

KAZAKHSTAN'S ECONOMY: A MODEL FOR TRANSITIONAL STATES?



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Kazakhstan's Economy: A Model for Transitional States?

“From the earliest days of its independence 22 years ago, Kazakhstan has made wise decisions. From the beginning, Kazakhstan has emphasized economic reform and, as a result, is now a middle-level-income nation.”

- George A. Krol, Ambassador-Designate of the USA to the Republic of Kazakhstan,
17th July 2014

Kazakhstan: Rising Above Expectations

Kazakhstan, like other former Soviet states, experienced negative economic growth during the first half decade of independence. The transition from a Soviet command economy to a modern market economy was marked by hardship, with growing income inequalities, unemployment, hyperinflation, and deteriorating living standards.¹ In 1997, President Nursultan Nazarbayev set out a bold vision in the Kazakhstan 2030 Strategy to overcome these difficulties by emulating the growth miracles of the Asian “tiger economies”. Still, the President humbly declared: “all this is but a vision of the future, a model thereof, an ideal objective and a dream”.²

Today, it is a dream that has come true. Kazakhstan’s declared ambition to achieve high and steady growth rates, reduce poverty, attract foreign investments, transition to a modern market economy, and liberalise its trade regime has not only been fulfilled but has outstripped most expectations. Kazakhstan’s economic growth has averaged 8% since 2000 and, according to Ernst and Young and Oxford Economics’ joint report “Rapid Growth Markets”, it was the third fastest growing economy in the world between 2000 and 2010, trailing only China and Qatar.³ Per capita income has risen to \$13,000 in 2013⁴ and was anticipated to reach \$14,600 in 2014.⁵ Kazakhstan is now an upper-middle-income country, according to the World Bank, and is solidly middle-income in other rankings.⁶ Poverty rates have been cut at a spectacular pace: in 2001 47% of Kazakh citizens fell below the World Bank’s established poverty line; in 2012 the figure was just 4%. According to the IMF, rural poverty has decreased from 59% to 6% in the same time period and urban poverty rates have dropped from 36% to 2%.⁷

Kazakhstan’s development model is based on the proactive role of the government in attracting foreign capital.⁸ This model has been successful. Among the former Soviet countries, Kazakhstan has achieved the highest levels of Foreign Direct Investments (FDI) in per capita terms. Gross FDI add up to no less than \$180 billion since

¹http://www.akorda.kz/en/category/gos_programmi_razvitiya

²http://www.akorda.kz/en/category/gos_programmi_razvitiya

³ http://emergingmarkets.ey.com/wp-content/uploads/downloads/2012/05/Kz_attractiveness_final_LQ_36p.pdf, page 9, figure 1

⁴<http://www.worldbank.org/en/country/kazakhstan/overview>

⁵<http://strategy2050.kz/en/news/675/>

⁶<http://www.worldbank.org/en/country/kazakhstan/overview>

⁷<https://www.imf.org/external/pubs/ft/scr/2014/cr14243.pdf>

⁸<http://www.kazakhembus.com/document/address-by-kazakhstan-president-nursultan-nazarbayev-strategy-kazakhstan-2050>

independence, about \$10,600 per capita.⁹ Kazakhstan was the first CIS state to develop a modern market economy based on private property, free competition, and openness and is today “widely considered to be the most successful market reformer among the post-Soviet countries”.¹⁰ Lowering both tariff and non-tariff barriers, Kazakhstan has made strides over the past two decades to liberalise foreign trade.¹¹ Exports have grown rapidly and Kazakhstan’s trade surplus reached \$33.6 billion in 2013, up from \$14 billion in 2011.¹²

In 2006, Kazakhstan adopted the ambitious goal of entering the league of the world’s 50 most competitive countries.¹³ In 2013, it met this goal, becoming the 50th most competitive economy globally in the World Economic Forum’s Global Competitiveness Report, just behind Italy. Kazakhstan has maintained this position in 2014.¹⁴ A few years ago, President Nazarbayev set another goal; for Kazakhstan to become one of the 50 largest economies worldwide. By 2013, this goal had been attained as Kazakhstan was ranked 40th by the World Bank, the largest CIS economy after Russia and Ukraine and shortly behind Sweden and Singapore.¹⁵

From having been a recipient of development aid, Kazakhstan in 2010 became a donor in the World Bank’s International Development Association,¹⁶ which is a fund for the world’s poorest. Likewise, after 20 years of drawing loans, Kazakhstan became an Asian Development Bank donor in 2013, which the ADB considered “ground-breaking” and a “model for other higher-middle-income countries”.¹⁷

Kazakhstan’s “success story” – to use the phrasing of the IMF – is remarkable in view of its economic preconditions.¹⁸ Of all land-locked countries in the world, Kazakhstan is furthest from the sea (3,750 kilometres), which adds a “distance tariff” to Kazakh products, and it started building a market economy from scratch only two decades ago.¹⁹ With this starting point in mind, Kazakhstan’s success has not come easily but is the result of major structural reforms and disciplined economic management.

