Country Partnership Strategy

PUBLIC

April 2023

Kazakhstan, 2023–2027
—Accelerating Resilient and Sustainable Growth for All

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Asian Development Bank
CURRENCY EQUIVALENTS
(as of 24 April 2023)

Currency unit – tenge (T)
T1.00 = $0.002197
$1.00 = T455.10

ABBREVIATIONS

ADB – Asian Development Bank
CAREC – Central Asia Regional Economic Cooperation
COVID-19 – coronavirus disease
CPS – country partnership strategy
EBRD – European Bank for Reconstruction and Development
ETM – energy transition mechanism
GDI – graduation discussion income
GHG – greenhouse gas
GIZ – Deutsche Gesellschaft für Internationale Zusammenarbeit
GNI – gross national income
IED – Independent Evaluation Department
KEEP – Knowledge and Experience Exchange Program
MSMEs – micro, small, and medium-sized enterprises
NDC – nationally determined contribution
PFM – public financial management
PPP – public–private partnership
SDG – Sustainable Development Goal
SOE – state-owned enterprise
TA – technical assistance
USAID – United States Agency for International Development

NOTE

In this report, “$” refers to United States dollars unless otherwise stated.
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| **Team leader** | Lyaziza Sabyrova, Regional Cooperation and Operations Coordination Division (CWRC), CWRD |
| **Team members** | Roman Mogilevskii, Senior Economist, CWRC, CWRD |
| | Alibek Abdrakhmanov, Senior Investment Specialist, Infrastructure Finance Division 1, Private Sector Operations Department (PSOD) |
| | Kenzhekhan Abuov, Project Officer, KARM, CWRD |
| | Mibo Ahn, Public–Private Partnership Specialist, Advisory Division 1 (OPA1), Office of Public–Private Partnership (OPPP) |
| | Alain Borghijs, Principal Economist, CWRC, CWRD |
| | Pamela Bracey, Principal Investment Specialist, Private Sector Financial Institutions Division (PSFI), PSOD |
| | Fatima Catacutan, Senior Programs Officer, CWRC, CWRD |
| | Asem Chakenova, Senior Project Officer, KARM, CWRD |
| | Kin Wai Chan, Public–Private Partnership Specialist, Public–Private Partnership Thematic Group Secretariat (PPP-TGS), OPPP |
| | Isabelle Chauche, Senior Public–Private Partnership Specialist, PPP-TGS, OPPP |
| | Angelita M. Cortez; Results Management Officer; Results Management and Aid Effectiveness Division (SPRA); Strategy, Policy, and Partnerships Department (SPD) |
| | Joao Pedro Farinha; Principal Financial Sector Economist; Public Management, Financial Sector, and Trade Division, CWRD |
| | Luke Fochtman Senior Procurement Specialist; Procurement Division 1, Procurement, Portfolio, and Financial Management Department (PPFD) |
| | Arystan Galiyev, Project Officer (Natural Resources and Agriculture), KARM, CWRD |
| | Johan Thierry Georget, Transport Specialist, Transport and Communications Division, CWRD |
| | Mirzo Iskandar Gulamov, Senior Country Specialist, KARM, CWRD |
| | Nana Gurgenidze, Energy Specialist, Energy Division (CWEN), CWRD |
| | Mohammed Azim Hashimi, Principal Public–Private Partnership Specialist, OPA1, OPPP |
| | Xinglan Hu, Principal Regional Cooperation Specialist, CWRC, CWRD |
Kate Hughes, Senior Climate Change Specialist, Climate Change and Disaster Risk Management Division (SDCD), Sustainable Development and Climate Change Department (SDCC)
Hiddo Huitzing, Senior Health Specialist, Social Sector Division (CWSS), CWRD
Elmira Izmaganova, Project Officer (Financial Sector), KARM, CWRD
Ting-Ying Lin, Public–Private Partnership Specialist (Innovative Finance), Office of the Director General, CWRD
Xin Long, Senior Social Sector Specialist, CWSS, CWRD
Gema Perez Lopez, Senior Investment Specialist, PSFI, PSOD
Malte Maass, Climate Change Specialist, SDCD, SDCC
Levan Mtchedlishvili, Principal Energy Specialist, CWEN, CWRD
Kaukab Hassan Naqvi, Senior Economist, Economic Analysis and Operational Support Division, Economic Research and Regional Cooperation Department
Akmal Nartayev, Senior Financial Management Specialist, Public Financial Management Division, PPFD
Laura Omarova, Associate Portfolio Management Officer, KARM, CWRD
Carmen Perez, Regional Cooperation Specialist, CWRC, CWRD
Massimo Petrone, Senior Urban Development Specialist, Urban Development and Water Division (CWUW), CWRD
Vivek Raman, Principal Knowledge Management Specialist, Knowledge Advisory Services Center, SDCC
Genadiy Rau, Senior Economics Officer, KARM, CWRD
Lindsay Marie Renaud, Senior Results Management Specialist, SPRA, SPD
Tina Rohner, Investment Specialist, PSFI, PSOD
Mary Alice G. Rosero; Senior Social Development Specialist (Gender and Development); Portfolio, Results, Safeguards, and Gender Unit (CWOD-PSG); CWRD
Ramola Naik Singru, Principal Urban Development Specialist, CWUW, CWRD
Maria Cecilia Sison, Operations Assistant, CWRC, CWRD
Jose Luis Syquia, Principal Public Management Specialist, Governance Thematic Group, SDCC
Guoliang Wu, Principal Results Management Specialist, SPRA, SPD
Armine Yedigaryan, Environment Specialist (Safeguards), CWOD-PSG, CWRD
Anouj Mehta, Country Director, Thailand Resident Mission, Southeast Asia Department
Craig Roberts, Senior Advisor, Office of the Director General, PSOD

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## COUNTRY AT A GLANCE

### Economic

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<th>2021</th>
<th>2022</th>
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<tbody>
<tr>
<td>GDP ($ billion, current)</td>
<td>179.3</td>
<td>181.7</td>
<td>171.1</td>
<td>197.1</td>
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<td>GDP per capita ($, current)</td>
<td>9,812.6</td>
<td>9,812.5</td>
<td>9,121.7</td>
<td>10,369.9</td>
<td>11,453.9</td>
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<td>GDP growth (%), in constant prices)</td>
<td>4.1</td>
<td>4.5</td>
<td>(2.5)</td>
<td>4.3</td>
<td>3.2</td>
</tr>
<tr>
<td>Consumption (annual % change)</td>
<td>2.7</td>
<td>7.4</td>
<td>(1.2)</td>
<td>4.6</td>
<td>(1.0)</td>
</tr>
<tr>
<td>Investment (annual % change)</td>
<td>2.9</td>
<td>12.2</td>
<td>(1.0)</td>
<td>1.5</td>
<td>(0.4)</td>
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<tr>
<td>Consumer price index (annual % change)</td>
<td>6.0</td>
<td>5.3</td>
<td>6.8</td>
<td>8.0</td>
<td>15.0</td>
</tr>
<tr>
<td>Overall fiscal surplus (deficit) (% of GDP)</td>
<td>(1.3)</td>
<td>(1.8)</td>
<td>(4.0)</td>
<td>(3.0)</td>
<td>(2.1)</td>
</tr>
<tr>
<td>Total revenue (% of GDP)</td>
<td>17.5</td>
<td>18.3</td>
<td>20.6</td>
<td>18.9</td>
<td>19.9</td>
</tr>
<tr>
<td>Tax revenue (% of GDP)</td>
<td>12.8</td>
<td>13.3</td>
<td>12.1</td>
<td>12.8</td>
<td>14.6</td>
</tr>
<tr>
<td>Merchandise export ($) growth (annual % change)</td>
<td>26.5</td>
<td>(2.8)</td>
<td>(18.7)</td>
<td>27.5</td>
<td>40.7</td>
</tr>
<tr>
<td>Merchandise import ($) growth (annual % change)</td>
<td>12.9</td>
<td>17.5</td>
<td>(7.5)</td>
<td>9.2</td>
<td>19.6</td>
</tr>
<tr>
<td>Current account balance (% of GDP)</td>
<td>(0.5)</td>
<td>(4.6)</td>
<td>(4.4)</td>
<td>(4.0)</td>
<td>2.8</td>
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<tr>
<td>External debt (% of GDP)</td>
<td>89.4</td>
<td>87.8</td>
<td>96.2</td>
<td>83.6</td>
<td>75.2</td>
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<tr>
<td>General government gross debt (% of GDP)</td>
<td>26.0</td>
<td>24.9</td>
<td>30.5</td>
<td>27.6</td>
<td>24.9</td>
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<tr>
<td>Reserves ($ million)</td>
<td>30,927.0</td>
<td>28,958.0</td>
<td>35,638.0</td>
<td>34,378.0</td>
<td>35,076.0</td>
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<tr>
<td>Average exchange rate (LCU/$)</td>
<td>344.7</td>
<td>382.8</td>
<td>413.0</td>
<td>425.9</td>
<td>460.2</td>
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### Poverty and Social

<table>
<thead>
<tr>
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<th>2011</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population (million)</td>
<td>16.6</td>
<td>18.8</td>
</tr>
<tr>
<td>Population growth (annual % change)</td>
<td>1.4</td>
<td>1.3</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>5.4</td>
<td>4.9</td>
</tr>
<tr>
<td>Population with access to electricity (%)</td>
<td>99.8</td>
<td>100.0</td>
</tr>
<tr>
<td>Maternal mortality ratio (per 100,000 live births)</td>
<td>17.4</td>
<td>13.7</td>
</tr>
<tr>
<td>Infant mortality rate (below 1 year/per 1,000 live births)</td>
<td>16.4</td>
<td>8.9</td>
</tr>
<tr>
<td>Life expectancy at birth (years)</td>
<td>68.7</td>
<td>71.4</td>
</tr>
<tr>
<td>Number of years of schooling</td>
<td>14.4</td>
<td>15.8</td>
</tr>
<tr>
<td>Completion rate for primary education, total (% of relevant age group)</td>
<td>114.1</td>
<td>102.0</td>
</tr>
<tr>
<td>Child malnutrition (% below 5 years old)</td>
<td>3.7</td>
<td>2.0</td>
</tr>
<tr>
<td>Population below national poverty line (%)</td>
<td>5.5</td>
<td>5.2</td>
</tr>
<tr>
<td>Proportion of population using safely managed drinking water services</td>
<td>79.6</td>
<td>89.3</td>
</tr>
<tr>
<td>Proportion of population using (a) safely managed sanitation services, and (b) a handwashing facility with soap and water</td>
<td>97.5</td>
<td>97.9</td>
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</table>

