

Executive Director Discusses ADB's Strategy with Kazakhstan Officials

The Asian Development Bank (ADB) confirmed its readiness to move to a new stage of cooperation with the Government of Kazakhstan. This was discussed by Sibtain Fazal Halim, ADB Executive Director for Kazakhstan during his visit to Kazakhstan on 20–23 February.

Director Halim met with Karim Masimov, Deputy Prime Minister of the Republic of Kazakhstan, to discuss the country's recent economic and social development, current developmental priorities and challenges, and how to sharpen ADB's strategy and program to better respond to Kazakhstan's development.

Mr. Halim also met with Natalya Korzhova, Minister of Finance, to exchange views on current ADB's operational focus and public-private partnership (PPP), which can be one of the modes of collaboration. Private sector development was noted to be a key area of cooperation, with ADB helping promote PPP.



COOPERATION FOR DEVELOPMENT Director Sibtain Fazal Halim (right, center) with representatives of nongovernmental organizations of Kazakhstan

He also met with Governor of the National Bank of the Republic of Kazakhstan and Chairman of the Agency for Supervision and Control of the Financial Market and Financial Organizations, Chairman of the National Innovation Fund, Vice Minister of Education, and representatives of

small and medium-sized business and non-government organizations.

The Director also visited Kazakh Academy of Nutrition under the Japan Special Fund-financed regional technical assistance projects for nutrition and food fortification. ■

New Country Director for Kazakhstan Appointed

ADB President Haruhiko Kuroda has approved the appointment of Stephen Wermert to the position of Country Director, Kazakhstan

Resident Mission, East and Central Asia Department. Mr. Wermert has an extensive professional experience in public and private partner-

ships in project financing in Asia.

He holds a Master's degree from the University of Chicago, Harris School of Public Policy and a Bachelor's degree from Columbian University, USA. Before his appointment as Country Director, Mr. Wermert worked as a Senior Structured Finance Specialist in the Private Sector Operations Department, responsible for new business development and project execution for private sector—environmental and municipal finance. He was also responsible for country strategy and marketing for private infrastructure financing in Indonesia, Kazakhstan, and Philippines. ■



Stephen Wermert
KARM Country Director

New ADB Governor and Alternate Governor Named

The Government of Kazakhstan has appointed Natalya Korzhova, Kazakhstan's Minister of Finance, as the new ADB Governor for Kazakhstan; and Marat Kusainov, Kazakhstan's Vice Minister of Economy and Budget Planning, as Alternate Governor.

The appointments were made through a government resolution "On Representatives of the Republic of Kazakhstan in Boards of Governors" dated 20 March 2006.

Strategy to Rank Kazakhstan among 50 of World's Most Competitive Countries

Kazakhstan President Nursultan Nazarbayev said the country's overarching goal is to increase the competitiveness of Kazakhstan and place it among the first 50 most competitive countries of the world in the coming years.

He said this is in his annual address to the nation at the joint Parliament and Government meeting in Astana on 18 January.

The President outlined six medium-term priorities: (i) building modern and dynamic economy; (ii) creating economic breakthrough; (iii) modernizing social policy; (iv) promoting democracy and political modernization of the society; (v) developing a strategy of national security, adequate to the modern threats and chal-

lenges of global scale; and (vi) adopting foreign policy tasks that consider the dynamics of world development.

Integrating the global economy by participating in international economic unions and associations is another activity for development partners. "Strengthening the position of Kazakhstan in regional economic unions, such as Eurasian Economic Cooperation and Single Economic Space, would create favorable conditions for export of goods at the regional markets. Equally, the presence of Kazakhstan in the international economic blocks and associations would improve access to international markets. It is thus necessary to focus on projects financed by the Asian Development Bank, World Bank, and the European

Bank for Reconstruction and Development.

The implementation of such projects involves transfer of modern know-how on project administration and substantial increase of attention from the international circles. Both of these circumstances are more valuable than loans themselves," said President Nazarbayev. ■

ADB Joins the Global Effort to Control Avian Flu in the Region

On 16 March, ADB and major regional development partners unveiled a \$38 million grant project designed to counter the immediate threat posed by avian influenza to the Asia and Pacific region.

The project, part of up to \$470 million in funds pledged by ADB to fight avian flu, will provide resources urgently needed to help control and reduce the spread of the highly pathogenic H5N1 bird flu virus among poultry and to increase the region's preparedness for a potential human influenza pandemic.