Structural Reforms and Disciplined Economic Management

From the introduction of a national currency, the tenge, in 1993 Kazakhstan has accomplished major structural reform: A National Fund was established in 2000 to responsibly manage the country’s oil and other mineral wealth; a state holding company “Samruk” was created in 2006 to improve asset management of the country’s largest corporations; another fund “Kazyna” was set up the same year to increase investment and innovation in the non-oil economic sectors; a State Program

⁹<http://www.imf.org/external/pubs/ft/scr/2011/cr11151.pdf> and

http://www.kazakhembus.com/in_the_news/kazakhstan-has-received-180-billion-in-fdi-since-independence

¹⁰<http://www.astanatimes.com/2014/10/kazakhstans-market-economy-key-milestones-achievements/>

¹¹<https://www.imf.org/external/pubs/ft/scr/2011/cr11151.pdf>

¹²<http://www.interfax.com/newsinf.asp?id=480462>

¹³http://www.akorda.kz/en/page/page_address-of-the-president-of-the-republic-of-kazakhstan-nursultan-nazarbayev-to-the-people-of-kazakhstan-march-1-2006_1343986805

¹⁴http://www3.weforum.org/docs/GCR2014-15/GCR_Rankings_2014-2015.pdf

¹⁵http://data.worldbank.org/indicator/NY.GDP.MKTP.PP.CD/countries/order%3Dwbapi_data_value_2013%20wba

[pi_data_value%20wbapi_data_value-last?order=wbapi_data_value_2013%20wbapi_data_value%20wbapi_data_value-last&sort=desc&display=default](http://data.worldbank.org/indicator/NY.GDP.MKTP.PP.CD/countries/order%3Dwbapi_data_value_2013%20wba_pi_data_value%20wbapi_data_value-last?order=wbapi_data_value_2013%20wbapi_data_value%20wbapi_data_value-last&sort=desc&display=default)

¹⁶<http://www.kazakhembus.com/page/kazakhstan-a-general-background>

¹⁷<http://www.reuters.com/article/2014/05/04/kazakhstan-ADB-agreement-idUSL6N0NQ8220140504>

¹⁸<https://www.imf.org/external/np/vc/2006/122906.htm>

¹⁹<http://unohrlls.org/about-ldcs/>

of Accelerated Industrial-Innovative Development program adopted in 2010 to diversify Kazakhstan's economy; and a Strategic Development Plan till 2020 has been approved promoting similar objectives.²⁰

Large sectors of the economy have been privatised. Kazakhstan's privatisation drive was initially painful since it removed the social benefits that Soviet citizens were accustomed to.²¹ However, it was a necessary step to set in place a more efficient market economy which now has brought tangible material benefits to all of Kazakhstan's population.

Kazakhstan has undergone at least two defined waves of privatisations over the past two decades.²² Between 1991 and 2001, 71% of state-owned enterprises were privatised and this process reached its apex in 1997.²³ A second wave has now begun after which privatisation will be nearly complete. For example, a plan has been adopted to privatise 106 companies of the Samruk-Kazyna Sovereign Wealth Fund between 2014 and 2016.²⁴ In 2012, the government adopted a "People's IPO" program to partially privatise some state-owned enterprises, offering minority stakes to the public.²⁵ In total, seven hundred companies will be privatised in the near future, including in traditionally state-owned sectors such as healthcare, education, and water supply.²⁶

Kazakhstan's economic success builds on disciplined economic management. In 2000, Kazakhstan was the first former Soviet state to repay all of its debt to the IMF, fully seven years ahead of schedule. In 2002, Kazakhstan became the first former Soviet country to receive an investment-grade credit rating. Kazakhstan's level of public debt, standing at 10% in 2011, is "one of the lowest in the world" according to the World Bank, while total foreign exchange reserves "are well above" the IMF's recommended minimal reserves.²⁷