### Environment

<table>
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</thead>
<tbody>
<tr>
<td>Carbon dioxide emissions (kilotons)</td>
<td>212,110.0</td>
</tr>
<tr>
<td>Carbon dioxide emissions per capita (metric tons of CO₂ per capita)</td>
<td>11.5</td>
</tr>
<tr>
<td>Forest area (square kilometers)</td>
<td>34,546.8</td>
</tr>
<tr>
<td>Urban population (% of total population)</td>
<td>57.8</td>
</tr>
<tr>
<td>Renewable energy share in total final energy consumption</td>
<td>3.6</td>
</tr>
</tbody>
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### ADB Portfolio (active loans)\(^{b}\)

<table>
<thead>
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<th>As of 31 December 2022</th>
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<tbody>
<tr>
<td>Total number of loans</td>
<td>6</td>
</tr>
<tr>
<td>Sovereign</td>
<td>3</td>
</tr>
<tr>
<td>Nonsovereign</td>
<td>3</td>
</tr>
<tr>
<td>Total loan amount ($ million)(^{c})</td>
<td>528.3</td>
</tr>
<tr>
<td>Sovereign</td>
<td>471.3</td>
</tr>
<tr>
<td>Nonsovereign</td>
<td>57.0</td>
</tr>
<tr>
<td>Disbursements (sovereign)</td>
<td></td>
</tr>
<tr>
<td>Disbursed amount, total ($ million, 2022)(^{d})</td>
<td>81.8</td>
</tr>
<tr>
<td>Disbursed amount, excluding PBL ($ million, 2022)</td>
<td>81.8</td>
</tr>
<tr>
<td>Disbursement ratio, excluding PBL (%)</td>
<td>12</td>
</tr>
</tbody>
</table>

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\(\) = not available, \(\) = negative, [ ] = latest year for which data are available, ADB = Asian Development Bank, ADF = Asian Development Fund, CO₂ = carbon dioxide, COVID-19 = coronavirus disease, GDP = gross domestic product, LCU = local currency unit, OCR = ordinary capital resources, PBL = policy-based lending.  
\(a\) The ratio’s value increased to 44.7 in 2021. Like many other health-related indicators, including life expectancy, the maternal mortality ratio deteriorated during the COVID-19 pandemic and is expected to return to the declining trend starting from 2022.  
\(b\) Covers the ADF and OCR financing for projects and programs, including PBL, unless otherwise stated.  
\(c\) Net of droppages and cancellation.  
\(d\) Amounts include sovereign and nonsovereign operations, and grants.  
Sources: Asian Development Outlook statistical database for Kazakhstan; World Bank. World Development Indicators.  
I. COUNTRY PARTNERSHIP STRATEGY SNAPSHOT

1. Kazakhstan is the largest economy in Central Asia in terms of area and gross domestic product (GDP), playing a key role in the development of the region. It is a crucial anchor for improving integration and cooperation in Central Asia and beyond. Kazakhstan is of strategic importance as a regional hub and is a key member of the Central Asia Regional Economic Cooperation (CAREC) program. It aims to become one of the 30 most developed economies in the world by 2050.¹

2. To develop a sustainable growth path toward this goal, Kazakhstan needs to address several key economic, social, environmental, and institutional challenges. While the economy developed well from 2000 to 2013—the gross national income (GNI) per capita (at constant prices) increased 2.1 times and the poverty rate was reduced by more than 40 percentage points—the country’s performance since then has been mixed, as several external and internal shocks have adversely affected its economic and social development. To enhance economic resilience, Kazakhstan urgently needs to accelerate diversification of its economy. The country can achieve this by reducing reliance on carbon-intensive extractive industries, which would contribute to improving the environment, addressing the country’s climate change mitigation commitments, and strengthening disaster resilience. Successful diversification also depends on increased investments in human capital; support to micro, small, and medium-sized enterprises (MSMEs); and technological development. The development benefits also need to be distributed more equally across the country’s regions and social groups. Accelerating public finance and governance reforms is crucial in this respect.

3. The government has the necessary strategies in place to address these challenges. Kazakhstan’s Strategy 2050 aims to transform the country into a competitive, diversified, and knowledge-based economy, driven by the private sector.² The government has expressed its commitment to transition out of a carbon-intensive economy and to achieve carbon neutrality by 2060. Following protests in January 2022, the President of Kazakhstan initiated ambitious political, economic, and social reforms. The administrative and political changes intend to improve public participation in politics and governance, while economic reforms promise to lower inequality, improve well-being, and promote new economic policy.³

4. The country partnership strategy (CPS), 2023–2027 of the Asian Development Bank (ADB) for Kazakhstan aims to provide support to accelerate resilient and sustainable growth for all by focusing on three pillars: (i) addressing climate change impacts and supporting decarbonization, (ii) promoting inclusive economic growth, and (iii) strengthening governance and developing capacity. Crosscutting themes include supporting private sector development, promoting gender equality, and strengthening and diversifying regional cooperation and integration.

5. The strategy was developed against the background of the civil unrest that took place in January 2022, which highlighted the urgent need for the government to focus on rising regional and societal inequalities in Kazakhstan. The Russian invasion of Ukraine and its economic

¹ Government of Kazakhstan. 2012. *Strategy Kazakhstan, 2050*. Astana. In 2021, Kazakhstan was ranked 56th as per Human Development Index (footnote 8).
² In his recent address to the Parliament, President Tokayev proposed to undertake a revision of the Strategy 2050 in light of the current “unprecedented geopolitical, economic and technological shifts”. 29 March 2023. *President Tokayev’s Address at the opening of the first session of the Parliament of VIII convocation*. Astana.
³ This policy will emphasize fair competition and taxation of businesses, state policy predictability, decision-making transparency, and social responsibility of entrepreneurs and the government.
spillover effects are reshaping the country’s supply chain relations. For example, the sanctions on the Russian Federation have disrupted some of the long-established trade routes for Kazakhstan’s exporters and importers elevating the importance of the Trans-Caspian International Transport Route, also known as the Middle Corridor. In addition, the Caspian Pipeline Consortium, through which Kazakhstan transports about 80% of its oil, has experienced major disruptions in 2022.

6. The CPS responds to the needs of Kazakhstan as an upper middle-income country. Knowledge support will continue to be an important element of ADB’s engagement. The CPS will also adopt a One ADB approach, with a strong emphasis on nonsovereign operations. Responding to the recommendation of ADB’s Independent Evaluation Department (IED) to shape a strategy that is relevant and implementable, the CPS adopts an approach that is both realistic, by building on interventions where ADB has a proven record and the government has expressed demand for ADB support, and adaptive, by remaining responsive to evolving country demand.

II. COUNTRY DEVELOPMENT CONTEXT

7. Natural resources-driven growth. Kazakhstan is well endowed with natural resources, particularly oil and gas. Following its independence in 1991, strong economic growth driven by extensive use of natural resources propelled the country to upper middle-income status by 2006. The minerals sector continues to play a key role, as it generated about two-thirds of the country’s exports and one-third of its public revenues in 2021.

8. Windfalls from the natural resources sector enabled the country to invest in infrastructure and manufacturing, with spillover to the services sector, and reduced the national poverty head count ratio from 46.7% in 2001 to 5.2% in 2021. The country ranks 43rd out of 63 countries in the 2022 World Competitiveness Ranking; 55th out of 173 countries in the 2020 World Bank’s Human Capital Index, and 55th out of 140 countries in the 2019 World Economic Forum’s Global Competitiveness Report. Kazakhstan is classified as a country with very high human development by the 2021/2022 Human Development Index with the index value of 0.811 (above its neighbors in Central Asia and the People’s Republic of China).

9. Kazakhstan is making good progress toward achieving many Sustainable Development Goal (SDG) indicators. In the 2022 Sustainable Development Report, Kazakhstan ranked 65th out of 163 countries globally. In 2016, the government submitted Kazakhstan’s intended nationally determined contribution (NDC) to the secretariat of the United Nations Framework Convention on Climate Change. NDC expressed a commitment to an economy-wide reduction of 15% of its greenhouse gas (GHG) emissions by 2030 compared with the 1990 level and a 25% reduction in the emissions subject to additional international support. The government is developing an updated draft NDC and road map covering the decarbonization of different sectors.

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10. **Vulnerability to shocks.** Kazakhstan’s economy experienced a period of rapid expansion from 2000 to 2013, with a brief slowdown in 2008–2009 caused by the global financial crisis. External and internal shocks characterized the subsequent period, adversely affecting the country’s economic and social development. These include the decline and high price volatility of crude oil since 2014, the main export product of Kazakhstan, the coronavirus disease (COVID-19) pandemic since 2020, and more pronounced climate change impacts. The violent domestic protests in January 2022 highlighted the issue of rising inequality, emanating from a growth model relying on low-quality and declining productivity jobs primarily in non-tradable services sectors.\(^{11}\)

11. The Russian invasion of Ukraine has caused spillover effects on Kazakhstan’s economy because of the countries’ close economic links. This has negatively impacted selected export and import supply chains. The ban on sugar and wheat exports from the Russian Federation caused shortages and price hikes in staple food items, while rapid local currency depreciation and volatility increased prices of consumer goods. The invasion may also have longer-term implications for capital and labor flows to and from the country. Economic policies need to be adjusted to respond to these challenges, including stronger emphasis on diversifying export routes and economic linkages.

12. **Climate change and disaster risk challenges.** The country remains vulnerable to shocks because of several structural challenges. Kazakhstan is one of the most energy-intensive economies in Central Asia because of the predominance of resource-extractive activities. Abundant fossil fuel reserves feed Kazakhstan’s energy sector providing 87%–90% of the total electricity generation in the country.\(^{12}\) To meet the country’s GHG emission targets and contribute to mitigating climate change, consistent efforts are required in decarbonization, reforming the energy system, scaling up the use of renewable energy sources, and improving energy efficiency. Decarbonization should be carried out in a just manner, managing social, economic, and environmental impacts. According to government estimates, investment of $610 billion is needed to achieve the target of carbon neutrality by 2060. Bridging the financing gap will require concerted efforts by the government, development partners, and the private sector.