It aims to prevent or rapidly control infection at source among birds, strengthening early detection, reporting, and controlling bird flu outbreaks. Besides underwriting the cost of experts, equipment, supplies, drugs, and services, the project includes a \$14.5 million avian influenza response facility to provide critical financing to contain outbreaks and meet countries' most urgent needs. All ADB developing member countries will be eligible to apply for funds, with those at greatest risk to be given priority.

In this effort, ADB can leverage on its experience of working with the affected

countries and designing complex projects, and its support for developing countries during the severe acute respiratory syndrome (SARS) epidemic in 2003.

A mission of the Social Sectors Division of ADB's East and Central Asia Department visited Kazakhstan on 2-4 February to review a regional technical assistance project on Regional Support to Address the Outbreak of SARS in Kazakhstan. The mission, including Takako Yasukawa, Senior Health Specialist, reviewed the implementation and arrangements under the TA project.

One of the project components is organizing the International Central Asian Regional Conference on Avian Flu and other acute infectious diseases control that was supported by the Ministry of Health. The conference is planned to be held in early May 2006. Preparatory work has started. The conference coordination team, composed of international and domestic consultants, will be created. The mission met with the Centers for Disease Control in the United States, which has expressed interest in participating and facilitating the regional conference. ■

ADB Supports SME Development in Kazakhstan

In accordance with the Strategy of Industrial and Innovative Development of Kazakhstan up to 2015, development of private entrepreneurship, in particular small and medium enterprises (SME), is given a high priority. The Government of Kazakhstan is implementing the program of accelerated measures for SME development for 2005-2007. Kazakhstan recognizes the fundamental role of SME development in economic development.

As an example of the development of entrepreneurship, it was proposed to study the experience of the People's Republic of China (PRC) that demonstrates high rates of economic and industrial growth from the dynamic growth of SMEs. In reply to a request from the administration of the President of Kazakhstan, ADB organized a seminar on "SMEs development in Kazakhstan based on experiences from the PRC". Ying Qian, Principal Financial Economist of Governance, Finance and Trade Division, East and Central Asia Department gave a presentation in Astana on 31 March 2006. Staff of the Administration of the President of Kazakhstan, Ministry of Industry and Trade, and representatives of business associations attended.

Mr. Qian analyzed SME profiles and compared developmental objectives of the two countries. He described common impeding factors, the evolving policy and institutional framework for SME development, and financial market reform and development issues for facilitating SME's access to finance in the PRC. Lastly, he introduced ADB's SME development related work in the PRC.

Private Sector

ADB Explores Investment Opportunities with the Energy Sector of Kazakhstan

A mission of ADB's Energy Sector Division comprising Anil Terway, Director, and Shotaro Sasaki, Energy Specialist, visited Kazakhstan on 19–24 March to examine investment proposals for the rehabilitation and modernization of two power stations. Aliya Mukhamedyarova, Economics/Program Officer, Kazakhstan Resident Mission (KARM) also participated in the site visits and discussions.

The mission visited the Jambyl power station to study a proposal that would modernize the plant and use clean coal technology.

During the visit, it was recognized that modernization of the power station would have significant impact on the energy security and help make the southern

Kazakhstan provinces self-sufficient in power supply. ADB will further review the proposal and seek opportunities for funding this project.

The mission also visited Ekibastuz power station in Pavlodar oblast, located north-east of the country, to examine a proposal for modernizing its facilities. The Ekibastuz power station is the largest power station in Central Asia and plays a key role in ensuring



FIELD VISIT Anil Terway, Director, Energy Division; Shotaro Sasaki, Energy Specialist; and Aliya Mukhamedyarova, Economics/Programs Officer, KARM with representatives of the power sector

energy security of Kazakhstan as well. The mission considered the proposed modernization plan to be feasible, saying ADB would seek opportunities for funding the project. ■

Conference

Calls Made on Increased Wheat Trade and Food Fortification

The conference on sustainable flour fortification, organized under the Japan Fund for Poverty Reduction project on Sustainable Food Fortification in Central Asia and Mongolia,

was held in Almaty on 7–9 February. The conference drew about 120 participants, representatives of flourmills from the project countries, international suppliers Europe, Armenia, Russia, South Asia and

Central Asia; and project governments.

The participants reviewed the progress in flour fortification in the project countries and discussed the most urgent issues, including premix procurement and quality assurances of fortified foods, and regional trade and cooperation.

The participating countries called for increased trade of wheat and fortified flour. A roundtable was suggested, with the participation of the ministries of agriculture, health, and industry and trade from the project countries, as part of activities of the Central Asia Regional Economic Cooperation Program in late 2006.