As noted in 2011 by the World Bank Managing Director, Ms. Ngozi Okonjo-Iweala: "Over the past decade, Kazakhstan's strong economic growth was supported by substantial oil and other natural resources endowments as well as responsible macroeconomic policies."²⁸ Remarkably, the World Bank's 2013–2014 Global Competitiveness Report ranks Kazakhstan 23rd in the world in the category of macroeconomic stability.²⁹ Kazakhstan has lately also "taken more aggressive steps" to reduce the stock of non-performing loans.³⁰ Kazakhstan's wise management of its oil and natural gas wealth, as will be explored below, serves as another index to the responsible economic policies of the Kazakh leadership.

²⁰<http://www.invest.gov.kz/?option=content§ion=1&itemid=74>

²¹http://www.akorda.kz/en/category/gos_programmi_razvitiya

²²<https://www.imf.org/external/pubs/ft/scr/2014/cr14243.pdf>

²³<http://www.microcapital.org/microcapital-brief-kazagro-national-management-holding-of-kazakhstan-privatizing-48-subsidiaries-mostly-microfinance-institutions-mfis/>

²⁴<http://azh.kz/en/news/view/3731>

²⁵<http://www.adb.org/publications/innovative-asia-advancing-knowledge-based-economy>

²⁶<http://en.tengrinews.kz/finance/Kazakhstans-President-inviting-foreign-investors-to-participate-in-privatization-254136/>

²⁷<https://www.imf.org/external/pubs/ft/scr/2014/cr14243.pdf>

²⁸<http://www.worldbank.org/en/news/press-release/2011/06/03/world-bank-managing-director-visits-kazakhstan-underlines-continued-strong-cooperation-country>

²⁹http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2013-14.pdf

³⁰<https://www.imf.org/external/np/sec/pr/2014/pr14385.htm>

Managing Oil and Natural Resource Wealth

Kazakhstan's oil and natural resource wealth is of global significance and has been recognised as such. Kazakhstan possesses the world's ninth largest proven reserves of oil and is the 17th largest oil producer worldwide.³¹ The share of oil and gas in Kazakhstan's GDP has grown steadily – from 3.7% in 1997 to 25.8% in 2011.³² Kazakhstan is also rich in iron, zinc, copper, and chrome and is the world's leading producer of uranium. Total revenues from oil, gas, and mining in 2011 amounted to \$28 billion, or \$1,700 per capita.³³

Since independence, oil output has grown three-fold and natural gas output five-fold³⁴ and oil production is expected to double when the giant Kashagan field in the Caspian Sea becomes fully operational.³⁵ The EIA's *International Energy Outlook* projects that Kazakhstan - next to Brazil, Canada, and the USA - will be the most important non-OPEC contributors to oil production growth up to 2040. Taken together, these four countries will account for 87% of the total increase in non-OPEC oil supply.³⁶

To ensure that oil wealth is equitably distributed across generations, Kazakhstan has set aside a sizeable share of its oil revenues in a National Fund.³⁷ The National Fund of the Republic of Kazakhstan is presently worth \$73,5 billion³⁸ and Kazakhstan has "shown discipline in adhering to the set targets for transfers from the NFRK, which is not allowed to fall below 20% of GDP."³⁹ In the words of the IMF, "Kazakhstan's oil wealth has been prudently managed and has brought significant improvements in economic development and the wellbeing of the population".⁴⁰

At the same time, Kazakhstan is keenly aware that resource wealth could be a curse rather than a blessing. The "resource curse" - resource rich countries often tend to have worse development outcomes than countries with fewer natural resources - looms as a real danger unless the country succeeds in diversifying its economy and invests in human capital more than it does now.

Preventing the Resource Curse

While GDP growth has been fuelled by resource wealth, Kazakhstan has taken proactive steps to diversify its economy since independence. Kazakhstan's development strategy focuses on a shift towards growth from non-oil sources based on diversification, innovation, investment in human capital and infrastructure, international trade integration, and a business-enabling environment.⁴¹

³¹<http://www.kazakhembus.com/page/economy>

³²<http://www.kazakhembus.com/document/address-by-kazakhstan-president-nursultan-nazarbayev-strategy-kazakhstan-2050>

³³<https://eiti.org/news/oil-and-gas-revenues-steadily-increasing-kazakhstan>

³⁴<http://www.kazakhembus.com/document/address-by-kazakhstan-president-nursultan-nazarbayev-strategy-kazakhstan-2050>