13. Temperatures in Kazakhstan are projected to rise at a faster rate than the global average,\(^{13}\) and the levels of the Caspian Sea and other major lakes are projected to fall. This could lead to more frequent droughts and reduced water security, while accelerating the melting of Kazakhstan’s glaciers and leading to increased flood risk. Geophysical hazards (e.g., seismic) exacerbate the rising risks of multiple hazards. The implementation of the Environmental Code (2021) will be instrumental in strengthening resilience to climate and disaster impacts. Aging wastewater collection infrastructure is also leading to environmental pollution. In line with ADB’s commitment to fully align its new operations with the adaptation and mitigation goals of the Paris Agreement by 1 July 2023, innovative approaches will have to be deployed to integrate climate change in all planned operations.

14. **Insufficiently diversified economy.** The slowdown of economic growth and stagnating productivity are closely linked to the issues in economic diversification. The country has been in pursuit of economic diversification since 2000, aiming to increase resilience against external


\(^{13}\) Under the highest emissions pathway, average temperatures in Kazakhstan are projected to rise by 5.8°C by the 2090s, compared with a global average rise of 3.7°C. World Bank and ADB. 2021. *Climate Risk Country Profile: Kazakhstan.* Washington, DC, and Manila.
shocks and transform itself into a modern economy. Despite these efforts, the private sector outside the extractive sectors—agriculture, logistics, tourism, and manufacturing (excluding metallurgy and oil processing)—is developing slowly; foreign direct investment in tradable sectors is insignificant; and the dependence of the economy, including the government budget, on oil and other natural resources remains a major source of long-term vulnerability. Despite entrepreneurship development and privatization efforts of the government, the economy is still dominated by state-owned enterprises (SOEs) and large companies in extractive sectors; MSMEs contribute 40% of total employment and 33.5% of the country’s GDP (2021).  

14 Acceleration of the diversification efforts, coupled with governance reforms, is crucial to achieve faster growth of the non-resource tradable sectors of the economy.

15. **Ineffective state governance system.** The governance system needs to be strengthened, as many government-led programs do not achieve their intended results. Issues are present in areas such as interagency coordination, frequent changes in government officials, capacity for project management in line ministries, process orientation to results, planning and programming for climate change, and disaster risk resilience and capacity to conduct assessments and evaluation of ongoing and completed programs. In addition, the penetration of appropriately trained young professionals in the civil service is low, especially at subnational level (footnote 11). Government staff do not systematically analyze the data produced by government agencies to make informed decisions. The quality of economic policy also needs to improve. The investment in SOEs and national development institutions, as the drivers of economic development, has not produced the targeted results. Government activities also need to be more transparent to give underrepresented economic and social groups a stronger voice. In the aftermath of the January 2022 events, the authorities recognized the need for strengthening the accountability of central and local executive branches.

16. **Socioeconomic and regional disparities.** Inequality remains one of the most critical challenges. Growing social, economic, and productivity discrepancies among regions endanger the development achievements attained in recent decades.  

15 In 2021, the poverty rate was 9.8% in Turkestan region while it was just 2.2% in the country’s capital Astana. Some regions in the country are at risk of economic stagnation by falling into a “development trap.”  

16 The highly uneven distribution of wealth, infrastructure, and access to services aggravates the gap between rural regions and big cities or extractive industry locations. The regional disparities may deepen if climate and disaster risks (e.g., in the form of floods and inundations) and socioeconomic implications of the decarbonization process are not adequately addressed.

17. **Inadequate infrastructure.** Despite ongoing significant public investment in transport and other infrastructure, and some progress achieved, insufficient maintenance of infrastructure deters the development of the transport and logistics sector and prevents it from becoming a growth driver. Transport infrastructure bottlenecks also need to be addressed to reduce spatial inequalities across the country, by developing inclusive infrastructure connecting urban and rural areas.  

17 Water supply, heating, and sanitation systems in most cities in Kazakhstan, built during the 1970s and 1980s under the former Soviet Union, are dilapidated. Recent major disruptions in heating supply in northern Kazakhstan during winter of 2023 exposed the need for major infrastructure modernization. Wastewater treatment plants are completely deteriorated in 26 cities

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16 A development trap is defined as a prolonged period of economic stagnation and relative decline. The regional inequality study stated that Turkestan, Kyzylorda, and Mangystau regions had the highest risk of being trapped.

out of 89, and 27 cities have no wastewater treatment facilities. About 30% of the wastewater collected in urban centers is being discharged untreated into filtration beds or landfills. This leads to environmental pollution and poses threats to human health and well-being and nature degradation.

18. **Constraints for regional cooperation.** Logistics bottlenecks, underdeveloped connectivity, and high transport costs in landlocked Kazakhstan pose challenges to growth and trade, leading to reduced competitiveness. On Logistics Performance Index 2018, the economy is ranked 71st (out of 160 economies). The substantial border crossing costs largely emanate from inefficient customs and logistics systems, governance issues, and underdeveloped road and railway infrastructure. The Russian invasion of Ukraine accelerated the need to diversify economic and trade routes.

19. **Weakening financial intermediation.** Kazakhstan’s banking sector has been especially volatile since the 2008 global financial crisis. The sector performance has been adversely affected by both external macroeconomic shocks, including currency devaluations, and internal decision-making related to poor governance and credit underwriting practices, which in turn impacted the sector’s solvency and profitability. Banking is the main source of external financing for firms and households, as capital markets remain underdeveloped. Numerous surveys report that the affordability of and access to long-term finance remain key challenges for many firms and individuals. Collateral is often a precondition for credit, which is an acute challenge for firms and individuals outside the major cities where properties have lower value than in the cities. Access to financial services remains unevenly distributed among different groups of the population, depending on their gender, location, employment status, and income levels. Businesses owned or led by women find it harder to access long-term finance as they face higher collateral requirements and loan rejection rates than male-led businesses. Microfinance institutions are critical in expanding access to finance for MSMEs in rural areas.

20. **Underinvested human capital.** Despite previous achievements in human development reflected in the 2021–2022 Human Development Index ranking (para. 8), human capital investments in Kazakhstan are insufficient and lack efficiency. Access to services is decent, but the quality of the services is often unsatisfactory as evidenced, for example, by the country’s life expectancy at birth or average scores on the Programme for International Student Assessment, which are lower than those for its upper middle-income peers. This is especially relevant for people in rural and less developed areas and other underserved population groups. Youth unemployment is becoming a major challenge because of the mismatch between education outcomes and labor market demand. The education and training system also needs to be prepared to cope with the social impact of the structural shift to a low-carbon economy.

21. **Graduation criteria assessment.** As Kazakhstan has exceeded the graduation discussion income (GDI), an assessment of its progress against the graduation criteria was undertaken. The assessment concluded that despite having the GNI per capita above the GDI threshold since 2011, Kazakhstan does not yet qualify for graduation from ADB regular assistance. The GNI remains volatile and has not demonstrated a growing trend since 2014; access to commercial financial flows remains limited; and the development of key economic and

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20 In 2021, the International Bank for Reconstruction and Development GDI per capita was $7,455 while the country’s GNI per capita (Atlas method) was $8,720.
social institutions is not adequate yet. As the economy is not expected to meet the criteria in the medium-term, ADB will continue to use the opportunity to remain engaged in Kazakhstan over this CPS period. ADB will conduct another graduation assessment before the preparation of the next CPS in 2027.

III. COUNTRY STRATEGY FRAMEWORK

A. Lessons from Previous Strategy

22. Country Partnership Strategy final review. The final review of the CPS 2017–2021 rated the ADB program successful on the borderline. The key lessons and recommendations emanating from the review are (i) CPS interventions should be focused and reasonable by carefully tailoring planned interventions to the desired results; (ii) the results framework should be developed in close consultation with relevant thematic and sector groups, with appropriate references and justification; (iii) a programmatic approach can strengthen policy dialogue with the government by assisting with the reform agenda and improving governance; (iv) securing government ownership and commitment is critical to achieve good value for money through cofinancing of activities, in-kind contributions, and other options explored; (v) ADB’s access to local currency financing for sovereign and nonsovereign operations should be maintained by developing the financial market and regulatory environment; and (vi) the government’s approval and ADB’s project administration procedures could be streamlined to achieve effective and efficient use of resources.

23. Final review validation. IED’s validation report of the final review concurred with these findings and recommended to (i) engage closely with the government to shape a strategy that is relevant and implementable; (ii) intensify engagement with other development partners in seeking to support crucial reforms; and (iii) expand renewable energy support to help Kazakhstan fulfill its commitment of achieving carbon neutrality by 2060 and developing a green economy. The validation assessed the ADB program less than successful on the borderline. The validation deemed the program less than relevant, less than effective, and having less than satisfactory development impacts, but efficient and likely sustainable.

24. Implications for the Country Partnership Strategy, 2023–2027. Drawing on the lessons from implementing the CPS 2017–2021, the CPS 2023–2027 puts greater emphasis on building resilience to climate and disaster impacts, the decarbonization process, reducing inequalities, and supporting reform efforts. Sovereign operations will increasingly focus on programmatic and policy-based approaches. The CPS has been developed in close consultation with the government and development partners. Responding to IED’s recommendation to shape a strategy that is relevant and implementable, the CPS adopts an approach that is both realistic and adaptive. The CPS is responsive to Kazakhstan’s unique circumstances following the unrest in January 2022 and the Russian invasion of Ukraine by aligning with the government’s objectives to address regional and societal inequalities, implement institutional reform, and diversify its economic ties.


In August 2022, the CPS 2017–2021 for Kazakhstan was extended until 30 June 2023.
B. National Development Strategy

25. Kazakhstan’s long-term vision, reflected in its Strategy 2050, is to become one of the world’s 30 most advanced economies by 2050—a competitive, diversified, and knowledge-based economy, which is driven by the private sector (footnote 1). The strategy calls for the introduction of broad economic reforms promoting resilient, sustainable, and inclusive growth; a clean environment; accessible high-quality education and public health care; equal gender opportunities; and a productive labor force.

