



# Asian Development Bank & Kazakhstan

## FACT SHEET

**Table 1. Kazakhstan: 2014 Approved Loans, Grants, and Technical Assistance (\$ million)**

Loans		Technical Assistance		Grants	Total
Sovereign	Nonsovereign	Assistance			
130.00	–	1.63	–		131.63

– = nil.  
Note: Grants and technical assistance include cofinancing.

**Table 2. Kazakhstan: Cumulative Lending, Grant, and Technical Assistance Approvals<sup>a, b</sup>**

Sector	No.	Total Amount (\$ million) <sup>c</sup>	% <sup>c</sup>
Agriculture, Natural Resources, and Rural Development	14	186.52	5.52
Education	7	67.20	1.99
Energy	6	42.32	1.25
Finance	17	683.04	20.22
Industry and Trade	3	1.35	0.04
Multisector	3	60.55	1.79
Public Sector Management	17	505.23	14.96
Transport	25	1,794.77	53.13
Water and Other Urban Infrastructure and Services	6	36.85	1.09
<b>Total</b>	<b>98</b>	<b>3,377.82</b>	<b>100.00</b>

<sup>a</sup> Grants and technical assistance include cofinancing.

<sup>b</sup> Includes sovereign and nonsovereign loans and technical assistance.

<sup>c</sup> Total may not add up because of rounding.

**Table 3. Kazakhstan: Cumulative Nonsovereign Financing by Product**

Number of Projects	Amount (\$ million)
	6
Loans	255.20
Equity Investments	–
Guarantees	200.00
B Loans	–
<b>Total</b>	<b>455.20</b>

– = nil.

The Asian Development Bank (ADB) began supporting the Government of Kazakhstan shortly after the country became independent in 1991. To help the country's transition from a centrally planned economy to one driven by market forces, ADB provided much-needed assistance in agriculture, education, finance, and the delivery of social services. Kazakhstan's requirements for external financing had gradually diminished, before the global financial crisis of 2007–2008 prompted the need to again access external concessional resources. ADB responded with a countercyclical loan of \$500 million.

At the 47th ADB Annual Meeting of the Board of Governors in the capital Astana in May 2014, the Government of Kazakhstan and ADB signed a groundbreaking cofinancing framework arrangement that sets a new paradigm for partnership on the country's development agenda. Meanwhile, regional cooperation under the Central Asia Regional Economic Cooperation (CAREC) Program remains an integral aspect of ADB operations in Kazakhstan.

Cumulative disbursements to Kazakhstan for lending and grants financed by ordinary capital resources, the Asian Development Fund, and other special funds amounted to \$2.41 billion.

### ADB-Supported Projects and Programs

Since joining ADB in 1994, Kazakhstan has received over \$3.2 billion in sovereign and nonsovereign loans in agriculture, education, finance, transport, water supply and sanitation, and irrigation sectors.

ADB has been supporting Kazakhstan to achieve its goals of increasing transit potential, integrating into the global transport network, and developing logistics frameworks. Two multitranches financing facilities (MFFs) have been approved for the CAREC Corridors Investment Programs, including \$700 million to reconstruct about 375 kilometers of the Western Europe–Western People's Republic of China International Transit Corridor in Zhambyl oblast, and \$800 million to reduce average travel time (from 12 hours to 4 hours) along CAREC Corridor 2 in Mangistau oblast.

By providing liquidity support to financial institutions, ADB will continue to assist public sector lending to small and medium-sized enterprises (SMEs). Improved access to finance will help drive investment, increase employment, and generate income for SMEs, particularly those located in regional areas and/or operated by women entrepreneurs.

In the energy sector, ADB is providing technical assistance for the modernization of district heating networks, and for the development of institutional capacity aimed at sustainable, safe, and energy-efficient operations.

Recognizing the added value of knowledge products for Kazakhstan's development agenda, the government and ADB have forged a joint Knowledge and Experience Exchange Program (KEEP). In 2014, KEEP evaluated the

**Table 4. Kazakhstan: Project Success Rates**

Year	Success Rate (%)	No. of Independently Evaluated Projects and Programs
2007	–	1
2010	50.00	2
2014	–	1
<b>Total</b>	<b>25.00</b>	<b>4</b>

– = nil.