³⁵<http://www.kazakhembus.com/page/economy>

³⁶[http://www.eia.gov/forecasts/ieo/pdf/0484\(2013\).pdf](http://www.eia.gov/forecasts/ieo/pdf/0484(2013).pdf)

³⁷<https://www.imf.org/external/pubs/ft/scr/2011/cr11151.pdf>

³⁸<http://nationalbank.kz/?docid=285&switch=russian>

³⁹<https://www.imf.org/external/pubs/ft/scr/2011/cr11151.pdf>

⁴⁰<https://www.imf.org/external/pubs/ft/scr/2011/cr11151.pdf>

⁴¹<http://www.kazakhembus.com/page/kazakhstan-a-general-background>

To prevent the “resource curse”, Kazakhstan has carried out an accelerated industrialisation program since 2010, involving 397 investment projects worth 1.797 billion tenge (almost \$10 billion at the current exchange rate).⁴² Between 2010 and 2012 Kazakhstan built approximately 400 new factories and formed sixty new enterprises.⁴³ In 2003 a National Innovation Fund was created to promote innovation-related activities, including assistance to technology-intensive enterprises. Results have been seen as the number of enterprises with product and process innovations nearly tripled from 2010 to 2012.⁴⁴

The development plan stretching to 2020 seeks to increase the share of manufacturing in GDP and improve productivity in agriculture. Efforts will also be undertaken to improve the business environment, modernise state enterprises, create new export-oriented sectors, and provide support to key industries such as telecommunications and transport.⁴⁵

Recognising that fossil fuels are finite, Kazakhstan has invested in human capital and a knowledge-based economy.⁴⁶ A world-class university recently opened in Astana and efforts to make secondary education free and compulsory have been highly successful. Kazakhstan’s rate of literacy, at 99%, is unusually high and the country has achieved near universal primary education.⁴⁷ In 2009 Kazakhstan ranked first in UNESCO’s “Education for All Development Index” – ahead of United Kingdom, Japan, and Switzerland in that order - with particularly high remarks for its “full gender parity”.⁴⁸ Average years of schooling among Kazakhstan’s youth today exceed even that of Singapore.⁴⁹

Investments into IT and connectivity in general is equally impressive. Kazakhstan ranked 43rd in the world in the World Economic Forum’s “Global Information Technology Report” for 2013, ahead of all Asian developing countries except Malaysia.⁵⁰ Technology and industrial parks are being created in several Kazakh cities along with Special Economic Zones and zones of high technology – all of which form part of “a layered national innovation system”.⁵¹

Kazakhstan’s Open Economy

The open economy of Kazakhstan has been critical for economic growth. Kazakhstan’s foreign trade has grown by a factor of 12 since independence,⁵² which in IMF assessments is the result of extensive trade liberalisation, with the “index of trade freedom having increased significantly”.⁵³ Russia and the EU, along with China,

⁴²<http://www.kazakhembus.com/document/address-by-kazakhstan-president-nursultan-nazarbayev-strategy-kazakhstan-2050>

⁴³<http://www.kazakhembus.com/page/economy>

⁴⁴<http://www.adb.org/publications/innovative-asia-advancing-knowledge-based-economy>

⁴⁵http://www.akorda.kz/en/category/gos_programmi_razvitiya

⁴⁶<http://bnews.kz/en/news/post/172159/>

⁴⁷[http://www.europarl.europa.eu/RegData/etudes/briefing_note/join/2013/522303/EXPO-INTA_SP\(2013\)522303_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/briefing_note/join/2013/522303/EXPO-INTA_SP(2013)522303_EN.pdf)

⁴⁸http://www.unesco.org/new/fileadmin/MULTIMEDIA/HQ/ED/GMR/images/Index_Tables_2011.pdf

⁴⁹<http://www.adb.org/publications/innovative-asia-advancing-knowledge-based-economy>

⁵⁰<http://www.adb.org/publications/innovative-asia-advancing-knowledge-based-economy>

⁵¹<http://www.astanatimes.com/2013/07/successful-implementation-of-kazakhstan-2050-to-improve-technology-economy-and-lives-of-citizens/>

⁵²<http://www.kazakhembus.com/document/address-by-kazakhstan-president-nursultan-nazarbayev-strategy-kazakhstan-2050>