26. The government is committed to building resilience to climate and disaster impacts and transitioning from a carbon-intensive economy; to that end, it adopted the Strategy on Achieving Carbon Neutrality by 206025 and is working on the national adaptation plan. The strategy recognizes that decarbonization is essential to ensure the long-term competitiveness of the economy. It also acknowledges the role of ADB and other development partners in decarbonizing and establishing the energy transition mechanism (ETM).26 The strategy incorporates the principle of a fair transition toward carbon neutrality, implying that legislative, policy, and economic measures need to be taken to share the burdens and benefits of climate action in a socially just and acceptable way among different social groups. Kazakhstan’s draft update of the NDC confirms its commitments under the Paris Agreement and its conditional and unconditional targets (please see para. 9), identifies adaptation priorities, and incorporates the goal to achieve carbon neutrality by 2060.27

27. The January 2022 protests motivated the government to address the country’s key development issues. Following the protests, the President of Kazakhstan set an ambitious agenda of political, economic, and social reforms. On 1 September 2022, President Tokayev delivered his fifth address to the nation.28 He announced that the government will implement measures to reduce the government’s footprint in the economy, strengthen the country’s potential to serve transit flows of people and goods using its beneficial location at the center of Eurasia, introduce tax reforms to increase the mobilization of domestic resources, transition away from state price controls, and introduce reforms to public financial management (PFM) and the state procurement system. Social policy measures will include a minimum wage increase, the establishment of a national fund for children, the expansion of state childcare benefits and a medical insurance system, and improvements to the health and education systems.

28. The government adopted its medium-term economic policy in April 2023.29 The main goal of the policy is to achieve sustainable and inclusive economic growth leading to improved well-being. The role of the government will be reduced by the gradual removal of subsidies, elimination of distortions, and introduction of market pricing; at the same time, the government will focus on ensuring the rule of law, basic infrastructure, human capital development, and transparent and predictable policy-making.30 The policy is aligned with current national development programs.

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26 A scalable, collaborative initiative that will leverage a market-based approach to accelerate the transition from fossil fuels to clean energy.
30 These ideas were also developed in President Tokayev’s address (footnote 2).
C. Role of Development Partners

29. The CPS team consulted development partners, think tanks, and civil society organizations during the CPS formulation. The partners supported the CPS objectives and highlighted complementarities with their own activities on promoting sustainable development, structural reforms, public administration, and social policies. The consultations emphasized close coordination of efforts to achieve synergies, as well as the need to continue cooperation on resolving project approval and implementation issues, to increase the efficiency of development assistance.

30. The Coordinating Council, chaired by the Prime Minister of Kazakhstan, will remain the main avenue for discussing and directing investment projects among the government and development partners. The Coordinating Council on SDGs, established by the government in October 2022, will become a new dialogue platform for aligning development partners’ activities with the government’s SDG agenda.

31. ADB closely coordinates its activities with development partners in areas of joint interest. During the CPS period, cooperation with the World Bank, the European Bank for Reconstruction and Development (EBRD), German development cooperation through Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), and the United States Agency for International Development (USAID) will focus on the implementation of the country’s decarbonization strategy, including the just transition, energy trading system, heat supply legal and regulatory framework, smart grid development, storage, and hybrid energy resource management. The long-established partnership in transport and urban sector infrastructure development will continue with the World Bank and EBRD. Collaboration with the International Monetary Fund (IMF), Organisation for Economic Co-operation and Development, EBRD, and the World Bank will focus on reforming the public procurement system, PFM, domestic resource mobilization, tax policy, and the building capacity of civil servants.

D. ADB’s Strategic Objectives and Operational Priorities

32. To address the identified challenges and seize emerging opportunities, while building on lessons from the past, ADB’s CPS 2023–2027 aims to support Kazakhstan in accelerating resilient and sustainable growth for all by focusing on three pillars: (i) addressing climate change impacts and supporting decarbonization, (ii) promoting inclusive economic growth, and (iii) strengthening governance and developing capacity.

33. The CPS responds to the needs of Kazakhstan as an upper middle-income country. It will adopt a One ADB approach with a strong emphasis on nonsovereign operations. Knowledge support will also be an important element of ADB’s engagement. To ensure that the strategy is relevant and implementable, the CPS will be realistic and adaptive, building on interventions in sectors and themes where ADB has a proven record, while being responsive in areas for which there is strong government demand for ADB support.

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31. The government established the council in 2014 after signing partnership framework agreements with five international financial institutions, including ADB, to guide the implementation of state development programs involving sovereign lending.

32. ADB supported the establishment of the Coordinating Council on SDGs under technical assistance (TA) for Mobilizing finance to help achieve the SDGs and TA for the Joint Government of Kazakhstan and the ADB Knowledge and Experience Exchange Program, Phase 3.

33. See Kazakhstan: Development Coordination Matrix, linked document 2 to this CPS.
Overview of ADB Country Partnership Strategy, 2023–2027 for Kazakhstan

**Government Development Objectives:**

- **Strategy 2050:** become one of the world’s 30 most advanced economies by 2050
- **Decarbonization Strategy 2060:** transition from a carbon-intensive economy and achieve carbon neutrality by 2060

**ADB Strategy: Accelerating Resilient and Sustainable Growth for All**

- Address climate change impacts and support decarbonization
- Promote inclusive economic growth
- Strengthen governance and develop capacity

**Crosscutting focus:**
- Private sector development
- Gender equality
- Regional integration

**Implementation approach:**
- Integrated One ADB solutions
- Tailored approach to UMIC
- Realistic and adaptive

ADB = Asian Development Bank, UMIC = upper middle-income country.

34. **Pillar 1: Address climate change impacts and support decarbonization.** ADB will support Kazakhstan in addressing its climate-related challenges and meeting corresponding NDCs through both adaptation and mitigation actions to build the country’s resilience to climate change and transition to low-carbon development. Given the energy-intensive nature of the economy and its dependence on fossil fuels, ADB will pay particular attention to supporting the government’s strategy on achieving carbon neutrality by 2060, while ensuring its development and energy needs are met. ADB will support climate-resilient and low-carbon development, ensuring a just transition, in key infrastructure sectors such as energy, transport, and urban development, as well as in the agriculture and education sectors. ADB will support national institutions through green finance facilities and de-risking mechanisms to leverage greater private capital. Sovereign and nonsovereign operations will contribute holistically toward pillar 1 under the One ADB approach.

35. **ADB will support reforming the country’s energy sector in electricity and heating through knowledge, advisory, and nonsovereign investments.** Transaction advisory services for private and public–private partnership (PPP) investments will contribute to scale up the use of renewable energy sources, which accounted for only 3% of the total installed generation capacity in 2020. ADB will continue supporting Kazakhstan in developing solar, wind, hydropower and other renewables as feasible, as well as energy storage. To accelerate the decommissioning of coal-fired electricity and heat generation, which contributes more than 80% of the country’s GHG emissions, and replace these capacities with renewable energy sources, ADB and the
government will explore adopting the ETM. Providing selected support to the private sector for coal-to-gas transformation as a transitional fuel will also be explored.

36. To promote energy efficiency and access to cleaner energy in heating for residential and commercial buildings, ADB will provide capacity-building support to prepare sovereign investment in innovative financing mechanisms for green housing. To improve power sector digitalization, ADB will consider supporting the transition to an intelligent energy system or smart grid and energy storage systems, which can enhance the technical performance of hybrid generation systems and hydropower plants. ADB will also continue exploring its further support for smart metering in gas, electricity, heating, and water to contribute to greater services digitalization.

37. The transition toward a carbon-neutral economy may have negative labor and social consequences, particularly for people along the coal supply chain, but may also be beneficial for employment in green sectors and making cities more livable. The transition must therefore be approached holistically to minimize the risk of producing negative externalities and maximize benefits, involving different sectors of society. To ensure a just transition, ADB will consider providing sovereign support for employment—including green skills development, retraining, repurposing, and social protection programs for people affected by the transition—subject to the government’s strong commitment to undertake robust reform measures.

38. ADB will support mitigation actions in the transport sector by exploring lower-carbon transport options, such as assisting the private sector in the development of infrastructure for low-carbon transport including clean vehicles and improvement of public transport. Adaptation actions will include increasing the climate resilience of sovereign projects through systemic assessments of climate risk (e.g., proper site selection), climate proofing of all supported investments, and improved design standards.

39. In the urban sector, ADB will contribute to policy dialogue, institutional reforms, and knowledge sharing to ensure the sector’s integrated development and long-term environmental and financial sustainability. It will also strengthen the enabling environment for private sector participation and PPPs in urban infrastructure, which are essential for tourism development, including water, wastewater, and sanitation, as well as affordable housing. ADB will provide support to water resources management through regional technical assistance (TA) to address climate change-related impacts like water scarcity, drought, and flooding, especially in rural areas relying on the agriculture sector. ADB’s support in the agriculture sector will promote resource efficiency and support the shift toward farming practices with greater climate and disaster resilience.

40. **Pillar 2: Promote inclusive economic growth.** ADB will aim to contribute to reducing socioeconomic and regional disparities by improving the access to and quality of financial, education, and health services for disadvantaged segments of society and lagging regions, as well as by improving transport connectivity in the country.

41. Building on strong demand from the previous CPS period—particularly from smaller cities and rural areas—interventions in the finance sector will contribute to inclusive finance, with a focus on providing affordable access to housing finance for women and youth through a sovereign-guaranteed modality. To address the substantial demand for financing from MSMEs, ADB will also aim to expand financial inclusion through support of the nonbanking sectors, particularly microfinance.
42. Investments in human capital contribute to a more inclusive and diversified growth process, particularly in the non-oil sector. Based on preliminary discussions with the government, ADB will explore sovereign support in the education sector by enhancing the relevance of technical and vocational education and training programs to ensure the labor market aligns with the government’s economic, social, and climate change adaptation and mitigation priorities. Both sovereign-guaranteed and PPP investments in the health sector will be explored to modernize and expand secondary and tertiary care hospitals to strengthen quality universal health coverage, focusing on the quality, efficiency, and equity of care. In education, ADB will contribute to Kazakhstan’s public school development program through PPP operations in selected regions.

43. Transport investments are key to promoting inclusive development in Kazakhstan. To reduce spatial inequalities, promote transport and trade, provide access to markets for farmers, and improve access to basic services, ADB will focus on addressing gaps in the country’s transport infrastructure network by improving (including climate proofing) major road and rail transport national and transborder corridors. These sovereign interventions will contribute to enhancing the transport and logistics performance of Kazakhstan, supporting the development of international and domestic trade, and connecting isolated “monotowns” (one-enterprise towns) centered on extractive industries with key economic centers. For example, the proposed Kyzylorda–Zhezkazgan road project will connect Zhezkazgan—one of the most isolated cities in Kazakhstan—with Astana and Karaganda in the north as well as Kyzylorda, Shymkent, and Turkestan in the south. In turn, ADB’s interventions will improve accessibility to markets, education, and health services; enhance the efficiency of infrastructure networks and service delivery along the CAREC corridors; and contribute to diversifying economic activities. They will also increase employment and skills development opportunities for the local population, which will be involved in the road construction works. On a pilot basis, ADB will also explore e-mobility solutions via PPP modalities, and if found feasible, consider scaling up in this area.