Toregdy Sharmanov, President of the Kazakh Academy of Nutrition, chaired the opening session attended by Vice Minister of Health, representative of the Embassy of Japan in Kazakhstan, and the United Nations Children's Fund. ■



FOR BETTER HEALTH Conference delegates discuss ways to sustain food fortification to prevent malnutrition in Central Asia and Mongolia

News in Brief

CAREC's Trade Policy Outreach Seminar In Astana

ADB and the International Monetary Fund (IMF) jointly conducted an outreach seminar on the Trade Policy Coordinating Committee (TPCC), following a call to increase awareness of TPCC's analytical work during the Fourth Ministerial Conference of the Central Asia Regional Economic Cooperation (CAREC) Program in November 2005. The seminar was held on 7 February in Astana, designed to present the work done by TPCC and the implications on trade policy in various CAREC participating countries.

During the past year, TPCC has prepared studies on trade policy issues, particularly on transit barriers, trade integration, and World Trade Organization accession.

The TPCC outreach seminar was chaired by the Vice-Minister of Industry and Trade and attended by senior government officials, private sector, and academe. Craig Steffensen, Head, ADB's CAREC Unit, gave an overview of the CAREC Program; and Sena Eken, Assistant Director of the Middle East and Central Asia Department, International Monetary Fund, presented the results of the studies on trade policy. TPCC seminars will also be conducted in other CAREC member countries during the year.

CAREC Members Electricity Regulators Forum

During a visit to Kazakhstan, a mission from the Energy Division, East and Central Asia

Department held a meeting with the Agency for Regulation of Natural Monopolies (ARNM) to discuss Kazakhstan's proposal to host 2nd CMERF Annual Meeting in Kazakhstan (CAREC Members Electricity Regulators Forum).

CMERF was established at the 3rd Ministerial Conference of CAREC held in Astana in 2004. This forum of electricity regulators provides a platform for exchanging ideas, helping to harmonize electric power regulations and conducting training programs for members.

ADB approved a regional technical assistance in 2005 for implementing the following five studies under the CMERF initiative: (i) efficient and adequate tariff structure, (ii) privatization of distribution companies, (iii) costs and input requirements of power utilities in member countries, (iv) pricing, and (v) risk sharing under power purchase agreements. These findings of the studies will be discussed during the annual meeting. The mission and ARNM discussed preliminary agenda and organizational matters of the meeting. It was agreed that the CMERF meeting will be held in September 2006.

Launch of UNDP Human Development Report

ADB's Kazakhstan Resident Mission (KARM) of ADB participated in the launch of *2005 National Human Development Report* held on 10 March in Astana. The 2005 Report "The Great Generation of Kazakhstan: Insight into the Future" is devoted to the role and needs of elder people from the perspective of human development in Kazakhstan. It provides an analysis of the country's economic and social performance indicator in light of increased

number of elder people and its implication on the economy, demographical situation, and human development.

Based on the review and analysis of population ageing in Kazakhstan, the report proposes establishing a new socio-economic and cultural environment: developing state policies and implementation mechanisms; creating a legislative framework; creating infrastructure; providing information and institutional development; and building capacity for stakeholders.

Senior government officials, deputies of the Parliament of the Republic of Kazakhstan, nongovernment organizations, and development partners attended the launch.

Capacity Building on WTO Accession and Tax Reforms

Three government officials from Kazakhstan took part in the Forum on Tax Reforms and Customs Modernization, held in Singapore on 24–27 January. The forum, co-sponsored by ADB and the Government of Singapore, focused on Singapore's experience on tax reforms and customs modernization. During the forum, participants had an opportunity to exchange views and ideas on tax administration, customs modernization, and public-private partnership with major customs consulting firms in Singapore.

Another intensive course on accession was held in Bangkok on 7–10 March that was also attended by Kazakhstan officials from the ministries of agriculture, industry and trade, and finance. The course provided an opportunity to exchange country experiences on WTO accession as well as technical inputs and experts' advice on related issues. ■

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.

Kazakhstan Resident Mission
12 Samal, Astana Tower, 10th Floor
Astana 010000, Kazakhstan
Tel +7 3172 325053/325054
Fax +7 3172 328343
adbkarm@adb.org

Office in Almaty
20A Kazybek bi Street,
Arai Building 4th Floor
Almaty 050010, Kazakhstan
Tel +7 3272 582223/917344
Fax +7 3272 918670

2006 ADB Annual Meeting in Hyderabad, India

The Thirty-Ninth Annual Meeting of ADB's Board of Governors will be held in the International Convention Centre in Hyderabad, India from Wednesday, 3 May to Saturday, 6 May 2006. For details see www.adb.org/AnnualMeeting/2006/