Note: “Year” refers to the circulation year of the project completion report (PCR). Compared with the numbers in previous years’ fact sheets, the success rates reported here are based on the ratings from validated PCRs and independently evaluated performance evaluation reports only and do not include self-evaluations. With small sample size, the success rate does not necessarily represent country operations performance.

Source: PCR validation reports and project/program performance evaluation reports ratings database as of 31 December 2014.

**Table 5. Kazakhstan: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2013–2014**

Number of Ongoing Loans (as of 31 Dec 2014)	9	
	2013 (\$ million)	2014 (\$ million)
Contract Awards/Commitments <sup>a,b</sup>	257.4	219.5
Disbursements <sup>a</sup>	219.0	324.4
Number of Ongoing Grants (as of 31 Dec 2014) <sup>c</sup>	–	
	2013 (\$ million)	2014 (\$ million)
Contract Awards/Commitments <sup>a,b</sup>	–	–
Disbursements <sup>a</sup>	–	–
Actual Problem Projects (%)	–	

– = nil.

Note: Totals may not add up because of rounding.

<sup>a</sup> Includes closed loans/grants that had contract awards or disbursements during the year.

<sup>b</sup> Excludes policy-based lending/grants.

<sup>c</sup> Includes only Asian Development Fund and other ADB special funds.

economic costs of road traffic accidents, assessed market concentrations and competition, and analyzed the services sector as a source of diversified economic growth.

In addition to KEEP, two major studies—one on Kazakhstan’s industrial policy, the other on the country’s knowledge-based economy—were carried out to promote constructive dialogue and the sharing of best practices among high-level policy makers.

At the sector level, advisory support is being provided for financing urban infrastructure in secondary cities.

## Nonsovereign Operations

As a catalyst for private investments, ADB provides direct financial assistance to nonsovereign public sector and private sector projects in the form of direct loans, equity investments, guarantees, B loans, and trade finance. Since its inception, ADB has approved \$455.2 million in financing for six private sector projects in Kazakhstan. Total outstanding balances and commitments of ADB’s private sector transactions in the country as of 31 December 2014 was \$77.7 million, representing 0.98% of ADB’s total nonsovereign portfolio.

ADB’s Trade Finance Program (TFP) fills market gaps by providing guarantees and loans through partner banks in support of trade. The TFP has done over 10,300 transactions supporting over \$20.5 billion in trade and over 6,000 small and medium-sized enterprises since 2004. In 2014, the TFP supported \$3.8 billion in trade through over 1,900 transactions. In Kazakhstan, the TFP works

with one bank and has supported \$5.5 million in trade for over seven transactions. In addition to filling market gaps, the TFP’s objective is to mobilize private sector capital/involvement in developing Asia. In Kazakhstan, 39.01% of the \$5.5 million in trade supported through the TFP was cofinanced by the private sector.

## Cofinancing

Cofinancing operations enable ADB’s financing partners, governments or their agencies, multilateral financing institutions, and commercial organizations, to participate in financing ADB projects. The additional funds are provided in the form of official loans and grants, other concessional financing, and commercial financing such as B loans, risk transfer arrangements, parallel loans and equity, guarantee cofinancing, and cofinancing for transactions under ADB’s TFP.

By the end of 2014, cumulative direct value-added (DVA) official cofinancing for Kazakhstan amounted to \$2.56 billion for three investment projects and \$2.0 million for four technical assistance projects. Cumulative DVA commercial cofinancing for Kazakhstan amounted to \$2.15 million for one investment project.

**Table 6. Kazakhstan: Projects Cofinanced, 1 January 2010–31 December 2014**

Cofinancing	No. of Projects	Amount (\$ million)
Projects <sup>a</sup>	3	266.65
Official loans	2	264.50
Commercial cofinancing	1	2.15
Technical Assistance Grants	1	1.00

<sup>a</sup> A project with more than one source of cofinancing is counted once.

A summary of projects with cofinancing from 1 January 2010 to 31 December 2014 is available at [www.adb.org/countries/kazakhstan/cofinancing](http://www.adb.org/countries/kazakhstan/cofinancing)

## Partnerships

ADB collaborates closely with the Government of Kazakhstan and other development partners to support lending and nonlending activities. ADB also cooperates with the private sector and civil society organizations within Kazakhstan to strengthen the effectiveness, quality, and sustainability of the assistance it provides.