44. ADB will explore ways to support Kazakhstan’s national innovation system by providing access to best international practices in the systemic development of innovations (including climate-smart solutions) in the energy system, construction, and the finance sector; the provision of social services (education and health); and the digitalization of different sectors of the economy. To address regional fiscal inequalities, ADB will continue supporting the government’s efforts to develop a subsovereign financing framework and improve fiscal decentralization.

45. **Pillar 3: Strengthen governance and develop capacity.** With the government strongly focused on structural reforms, ADB will strengthen policy dialogue with the government, supported by policy-based lending in a programmatic and systematic manner. ADB will focus its support on the ongoing reforms in public sector policy and institutions. Priority areas for reform include (i) increasing the efficiency of fiscal planning and management, especially of public investment prioritization and planning at the national and subnational levels; and (ii) enhancing the sustainability and accessibility of financial markets. The first reform priority complements actions under pillar 1, as efforts to decarbonize the economy could have a negative impact on government revenue from hydrocarbons. Improved efficiency and better fiscal management (including adequate control over contingent liabilities) will prepare Kazakhstan to cope better with the fiscal impact of the decarbonization process. The second reform priority will complement actions in the finance sector under pillar 2 by strengthening the regulatory environment for financial markets. Subject to government demand, ADB will also consider policy support on SOE reforms and private sector development. These reform support measures will help combat corruption in Kazakhstan and improve the evaluation of the institutions in the country during the next graduation criteria assessment.
46. ADB will also support efforts to promote greater financial transparency, corporate governance, and the commercial orientation of SOEs; and help improve their access to financing on commercial terms and conditions, thus contributing to better standing of the economy on one of the graduation criteria. Further reform areas could include support for improving corporate governance standards in selected SOEs and small and medium-sized enterprise development. ADB will continue its policy dialogue with the government to support efforts to make public procurement more competitive and automated.

47. Capacity building efforts will be broad-based and complement investments in sectors and agencies. ADB will be active in supporting the transition toward a digital, climate- and disaster-resilient, and low-carbon future, including building capacity to better appraise climate-related and disaster risks. ADB will also continue its capacity-building support to (i) Kazakhstan PPP Center to enhance the PPP framework and the country’s ability to deliver PPP projects; (ii) KazAvtoZhol in road safety and financial sustainability, procurement, contract management, and environmental management; and (iii) the Committee for Regulation of Natural Monopolies for heat regulation and for water supply and wastewater treatment.

48. ADB will support capacity building for mainstreaming climate change and disaster risk reduction and for strengthening project management and the evaluation of ongoing and completed programs, involving civil society organizations where feasible. The Knowledge and Experience Exchange Program (KEEP), jointly financed by the government and ADB, will continue to be an important source for international best practices, knowledge solutions, and capacity development of staff working for Kazakhstan’s government agencies.

49. Crosscutting themes include supporting private sector development, promoting gender equality, and strengthening and diversifying regional cooperation and integration.

50. Private sector development. Both sovereign and nonsovereign support across the different pillars will be leveraged, with the ultimate objective of supporting the country in transitioning toward a resilient and diversified economic model in which economic growth and development are predominantly driven by the private sector. Efforts to improve public sector governance will contribute to creating equal treatment for the private sector, e.g., by removing subsidies for SOEs and reducing distortionary financing. These efforts include reforming SOEs; strengthening financial markets; decarbonizing the economy; developing the environment for PPPs, including tariff-setting policies accounting for private sector needs, as well as involving and strengthening the private sector. These will ultimately contribute toward diversification of the economy, making the growth process more broad-based and resilient to shocks.

51. Gender equality. Gender equality will be mainstreamed in operations and promoted through targeted gender interventions. Efforts will be undertaken to promote women’s entrepreneurship by improving their access to finance, basic services including health, and economic opportunities. Projects in the transport and energy sectors will aim to address women’s limited access to services through women-friendly transport systems and by employing more women in technical positions in the energy sector. Education projects will explore promoting women’s participation in science, technology, engineering, and mathematics; and producing more women engineers and technical workers in the transport and energy sectors.

52. Regional cooperation and integration. Kazakhstan’s road, rail, water transport, and electricity transmission system present opportunities for development that can position Kazakhstan as a key transit country between Asia and Europe. Investments to strengthen regional
cooperation and integration will support the improvement of key CAREC corridors, while border crossing facilities and procedures will be enhanced through capacity support. ADB will also continue supporting the development of multisector economic corridors to create one economic space without barriers among key economic centers in Kazakhstan and neighboring countries, producing positive development spillovers for the region.\(^3\) This is becoming increasingly important given the current geopolitical context—creating impetus for further development of new transit routes to support diversified trade and to ensure energy security. ADB will support a post-pandemic relaunch of regional tourism, in line with the CAREC Tourism Strategy 2030,\(^5\) to promote the regional tourism brand “Visit the Silk Road.” These activities will contribute to more resilient, diversified, and inclusive growth. ADB will support efforts by the government and the private sector to diversify economic and trade routes in boosting Kazakhstan’s role as a regional transit hub. ADB will also support Kazakhstan’s participation in CAREC energy cooperation initiatives to facilitate its transition to a low-carbon economy and in CAREC health cooperation to achieve regional synergies in enhancing health security.\(^6\)

53. **Selectivity and focus.** While support for more inclusive and diversified growth for an economically advanced and complex country like Kazakhstan calls for interventions in a wide range of sectors, this CPS uses thematic rather than sectoral approach. ADB will aim to provide focused support for selected subsectors, considering its comparative advantage and the division of labor with other development partners.\(^7\) Priority sectors under the new CPS will be energy, finance, public sector management, transport, and urban development. Support in social sectors and agriculture will be selective.

54. **Consistency with ADB Strategy 2030.** The proposed strategy is consistent with the operational priorities of Strategy 2030.\(^8\) Pillar 1 is consistent with operational priority 3 (climate change, climate and disaster resilience, and environmental sustainability). Objectives and interventions under Pillar 2 are consistent with operational priority 1 (poverty and inequalities). Pillar 3 aims to address operational priority 6 (governance and institutional capacity). Operational priority 2 (gender equality) will be mainstreamed across all sectors. Housing-, water-, and waste-related interventions in urban areas will contribute to operational priority 4 (livable cities). Transport, decarbonization, and other operations will contribute to operational priority 7 (regional cooperation and integration).

E. **Priorities for Knowledge Support**

55. Kazakhstan’s knowledge needs are closely linked to the economic growth model characterized by high carbon intensity promulgating inequality. The windfall profits generated from commodities exports were accumulated in wealth funds and invested in infrastructure and state programs. However, the global decarbonization agenda and increasing social tensions risk reversing the level of development attained. In this context, the knowledge solutions will be demand-driven and just-in-time to remain relevant to government needs and the changing development landscape, focusing on sustainable growth, reduction of inequalities, and better governance.

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34 Kazakhstan currently participates in Almaty-Bishkek and Shymkent-Tashkent-Khujand Economic Corridors.
37 An overview of development partners’ activities is in the Development Coordination Matrix.
56. Ongoing ADB assistance delivers knowledge solutions requested by the government, jointly and equally financed and managed through KEEP. The growing demand for knowledge support will be increasingly accommodated within the KEEP framework with participation of private sector, when possible, especially given the declining availability of and increasing competition for ADB’s TA resources. ADB will pursue better alignment of knowledge solutions with its operations. The country knowledge plan for Kazakhstan builds on the findings from a comprehensive assessment of country’s knowledge needs, details the alignment of planned ADB knowledge outputs with knowledge demand emanating from the government, and discusses planned collaboration with development partners (Appendix 2).

57. In the next CPS period, ADB, in cooperation with the ADB Institute, will raise its profile as a knowledge provider and institution by launching flagship publications, while developing in-depth expertise on selected topics to advance policy dialogue. These publications will be closely linked to the key development impediments identified in the areas of decarbonization, inclusiveness, and governance. Shifting toward a policy-based and programmatic–operational approach will promote the development of knowledge solutions needed to achieve the government’s reform agenda. Ongoing collaboration with development partners will be expanded to benefit from knowledge-sharing synergies and to amplify policy advocacy impacts.

IV. STRATEGY IMPLEMENTATION

A. Cost-Sharing Arrangements

58. Kazakhstan, a group C developing member country, is eligible for regular ordinary capital resources lending. Resources to be committed during the CPS period will depend on the government’s external borrowing policy, project quality at entry, and project readiness. To manage borrowers’ foreign exchange risk, lending in local currency will be pursued. Under the cost-sharing arrangements for Kazakhstan, ADB financing covers up to 85% of loan project costs on an overall portfolio-wide basis. Building on its experience, including under the jointly and equally financed KEEP, and in view of the declining availability of TA funds for group C countries, ADB will explore the use of financing mechanisms for advanced project preparation actions, and greater cofinancing for both knowledge and support TA and transaction TA projects.

B. Implementation Priorities

59. One ADB approach. Sovereign operations delivered by the Central and West Asia Department; PPP support, including capacity building and transaction advisory services, led by the Office of Public–Private Partnership; and private sector operations delivered by the Private Sector Operations Department will all contribute to the CPS strategic objectives. The CPS will promote greater synergy between sovereign and nonsovereign operations through a One ADB approach, with close upstream, midstream, and downstream collaboration throughout the entire project cycle. Particular attention will be paid to closer collaboration between sovereign and nonsovereign operations at the point of project identification. Upstream work to support an enabling environment for the private sector is expected to result in transaction advisory support and greater downstream nonsovereign financing opportunities. For example, ADB’s policy discussions with the government on the adoption of the ETM will facilitate private sector transactions promoting renewable energy. The country management team will play a crucial role in ensuring a harmonized approach.

