning, and Center for System Research.

The \$150,000 technical assistance project aims to develop a comprehensive program for sustainable development of state roads in 2006–2015 to efficiently use government resources and effectively manage road assets.

The program will ensure that improved roads will contribute to economic growth and regional cooperation. ■

Ongoing ADB Loan Projects in Kazakhstan (as of 30 April 2005)

Project	\$ Million		Date	
	Approved	Disbursed	Approval	Closing
Water Resources Management and Land Improvement	40.0	24.9	17 Dec 97	30 Jun 06
Almaty–Bishkek Road Rehabilitation	52.0	30.2	31 Oct 00	30 Jun 07
Rural Area Water Supply and Sanitation	34.6	–	29 Sep 03	31 Dec 09
TOTAL	126.6	55.1		

Ongoing ADB Technical Assistance Projects in Kazakhstan (as of 30 April 2005)

Project	\$'000	Approval	Closing
Capacity Building of National and Local Governments in the Implementation of Poverty Reduction Program	676.0	19 Dec 02	30 June 05
Regional Rural Development	677.0	17 Sep 03	30 June 05
Supporting Local Government Reforms	250.0	6 Oct 03	31 Dec 05
Strengthening Government Program Performance	200.0	6 Oct 03	31 Dec 05
Environmental Monitoring and Information Management System for Sustainable Land Use	600.0	16 Aug 04	11 Apr 06
Financial Sector Governance	800.0	8 Nov 04	30 Nov 06
Formulation of State Roads Development Plan	150.0	3 Dec 04	28 May 05
Institutional Strengthening of the Committee for Water Resources	150.0	15 Dec 04	15 Sep 05
Strengthening the Water Supply Sector Program	150.0	29 Apr 05	15 Nov 05
TOTAL	3,653.0		
Regional			
Improvement of Shared Water Resources Management in Central Asia (Phase III)	700.0	15 Feb 03	30 June 05
Capacity Building of Executing Agencies for Financial Management of Projects in East and Central Asia	450.0	17 Sep 03	30 June 05
ADB-OSI Central Asia Education Cooperation Network	200.0	6 Oct 03	30 Sep 05
Capacity Building in Environmental Information Management System in Central Asia	800.0	15 Dec 03	25 Aug 06
Capacity Building for Strengthening Regional Cooperation in Central Asia	950.0	18 Dec 03	31 July 06
Mainstreaming Gender into Poverty Reduction Strategies in Four Central Asia Republics	350.0	14 July 03	June 05
Sustainable Food Fortification Program	2,000.0	23 July 04	31 Oct 06
Greater Silk Road Initiative 2005	900.0	18 Nov 04	30 June 06
TOTAL	6,350.0		

Regional News

Transport and Trade Nexus in the Regional Context

The Second Ministerial Conference on Transport and Trade in Central and South Asia was held in Manila on 3–4 March. On behalf of Kazakhstan, Kazhmurat Nagmanov, Minister of Transport and Communication, participated.

He also met with senior staff of the Asian Development Bank (ADB) East and Central Asia Department and South Asia Department.

Combating Regional Land Degradation

The Global Mechanism of the United Nations Convention to Combat Desertification (UNCCD), Global Environment Facility, and ADB undertook a joint initiative addressing regional land degradation by establishing the Central Asian Countries Initiative for Land Management (CACILM). It aims to serve as a partnership among Central Asian countries and funding agencies to ensure sustainable land management in the region.

ADB consultants visited Kazakhstan on 23–26 March in line with the proposed regional technical assistance for CACILM. They met with Sultangali Kesikbayev, First Vice Minister of Environmental Protection; Bulat Bekniyazov, Chair of UNCCD Working Group; and representatives of the Ministry of Economy and Budget Planning, and the Institute of Ecology and Sustainable Development. Discussions focused on the mandate of the CACILM Task Force and project implementation.

Improving Corporate Governance

A workshop on corporate governance was conducted in Almaty on 15–16 April, attend-

ed by representatives from Azerbaijan, Kazakhstan, Kyrgyz Republic, and Tajikistan. The workshop was part of a regional project for financial sector development, focusing on measures to strengthen corporate governance in four areas—the legal framework, company practices, government regulation and promotion.

The consensus of the participants was to strengthen the legal framework for corporate governance. Educating shareholders on their rights and responsibilities and training company directors to ensure transparent and efficient governance will contribute to that end.

The participants also discussed the possibility of developing a regional strategy in corporate governance to harmonize laws and regulations, attract new investors, and promote the development of a regional capital market.

Strategic Matters of Regional Cooperation

The Senior Officials' Meeting on the Central Asia Regional Economic Cooperation (CAREC) was convened at ADB headquarters in Manila on 26–27 April. Senior government officials of CAREC program participating countries—Azerbaijan, People's Republic of China, Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan, and Uzbekistan—attended along with representatives of the CAREC Working Group (ADB, European Bank for Reconstruction and Development, International Monetary Fund, Islamic Development Bank, United Nations Development Programme, and World Bank).

They discussed the formulation of an action plan, logistical arrangements, and broader institutional and strategic issues for the CAREC program. They also reported on regional activities in energy, trade facilitation, trade policy, transport, and actions for capacity building, and building constituencies for regional cooperation. ■

NEWS FROM

Kazakhstan

This issue of the quarterly newsletter of the Asian Development Bank (ADB) Kazakhstan Resident Mission (KARM) aims to enhance communications between ADB and its client groups. *News from Kazakhstan* disseminates information on ADB activities and provides a forum on development issues in Kazakhstan. Articles in the newsletter, however, do not necessarily reflect the official ADB view. We welcome readers' comments and suggestions.

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ADB Staff in Country Projects

Eri Honda

Urban Development Specialist, Social Sectors Division, East and Central Asia Department

Ms. Honda started her professional career with the Japan International



Cooperation Agency (JICA) in 1986. In 13 years at JICA, she was responsible for undertaking policy studies; designing, processing, and administering projects in urban and regional development, transportation, and education in Asia, Africa, and Latin America; and country programming.

From 1989 to 1992, she was posted at the Organisation for Economic Co-operation and Development in Paris.

Ms. Honda worked for ADB in 1995–1998 and rejoined in 2001. In ADB, she worked on processing and administering urban development and water supply projects in People's Republic of China (PRC), Indonesia, and Philippines. In Kazakhstan, she is responsible for the proposed Second Rural Water Supply Project.

Ms. Honda obtained her master's degree in engineering from the Asian Institute of Technology (Thailand), and bachelor's degree in engineering from the Tokyo Institute of Technology (Japan).

Manuel Perlas

Senior Project Economist, Social Sectors Division, East and Central Asia Department

Before joining ADB in January 1979, Mr. Perlas worked as university professor in Pittsburgh, United States (US) for 6 years, and an executive in a computer services firm in Manila, Philippines. During his 26-year stint at ADB, his responsibilities focused mainly on processing and implementing development projects in education,



social sectors, and poverty reduction in more than 14 developing member countries. Now Mr. Perlas is in charge of managing responsibilities in education in PRC, Kazakhstan, and Tajikistan.

Mr. Perlas obtained his bachelor's degree in Mathematics at the Ateneo de Manila University (Philippines), and master of science and Ph.D. degrees, major in statistics, at the Carnegie Mellon University in Pittsburgh (Pennsylvania, US).