ADB is supporting CAREC to help the government in the reconstruction of road sections along Kazakhstan’s Western Europe–Western People’s Republic of China Corridor. This project is being implemented in partnership with the World Bank, the Islamic Development Bank, the European Bank for Reconstruction and Development, and the Japan International Cooperation Agency.

In a reciprocal gesture, Kazakhstan became a donor to ADB’s Asian Development Fund, with a contribution of \$5.49 million in 2012.

In May 2014, in close partnership with the Government of Kazakhstan, the ADB Annual Meeting of the Board of Governors was held in the capital Astana. Over 3,000 delegates—including top policy makers, business leaders, members of the media, academics, and representatives of

civil society organizations and development institutions—attended the event to discuss issues of global and regional importance.

## Procurement

### Share of ADB's Procurement Contracts

Each year, ADB provides loans, grants, and technical assistance to fund projects and activities in its developing member countries, and several billion dollars in contracts to procure goods, works, and consulting services. Most contracts were awarded on the basis of international competition, which is open to firms and individuals from any ADB member, regional or nonregional.

Procurement contracts for goods, works, and related services under loan and grant operations totaled \$6.59 billion in 2013 and \$8.58 billion in 2014. Cumulative procurement, as of 31 December 2014, was \$135.21 billion.

Procurement contracts for consulting services under loan, grant, and technical assistance operations totaled \$511.13 million in 2013 and \$555.30 million in 2014. Cumulative procurement, as of 31 December 2014, was \$9.98 billion.

**Table 7. Kazakhstan's Share of Procurement Contracts for Loan, Grant, and Technical Assistance Projects**

Item	2013		2014		Cumulative (as of 31 Dec 2014)	
	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total
Goods, Works, and Related Services	–	–	0.17	0.00	1,116.75	0.83
Consulting Services	5.33	1.04	0.45	0.08	9.94	0.10
<b>Total Procurement</b>	<b>5.33</b>	<b>0.08</b>	<b>0.62</b>	<b>0.01</b>	<b>1,126.69</b>	<b>0.78</b>

– = nil, 0.00 = less than 0.01%.

### Goods, Works, and Related Services

From 1 January 1966 to 31 December 2014, contractors and suppliers were involved in 194,667 contracts for goods, works, and related services under ADB loan and grant projects worth \$135.21 billion. During the same period, 283 contracts were awarded to contractors and suppliers from Kazakhstan worth \$1.12 billion.

**Table 8. Top 5 Contractors/Suppliers from Kazakhstan Involved in Goods, Works, and Related Services Contracts under ADB Loan and Grant Projects, 1 January 2010–31 December 2014**

Contractor/Supplier	Sector	Contract Amount (\$ million)
ASPMK 519 LLP	TRA	104.78
Kazakhdorstroy LLP	TRA	73.06
Akmola Kurylys Materialdary LLP	TRA	10.53
Kulager Construction Corporation LLP	TRA	4.87
Axioma Service Contract LLP	TRA	4.86
Others		0.17
<b>Total</b>		<b>198.27</b>

TRA = Transport.

## Consulting Services

From 1 January 1966 to 31 December 2014, consultants were involved in 45,584 contracts for consulting services under ADB loan, grant, and technical assistance projects worth \$9.98 billion. During the same period, 196 contracts were awarded to consultants from Kazakhstan worth \$9.94 million.

**Table 9. Top 5 Consultants from Kazakhstan Involved in Consulting Services Contracts under ADB Loan, Grant, and Technical Assistance Projects, 1 January 2010–31 December 2014**

Consultant	Sector	Contract Amount (\$ million)
Zhol-Sapa LLP	TRA	4.95
Kazakh Scientific Research & Design Institute	TRA	0.18
Ernst & Young (Kazakhstan)	FIN	0.15
Sange Research Center	PSM	0.02
Individual consultant/s		1.74
<b>Total</b>		<b>7.03</b>

FIN = Finance, PSM = Public Sector Management, TRA = Transport.