60. Realistic and adaptive approach. The CPS was developed following close consultation with the government to ensure that it aligns with the government’s evolving priorities. Responding
to IED’s recommendations on improving relevance, the CPS will take both a realistic and adaptive approach—e.g., building on areas and sectors where ADB has a proven record and confirmed government demand for ADB assistance. These include road transport, finance, and energy. At the same time, ADB will remain adaptive to respond to evolving country demands. For example, ADB has reengaged in discussions with the government in the urban sector and has initiated dialogue in the education sector. Any demand in other sectors will be carefully considered, based on government commitment, ADB’s resource availability, and division of labor with development partners. As a result, ADB will pursue the strategic objectives of the CPS, building on its expertise and experience. To this end, ADB will focus on setting realistic goals to ensure that the pipeline is implementable, and targets are achievable.

61. **Tailored approach for an upper middle-income country.** Consistent with ADB’s approach to upper middle-income countries, the CPS will focus on areas where it can add the most value by helping to increase access to capital markets and strengthening institutions. The sharing of experiences, best practices, and innovation will increase in importance over lending volume for ADB’s engagement with Kazakhstan, especially because of the government’s aversion to scaling up sovereign borrowing. Given this and scarce TA resources, ADB’s engagement in Kazakhstan will be highly targeted toward knowledge and nonsovereign operations. ADB will expand private sector operations, including PPPs; provide targeted support for reforms in finance, agribusiness, and SOEs; and enhance Kazakhstan’s resilience to shocks. The CPS is also aligned with ADB’s enhanced climate ambitions, by supporting climate change mitigation and adaptation, the decarbonization process, and a just transition.

62. **Country partnership strategy implementation under the new operating model.** Under ADB’s new operating model, the Kazakhstan Resident Mission will be at the forefront of One ADB operations. To ensure the success of the One ADB approach, the Office of Public–Private Partnership, the Private Sector Operations Department, and sector teams will support operations in Kazakhstan with ADB expertise and allocated staff resources. Investment and knowledge operations in the country will be backed by ADB’s stronger field presence in Central and West Asia. These improvements will contribute to greater client responsiveness and a closer collaboration with in-country stakeholders.

C. **Monitoring of Results**

63. ADB will use the results framework in Appendix 1 to monitor progress in implementing the CPS. The key outcomes and their indicators were selected to measure the main results that ADB-financed operations are expected to achieve or focus on during the CPS reporting period in support of the CPS’s strategic objectives. ADB will assess progress, including on the knowledge results achieved, and adjust the results framework as needed during the CPS midterm review.

64. The country team will monitor Kazakhstan’s progress toward meeting the three graduation criteria (per capita GNI, creditworthiness, and the level of development of economic and social institutions) during the CPS period, in consultation with ADB’s Strategy, Policy, and Partnerships Department.

D. **Risks**

65. **Public financial management.** The government’s PFM system is well-functioning, especially regarding the policy-based fiscal strategy and budgeting, predictability and control in budget execution, and accounting and reporting. This is confirmed by the 2018 Public Expenditure
and Financial Accountability (PEFA) assessment. The PFM system has a moderate fiduciary risk and compares well to other developing member countries in the region. Key remaining challenges to the improvement of PFM performance include: (i) revenues in the annual budget are often underestimated, (ii) medium-term expenditure forecasts do not guide the evolution of public finances and ministry-level planning, (iii) the system of fiscal rules and operational National Fund of the Republic of Kazakhstan rules is complex, (iv) fiscal risk reporting is limited regarding SOEs and contingent liabilities, and (v) the Accounts Committee (Supreme Audit Chamber) lacks independence from the executive. The new PFM concept sets key directions in terms of mitigation of these risks. These directions include establishing reasonable and flexible fiscal rules, independent of fluctuations in oil prices, with an independent assessment of their compliance; adjusting policies for the formation and use of the National Fund of the Republic of Kazakhstan funds; ensuring the adequacy of tax policy to increasing expenditure liabilities; encouraging private sector investment rather than replacing it; and ensuring monitoring and administration of budget programs through digitalization and automation.

66. Procurement. Kazakhstan’s public procurement system has undergone important developments, including the adoption of a new public procurement law in 2015, and the establishment of the electronic government procurement portal (e-Portal) in 2016. However, the public procurement law does not comply well with international best practices as open competitive bidding is not the default option (single source and direct contracting are widespread), and foreign bidders face serious barriers to participation. Further, the public procurement law does not align well with ADB’s procurement framework, including overreliance on the state system for establishing engineering estimates for civil works, reluctance to implement price adjustments, and the absence of provisions preventing from abnormally low bids. The government intends to amend this law in cooperation with ADB and other international finance institutions.

67. Fiduciary risks to budget support. The government’s PFM system is assessed adequate overall. The credibility of the central budget is deemed satisfactory; budget execution is adequately facilitated, with acceptable internal and commitment controls exercised; progress is being made in transitioning from cash accounting to accrual accounting; and internal and external audits use risk-based approaches, with acceptable levels of completing planned audits as well as following up on audit recommendations.

68. Governance. The civil service reforms being undertaken are expected to improve the accountability and transparency of decision-making, leading to better project coordination and implementation, and reducing instances of policy inconsistencies and reversal. ADB and other development partners will support capacity building and provide policy advice to improve governance.

69. Risk management plan. To contribute to PFM system strengthening, ADB will support ongoing reforms in governance and public sector policy and institutions, including efforts to increase the efficiency of fiscal planning and management. This will be supported by policy-based lending, for the first time in ADB’s partnership with Kazakhstan, in a programmatic and systematic manner. ADB will also continue its policy dialogue and capacity building of the state audit institution within the KEEP framework. Assistance in introducing environmental audit and certification in international public sector accounting standards will be scaled up.

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## Alignment with Government Objectives

<table>
<thead>
<tr>
<th>Country Goals</th>
<th>Alignment with Government Objectives</th>
</tr>
</thead>
</table>
| 1. Contribution of SME sector to GDP (2021 baseline: 33.5%; 2030 target: 40.0%) (SDG 8*** and 9***)<br>2. World Governance Indicators government effectiveness estimate value (2021 baseline: 0.06; 2027 target: increased) (SDG 16***)<br>3. Share of alternative and renewable energy generation as a share of total (2021 baseline: 3.6%; 2030 target: 15%) (SDG 7**)<br>4. Difference between highest and lowest median regional incomes (2021 baseline: 1.8 times; 2027 target: reduced) (SDG 10***)<br>**National Development Impacts**<br>1. Greenhouse gas emissions reduced (SDG 7)<br>2. Human capital improved on health and education dimensions (SDGs 3 and 4)<br>3. Public financial management and corporate governance efficiency strengthened (SDG 16)**<br>**ADB-Supported Program Results and Performance**<br>CPS Objective 1: Address climate change impacts and support decarbonization

| Key Outcomes | Indicators | (target: 80% achievement; baseline: established at project level)**<br>1. Sustainable and resilient transport systems and services improved<br>People with increased capacity in implementing mitigation and low-carbon development actions in the transport sector (expected: 20 government officials) (OP3.1.2) (SDGs 1 and 13)<br>New and existing road infrastructure assets made climate and disaster resilient (expected: 2) (OP3.2.5) (SDGs 9 and 13)<br>2. Sustainable and efficient energy increased<br>Total annual greenhouse gas emissions reduction from energy sources (expected: 0 kilotons of CO₂ equivalent) (OP3.1) (SDG 13)<br>People benefiting from strengthened environmental sustainability through efficient energy solutions (expected: 0) (OP3.3) (SDG 12)<br>3. Sustainable and resilient urban services improved<br>People benefiting from strengthened environmental sustainability through improved urban services (expected: 0) (OP3.3) (SDGs 1, 6, and 13)<br>Zones with improved urban environment, climate resilience, and disaster risk management (expected: 0) (OP4.3) (SDG 11)<br>WUS entities with improved service delivery (expected: 0) (OP6.2) (SDG 16)**<br>**Resources**<br>Ongoing portfolio | Sovereign Operations | Nonsovereign Operations | TA<br>$167.0 million (1 project) | $27.3 million (10 TA projects)
## CPS Objective 2: Promote inclusive economic growth

<table>
<thead>
<tr>
<th>Key Outcomes</th>
<th>Indicators</th>
<th>(target: 80% achievement; baseline: established at project level)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Access to affordable transport services expanded</td>
<td>Transport infrastructure assets established or improved (expected: 2) (OP1.3.1) (SDG 9)</td>
<td></td>
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<tr>
<td></td>
<td>Time-saving and gender-responsive transport infrastructure assets expanded and services improved (expected: 2 road projects) (OP2.4.1) (SDG 5)</td>
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<td></td>
<td>Cargo transported across borders (expected: 0 dollars) (OP7.1) (SDG 17)</td>
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<tr>
<td>2. Access to affordable and inclusive financing increased</td>
<td>Households led by low- and middle-income women with improved financial services (expected: 1,600) (OP1.3) (SDGs 1 and 10)</td>
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<tr>
<td></td>
<td>Women-owned or -led SME borrowers reached (expected: 58,000) (OP2.1.3) (SDGs 5 and 8)</td>
<td></td>
</tr>
<tr>
<td>3. Inclusive private sector development increased</td>
<td>Jobs generated (expected: 0) (OP1.2) (SDG 8)</td>
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<td></td>
<td>Measures supported in implementation to improve the capacity of public organizations to promote the private sector and finance sector (expected: 2) (OP6.1.2) (SDGs 16 and 17)</td>
<td></td>
</tr>
<tr>
<td>4. Access to affordable and labor market-relevant education and TVET, relevant capacity development initiatives, quality and affordable health care services, and improved and expanded social protection increased</td>
<td>People benefiting from improved health, education services, or social protection (expected: 2.0 million) (OP1.1) (SDGs 1 and 3)</td>
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<td></td>
<td>Women with strengthened leadership capacities (expected: 4,600) (OP2.3.1) (SDGs 4 and 5)</td>
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</table>

### Resources

<table>
<thead>
<tr>
<th>Ongoing portfolio</th>
<th>Sovereign Operations</th>
<th>Nonsovereign Operations</th>
<th>TA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$613.3 million (2 projects)</td>
<td>$15 million (1 project)</td>
<td>$137.5 million (30 projects)</td>
</tr>
</tbody>
</table>

## CPS Objective 3: Improve governance and develop capacity

<table>
<thead>
<tr>
<th>Key Outcomes</th>
<th>Indicators</th>
<th>(target: 80% achievement; baseline: established at project level)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Public financial and economic affairs management and administration strengthened</td>
<td>Entities with improved management functions and financial stability (expected: 2) (OP6.1) (SDGs 16 and 17)</td>
<td></td>
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<tr>
<td></td>
<td>Government officials with increased capacity to design, implement, monitor, and evaluate relevant measures (expected: 425) (OP6.1.1) (SDGs 16 and 17)</td>
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</tr>
<tr>
<td>2. Governance and performance of SOEs improved</td>
<td>Entities SOEs with improved service delivery (expected: 2) (OP6.2) (SDG 16)</td>
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</table>

### Resources

<table>
<thead>
<tr>
<th>Ongoing portfolio</th>
<th>Sovereign Operations</th>
<th>Nonsovereign Operations</th>
<th>TA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$680.3 million (2 projects)</td>
<td>$120.0 million (1 project)</td>
<td>$151.3 million (43 projects)</td>
</tr>
</tbody>
</table>
ADB = Asian Development Bank, CO₂ = carbon dioxide, CPS = country partnership strategy, GDP = gross domestic product, OP = operational priority, SDG = Sustainable Development Goal, SMEs = small and medium-sized enterprises, SOE = state-owned-enterprise, TA = technical assistance, TVET = technical and vocational education and training, WUS = water and other urban infrastructure and services.

Notes:
OP1 = addressing remaining poverty and reducing inequalities; OP2 = accelerating progress in gender equality; OP3 = tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability; OP4 = making cities more livable; OP5 = promoting rural development and food security; OP6 = strengthening governance and institutional capacity; OP7 = fostering regional cooperation and integration; SDG 1 = End poverty in all its forms everywhere; SDG 2 = End hunger, achieve food security and improved nutrition and promote sustainable agriculture; SDG 3 = Ensure healthy lives and promote well-being for all at all ages; SDG 4 = Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all; SDG 5 = Achieve gender equality and empower all women and girls; SDG 6 = Ensure availability and sustainable management of water and sanitation for all; SDG 7 = Ensure access to affordable, reliable, sustainable and modern energy for all; SDG 8 = Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all; SDG 9 = Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation; SDG 10 = Reduce inequality within and among countries; SDG 11 = Make cities and human settlements inclusive, safe, resilient and sustainable; SDG 12 = Ensure sustainable consumption and production patterns; SDG 13 = Take urgent action to combat climate change and its impacts; SDG 14 = Conserve and sustainably use the oceans, seas and marine resources for sustainable development; SDG 15 = Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss; SDG 16 = Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels; and SDG 17 = Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development.

a Targets for the country goals are based on the government’s Kazakhstan-2050 Strategy; Concept of SME Development until 2030; National Development Plan of the Republic of Kazakhstan until 2025; Concept for Transition of the Republic of Kazakhstan to a Green Economy; SDG alignment: * = official SDG indicator, ** = SDG-aligned indicator, *** = proxy indicators for identified SDGs.

b All outcome indicators target an 80% achievement rate, meaning that aggregate results achieved by a completed operation should be at or exceed 80% of aggregate expected results, as set out in advance in the project documents. Indicative expected results are the aggregate results planned to be achieved by projects for which a completion report (i.e., project completion report, TA completion report, and extended annual review report) is expected to be circulated during the CPS reporting period, which spans 2023–2027. The expected results are indicative values only; the specific target values that will be used to evaluate the effectiveness of ADB country programming in the country assistance program review will be established based on the project completion reports circulated during the CPS period.

c This result is a focus of operations under implementation or being planned during the CPS reporting period, but the projects are not expected to be completed in the reporting period.

d Resources for the ongoing portfolio refer to the total committed amounts of financing.

e The road projects will construct 22 gender-sensitive rest areas and pedestrian crossings, covered bus stops, and other infrastructure.

COUNTRY KNOWLEDGE PLAN

A. Operational Knowledge Needs

1. The Asian Development Bank (ADB) carried out a comprehensive assessment of Kazakhstan’s knowledge needs in parallel with the formulation of the country partnership strategy (CPS), 2023–2027. The assessment began with the analysis of 74 ongoing technical assistance (TA) projects worth $26 million, with the support of the Knowledge Advisory Services Center under ADB’s Sustainable Development and Climate Change Department. The TA portfolio assessment provided insights into the focus and parameters of ADB’s knowledge support in Kazakhstan. Based on the analysis, the suggestions to enhance ADB’s ability to meet the country’s knowledge needs are summarized in the table.

<table>
<thead>
<tr>
<th>Knowledge Portfolio Analysis Observations and Recommendations</th>
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<tbody>
<tr>
<td><strong>Key Observations</strong></td>
</tr>
<tr>
<td>Some 79% of all TA projects are under $0.5 million. Only 6 TA projects are above $1.0 million. The average value of TA in the portfolio has declined from $0.85 million in 2017 to $0.16 million in 2021.</td>
</tr>
<tr>
<td>Some 77% of the portfolio are regional TA projects. It is challenging to capture the value and/or benefits of many regional TA projects for the country, as the country-allocated funds are small.</td>
</tr>
<tr>
<td>Some 76% of the portfolio are knowledge and support TA projects. The portfolio reflects the country’s growing demand for knowledge products and services.</td>
</tr>
<tr>
<td>Some 85% of TA projects are tracked on the KARM TA monitoring sheet, with only 5% of the overall portfolio US dollar value, are not actively monitored.</td>
</tr>
<tr>
<td>Few TA projects focus on social sectors, especially education and health.</td>
</tr>
<tr>
<td>Some 76% of the TA portfolio is managed by CWRD, followed by SDCC (8%), OPPP (8%), and EARD (5.7%).</td>
</tr>
</tbody>
</table>

ADB = Asian Development Bank, CWRD = Central and West Asia Department, EARD = East Asia Department, KARM = Kazakhstan Resident Mission, KEEP = Knowledge and Experience Exchange Program, OPPP = Office of Public–Private Partnership, SDCC = Sustainable Development and Climate Change Department, TA = technical assistance, US = United States.
Source: ADB estimates.

2. In March 2022, ADB organized a roundtable discussion with local think tanks to brainstorm the country’s development challenges and knowledge needs.1 Participants noted that the Government of Kazakhstan lacks competent analysts to work with numerous databases to develop evidence-based policy actions. The June–August 2022 CPS mission discussed the government’s knowledge needs. The government expressed its appreciation for ADB’s continuous knowledge support with policy development. However, knowledge support is sometimes adversely affected by changing priorities and key staff turnover. Stakeholders expressed overall support for the planned objectives and highlighted the need for ADB knowledge support (paras. 5–7).

3. In August 2022, the Ministry of National Economy announced a call for proposals to develop a pipeline of research and capacity building activities for the planned fifth phase of the

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1 A summary of key lessons and back-to-office reports are available on request from the Kazakhstan Resident Mission.
Knowledge and Experience Exchange Program (KEEP). ADB received 39 applications from government ministries and agencies, requesting about $4 million (16 research studies and 23 trainings). The requested support areas were diverse, including decarbonization, digitalization, standardization, and agglomeration.

4. The country knowledge plan for Kazakhstan will focus on delivering analytical and capacity building support in line with ADB’s CPS objectives for 2023–2027. The knowledge solutions will support (i) addressing climate change impacts and supporting decarbonization, (ii) promoting inclusive economic growth, and (iii) strengthening governance and developing capacity.

5. **Addressing climate change impacts and supporting decarbonization.** Both household and industrial demand for energy is growing, while the government is planning to achieve carbon neutrality by 2060. A gap between energy supply and demand may emerge if not addressed timely. Sustainable heat and power production is essential to reduce the level of greenhouse gas emissions. ADB knowledge solutions are needed to promote the modernization of power- and heat-generating plants and to develop smart grid and relevant energy sector infrastructure. The energy transition mechanism knowledge solutions will facilitate the early retirement of coal-fired power plants. While the transition to a carbon-neutral economy will impact the labor market, especially mining, ADB will support government employment and retraining programs to ensure a just transition. It will also promote capacity building and advanced knowledge solutions to facilitate energy efficiency. In addition, ADB will ensure climate proofing of all investments, and promote improved design standards in line with the Paris Agreement.

6. **Promoting inclusive economic growth.** Growing social, economic, and productivity discrepancies among regions endanger development achievements, with some regions risking economic stagnation.² ADB knowledge support is required to implement the government’s spatial development policy, in particular fiscal decentralization efforts. The negative spillover from exogenous shocks on well-being requires knowledge solutions that support economic diversification. Knowledge solutions that promote a just transition in education are key to unlocking the country’s growth potential. ADB knowledge support and capacity building efforts linked to infrastructure development projects will promote more equitable and inclusive development, with a focus on lagging and rural areas.

7. **Strengthening governance and developing capacity.** The government accumulates and manages substantial resources from the commodities extraction sector, which are disbursed to state programs and projects, infrastructure, and social sectors. However, since 2014, productivity and quality of life have stagnated because of issues in planning, execution, and monitoring and evaluation systems. The government’s fiscal planning and management system requires ADB knowledge support for prioritizing and planning public investment, strengthening project management, and evaluating ongoing and completed programs, involving civil society where feasible. Policy advice and capacity building will promote greater financial transparency, strengthen corporate governance of state-owned enterprises, and enhance the sustainability and accessibility of financial intermediation and financial markets. ADB’s policy-driven knowledge and capacity building support will increase the efficiency of the government apparatus and governance.

B. **Map ADB’s Response to Knowledge Needs**

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8. The government’s demand for knowledge solutions and capacity building is growing because of the need to address endogenous and exogenous challenges. To meet the increasing needs of the government, ADB assistance will focus on (i) climate change and decarbonization (energy, urban infrastructure, finance, and other areas); (ii) inclusive growth (education, health, transport, and other areas); and (iii) governance and capacity (institutional reforms and training). The diversity of knowledge needs requires ADB to remain selective, while emphasizing the quality and impact of its knowledge work. The country knowledge plan table details the knowledge solutions, aligned with the CPS objectives for 2023–2027.

9. KEEP will continue to serve as an important instrument in delivering support for tailor-made research and capacity building activities at the government’s request. Its support will focus on (i) training civil servants to improve project management systems and practices; (ii) enhancing transparency and accountability; (iii) combating corruption; (iv) decarbonizing the economy; and (v) supporting regional inequality studies. KEEP assistance tackles a broad range of governance, social, and environmental challenges.