## Operational Challenges

Kazakhstan is the world's largest landlocked country, with a sparse population distributed across vast territories. The government therefore faces significant geographic anomalies in accessing global markets, and in delivering domestic public services. The national priority is for improved transport networks to help reduce freight costs into neighboring countries, and to distribute goods and services across Kazakhstan. The country requires significant investment to modernize its outmoded energy, transport, and urban infrastructure, which largely was inherited from the Soviet era, and is contributing to increasingly excessive operational outlays.

Checks and balances need to be in place to ensure that the government's development strategy for economic growth—while requiring diversification and competitiveness—is underpinned by strong governance and measures to promote environmental sustainability.

ADB will collaborate with the Government of Kazakhstan and executing and implementing agencies on project identification and approval procedures, to ensure that operational efficiencies are achieved, and best practices in ADB project compliance are maintained.

## Future Directions

Future development cooperation will be guided by the country partnership strategy, 2012–2016 for Kazakhstan. As a pathway to sustainable and inclusive growth, ADB will support the government's development strategies of accelerating diversification and increasing economic competitiveness. Under the country partnership strategy for 2012–2016, indicative public sector lending assistance to Kazakhstan is envisaged to be about \$1.6 billion. This

funding is slated for improvements in the transport, energy, and finance sectors, and for access to finance for small and medium-sized enterprises. ADB will augment this assistance

with investments through its private sector operations. Collaboration under KEEP will continue, with specific areas to be jointly identified and costs shared.

## About Kazakhstan and ADB

### ADB Membership

Joined 1994

### Shareholding and Voting Power

Number of shares held:	85,608 (0.810% of total shares)
Votes:	125,038 (0.947% of total membership, 1.454% of total regional membership)
Overall capital subscription:	\$1.24 billion
Paid-in capital subscription:	\$62.02 million

### Contributions to Special Funds Resources

Kazakhstan has contributed to the Asian Development Fund (ADF), which is ADB's window for concessional lending to its borrowing members, and to the Technical Assistance Special Fund (TASF), which provides grants to borrowing members to help prepare projects and undertake technical or policy studies.

Contributions to the ADF (committed): \$5.08 million

Contributions to the TASF (committed): \$0.41 million

**Muhammad Sami Saeed** is the Director and **Gaudencio Hernandez, Jr.** is the Alternate Director representing Kazakhstan on the ADB Board of Directors.

**Jinlin Yang** is the ADB Country Director for Kazakhstan. The Kazakhstan Resident Mission was opened in 1998, and provides the primary operational link for activities between ADB and the government, the private sector, civil society stakeholders, and development partners. The resident mission engages in policy dialogue, country partnership strategy development and programming, and portfolio management, while also acting as a knowledge base on development issues in Kazakhstan.

The Kazakhstan government agency handling ADB affairs is the Ministry of National Economy.

### About the Asian Development Bank

ADB is a multilateral development bank owned by 67 members, 48 from the region and 19 from other parts of the world. ADB's main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance (TA). In 2014, lending volume was \$12.92 billion (113 projects), with TA at \$158.88 million (256 projects) and grant-financed projects at \$405.34 million (17 projects). In addition, \$9.24 billion was generated in direct value-added cofinancing in the form of official loans and grants, other concessional financing, and commercial cofinancing such as B loans, risk transfer arrangements, guarantee cofinancing, parallel loans, parallel equity, and cofinancing for transactions under ADB's Trade Finance Program. From 1 January 2010 to 31 December 2014, ADB's annual lending volume averaged \$12.10 billion. In addition, investment grants and TA funded by ADB and special funds resources averaged \$697.97 million and \$156.69 million in TA over the same period. As of 31 December 2014, the cumulative totals excluding cofinancing were \$216.21 billion in loans for 2,729 projects in 44 countries, \$6.87 billion in 256 grants, and \$3.75 billion in TA grants, including regional TA grants.

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### Useful ADB websites

Asian Development Bank  
[www.adb.org](http://www.adb.org)

Asian Development Outlook  
[www.adb.org/publications/series/asian-development-outlook](http://www.adb.org/publications/series/asian-development-outlook)

Annual Report  
[www.adb.org/documents/series/adb-annual-reports](http://www.adb.org/documents/series/adb-annual-reports)

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