10. Other TA projects will focus on specific knowledge activities linked to ADB operations or government requests. ADB will identify, generate, share, and exploit embedded knowledge in its operations with the government and stakeholders. This will ensure progress toward a sustainable development path, inclusive growth, and efficient governance by moving away from a simple transfer of financial resources to sophisticated technical and knowledge support.

11. ADB will pursue a programmatic and policy-based approach by supplying knowledge solutions to advance the reform agenda and improve governance. The government will develop knowledge products and services underpinning successful implementation of policy reforms and actions, in partnership with ADB and closely coordinated with other development partners.

12. ADB will produce flagship publications for developing in-depth expertise on selected topics to strengthen policy dialogue with the government. These publications will become evidence-based tools underpinning policy dialogue with the government, development partners, academia, the private sector, and other stakeholders. The publications include (i) regional inequality studies, (ii) a public–private partnership monitor, (iii) power storage and hybrid energy generation, and (iv) decarbonization of the heat sector.

13. ADB will expand its knowledge-sharing activities through public communication channels such as publishing articles in specialized local media outlets; writing blogs and op-eds; and posting on the Kazakhstan Resident Mission, ADB, and ADB Institute social media and other internet resources. ADB staff and consultants will be encouraged to share their expertise at workshops, seminars, conferences, forums, and roundtables organized by the government, stakeholders, or ADB. A communication strategy will raise ADB’s visibility and profile in Kazakhstan as a knowledge provider and institution.

C. Areas of Collaboration with Partners

14. ADB, including the ADB Institute, will maximize its collaboration with development partners in producing knowledge products, policy briefs, discussion notes, and research studies. ADB will invite development partners to ADB-led knowledge-sharing events and will seek development partners’ value addition in all CPS areas. ADB will continue to contribute to related knowledge products and services, as well as capacity building events led or co-organized by development partners. ADB will continue to designate specialized theme and sector staff to participate in, moderate, and serve as keynote speakers at government-organized events.
15. ADB will continue producing demand-driven knowledge solutions in cooperation with:

(i) the World Bank, the United Nations Development Programme (UNDP), the European Bank for Reconstruction and Development (EBRD), German development cooperation through Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, and the United States Agency for International Development (USAID) on implementing the decarbonization agenda (e.g., a just transition, the energy trading system, energy efficiency and storage, smart grid);

(ii) the International Monetary Fund (IMF), the World Bank, the EBRD, and the Organisation for Economic Co-operation and Development (OECD) on public financial management, domestic resource mobilization, tax policy and public procurement system reforms;

(iii) IMF and the European Union (EU) on statistics and data analysis;

(iv) UNDP and the OECD on tackling intra-regional inequalities and promoting equity;

(v) UN Women on gender empowerment;

(vi) the EU, GIZ, and the World Bank on addressing challenges in the education sector (on technical and vocational education and training and secondary schools);

(vii) the EU, the World Bank, the EBRD, and the Islamic Development Bank on strengthening Central Asian regional cooperation and integration, such as addressing bottlenecks in the Middle Corridor;

(viii) the EBRD and the World Bank in sharing best international practices in the management of transport and urban infrastructure;

(ix) the EBRD and the International Finance Corporation on improving the legal and regulatory framework for developing public–private partnerships; and

(x) the World Bank and UNDP on digitalization of the economy.

16. ADB will increase its collaboration with local think tanks and civil society. It will seek their contributions in undertaking specialized activities supported by KEEP and regional TA. It will also enhance collaboration with the Central Asia Regional Economic Cooperation Program (CAREC) Institute and the ADB Institute in organizing knowledge-sharing and partnership events for Kazakhstan-based stakeholders. ADB will continue to provide valuable inputs to external researchers preparing analytical studies on topics of high relevance to Kazakhstan’s needs. ADB will use the in-country services of private sector organizations, such as the American Chamber of Commerce in Kazakhstan and the European Business Association of Kazakhstan, for wider dissemination of knowledge solutions.

D. Resource Allocation

17. Recognizing Kazakhstan’s growing knowledge needs as an upper middle-income country, ADB expanded its knowledge partnership with the government by launching KEEP in 2013. ADB and the government finance KEEP on a parity principle, following the memorandum of understanding. KEEP is implemented in phases—three phases were completed by 2022 and the fourth phase is ongoing until the end of 2023. The fifth phase of KEEP is planned to commence in 2023 and the sixth phase in 2026, with a budget of $3 million for each phase.

18. Given the declining TA resource allocation for the country, ADB will draw selectively on ADB-administered TA funds considering the CPS objectives and government priorities. In addition to the country-specific support, Kazakhstan will benefit from ADB-wide and regional knowledge TA, including from the CAREC and ADB institutes. ADB will also explore cofinancing opportunities with development partners in areas of mutual interest.
## E. Country Knowledge Plan Table

### CPS Objective 1: Addressing climate change impacts and supporting decarbonization

**Knowledge Outcome:** Use of advanced technologies and knowledge solutions supporting reduction in GHG emissions and climate change adaptation promoted. Climate proofing of all ADB investments achieved, with knowledge disseminated among government and stakeholders.

#### Knowledge Results Categories and Outputs

<table>
<thead>
<tr>
<th>Improved Program or Project Delivery</th>
<th>Enhanced Capacities and Skills</th>
<th>Increased Awareness and Evidence-Based Information</th>
</tr>
</thead>
</table>
| Guidelines and assessment studies and sector-specific technical support provided for promoting climate change adaptation and GHG emissions reduction. ADB projects aligned with the Paris Agreement and approaches for green financing developed. **Knowledge Solution:**
1. Guidelines for migratory species and guidance note on best practices on environmental resources management, climate change, and disaster risk management (TA 6755)
2. Innovative green housing finance projects (TA 52312-005, proposed)
3. Assessment of priority coal-fired power stations for ETM
4. Feasibility studies on green power and heat generation and distribution projects
5. Feasibility studies on road construction projects aligned with the Paris Agreement | Capacity building and institutional support for stakeholders provided, including government officials, think tanks, and the private sector, to enhance their skills and knowledge on environmental risk management, green finance, and greenfield project management. **Knowledge Solution:**
1. Capacity building of the International Green Technologies and Investments Center (TA 6623)
2. Capacity building support to the Kazakhstan Housing Company (TA 9834)
3. Capacity building for innovative green housing finance officers (TA 52312-005, proposed) | Advocacy and outreach on climate change mitigation and GHG emissions delivered through (i) knowledge sharing platforms, (ii) flagship products and research, and (iii) information and education campaign. **Knowledge Solution:**
1. Methodology on environmental audit for Supreme Audit Chamber (TA 6623)
2. Policy advice on development of innovative green housing finance (TA 52312-005, proposed)
3. Law on heat supply and relevant by-laws (TA 6564)
4. Policy recommendations enhancing the enabling environment on just transition (TA 56227-001, proposed)
5. Regulatory advice on supporting private sector investment in renewable energy sources |

### CPS Objective 2: Promoting inclusive economic growth

**Knowledge Outcome:** Inclusive development leading to better quality infrastructure and improved well-being in lagging and rural areas promoted through policy and capacity building support.

#### Knowledge Results Categories and Outputs

<table>
<thead>
<tr>
<th>Improved Program or Project Delivery</th>
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</tr>
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</table>
| Policies, road maps, and sector-specific technical studies delivered to promote inclusive and quality infrastructure and services in lagging and rural areas. **Knowledge Solution:**
1. Preparing the Saryagash Bypass Road Network improvement project (TA 6538)
2. Tolling rates and subsidy mechanism methodology/strategy (TA 6755) | Capacity for management and development of inclusive infrastructure and services improved through training and capacity building support, and institutional partnerships and networks strengthened. **Knowledge Solution:**
1. Building core urban competencies of subnational governments in integrated urban planning, smart cities, climate-resilient urban design, and sustainable tourism (TA 6850)
2. Senior city leadership managerial capacity building in the procurement of quality | Understanding and evidence-based policymaking on infrastructure and services development enhanced through (i) knowledge sharing platforms, (ii) flagship products and research, and (iii) information and education campaign. **Knowledge Solution:**
1. Regional inequalities study with emphasis on fiscal decentralization (TA 6623)
2. Recommendations on integrating people with disabilities trainings into overall TVET curriculum
3. Subnational financing monitor of Almaty city (TA 8908) |
**Appendix 2**

<table>
<thead>
<tr>
<th>Improved Program or Project Delivery</th>
<th>Enhanced Capacities and Skills</th>
<th>Increased Awareness and Evidence-Based Information</th>
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<tbody>
<tr>
<td>Programmatic knowledge support advancing structural reforms for improved competitiveness, governance, and development of PPP projects supported through (i) policy dialogue and recommendations, and (ii) sector-specific/thematic policy technical guidance.</td>
<td>Public sector governance and accountability for planning, development, and financial monitoring of government programs enhanced through institutional capacities upgrading.</td>
<td>Awareness of opportunities and priorities for strengthening governance increased.</td>
</tr>
<tr>
<td>Knowledge Solution:</td>
<td>Knowledge Solution:</td>
<td>Knowledge Solution:</td>
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<tr>
<td>1. Action plans to support early-stage quality infrastructure investment pipelines in partner cities (TA 6588)</td>
<td>1. Capacity building in social, economic, and financial areas to implement quality of infrastructure projects (TA 6588)</td>
<td>1. Assessment of the opportunities and challenges associated with partner cities mobilizing resources (TA 6588)</td>
</tr>
<tr>
<td>2. Project preparation support through the use of the International Infrastructure Systems Support Platform (TA 8908)</td>
<td>2. Training and methodology on comprehensive statistics of the domestic e-commerce market (TA 6623)</td>
<td>2. Diagnostics of the PPP project preparation facilities (TA 8908)</td>
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<td>3. Improving the capacity of civil servants to promote regional cooperation and integration (TA 6694)</td>
<td>3. Development of a manual for integrity checks for law enforcement bodies (TA 6623)</td>
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<td>4. Increasing the capacity of Supreme Audit Chamber employees under IPSAS programs (TA 6623)</td>
<td>4. Evidence-based policy-making through the introduction of a social accounting matrix framework and computable general equilibrium modeling (TA 6958)</td>
</tr>
<tr>
<td></td>
<td>5. Advanced data analytics skills for Bureau of National Statistics employees (TA 6623)</td>
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</tr>
</tbody>
</table>
LIST OF LINKED DOCUMENTS
http://www.adb.org/Documents/CPS/?id=KAZ-2023

1. Inclusive and Sustainable Growth Assessment
2. Development Coordination Matrix