⁵³<https://www.imf.org/external/pubs/ft/scr/2011/cr11151.pdf>

are Kazakhstan's most important trading partners, even if geographical patterns of trade have changed over time. Trade with China has grown exponentially over the past 15 years but EU countries occupy an increasing share, particularly Italy and the Netherlands.⁵⁴

Kazakhstan is now in the final stage of negotiations over accession to the World Trade Organisation (WTO) and is a member of the Customs Union, which became the Eurasian Economic Union in January 2015.⁵⁵ To reduce fluctuations in Kazakhstan's terms of trade and shield the Kazakh economy from other external shocks, Kazakh authorities in September 2013 moved from an exchange rate pegged to the dollar to one based on a basket of currencies: the dollar, euro, and ruble.⁵⁶

Vast flows of foreign investments have been streaming into Kazakhstan, reaching nearly \$29 billion in 2012 and more than \$24 billion in 2013.⁵⁷ In 2013 Kazakhstan ranked 49th of 185 countries in the World Bank's "Doing Business Index", an improvement of 10 places from 2011.⁵⁸ Kazakhstan scores particularly well on registering property and on the ease of starting a business.⁵⁹ A modern taxation system has been established with a low corporate income tax rate between 10% and 20%, which has attracted foreign investors.⁶⁰ Around 15,000 companies with foreign capital are registered in Kazakhstan, including 270 Fortune-500 companies such as Chevron, Siemens, Microsoft, General Electric, Coca-Cola, Danone, Henkel and many others.⁶¹

To facilitate foreign investments and promote a dialogue between the government and foreign investors, in 1998 the President set up a Foreign Investors' Council. Addressing "key issues related to foreign investments", this advisory body has bolstered investor confidence and investments. For similar reasons, an Investment Ombudsman has been established under the office of the Deputy Prime Minister (later Minister for Investments and Development).⁶²

Foreign and domestic investors demand a well-functioning infrastructure. Kazakhstan is presently served by twenty airports, two ports in Aktau and Atyrau, and four North-South international transportation corridors.⁶³ Kazakhstan has embarked on a major infrastructural modernisation effort over the past few years, including refurbishment of highways and railroads, pipelines, logistics centres, terminals, airports, train stations, and ports. Since 2000, 1.263 billion tenge have been invested in highway development and 48,000 kilometres of highways and 1,100 kilometres of railways have been built or reconstructed.⁶⁴ In the development plan stretching to 2020, \$60 billion is budgeted to overhaul the country's existing transport infrastructure.⁶⁵ As a

⁵⁴<https://www.imf.org/external/pubs/ft/scr/2011/cr11151.pdf>

⁵⁵<http://www.astanatimes.com/2014/10/kazakh-negotiations-join-wto-going-well-conclude-years-end-says-official/>

⁵⁶<http://www.hks.harvard.edu/fs/jfrankel/KazakhExRate-Mon2013Dec.docx>

⁵⁷<http://www.invest.gov.kz/?option=content§ion=4&itemid=75>

⁵⁸<http://www.doingbusiness.org/rankings>

⁵⁹<https://www.imf.org/external/pubs/ft/scr/2011/cr11151.pdf>

⁶⁰<http://www.invest.gov.kz/?option=content§ion=5&itemid=247>

⁶¹http://www.fic.kz/uploads/file/documents/Success_stories.pdf

⁶²<http://www.kazakhembus.com/page/investment-policy>

⁶³<http://www.invest.gov.kz/?option=content§ion=1&itemid=157>

⁶⁴<http://www.kazakhembus.com/document/address-by-kazakhstan-president-nursultan-nazarbayev-strategy-kazakhstan-2050>

⁶⁵<http://globalriskinsights.com/2013/12/kazakhstan-aims-for-larger-share-of-china-europe-transit-trade/>

result, Kazakhstan's capacity of transit is forecast to double by 2020 and increase ten-fold by 2050.⁶⁶

No less significant is the Nurlı Zhol (Bright Path) new economic policy unveiled by President Nazarbayev in November 2014⁶⁷. Its focus is on the development of transport, energy and housing infrastructure, and up to \$3 billion will be taken from the National Fund annually during 2015-2017 to invest in this massive infrastructure development as Kazakhstan pursues what its government calls a "counter-cyclical economic policy" to shield the economy from the adverse effects of regional economic woes and decreasing oil prices.

These investments form part of an ambition to capture a larger share of the trade between China and Europe. The Western Europe-Western China transportation corridor, which passes through Kazakhstan, promises to cut transport time and freight costs between China and Europe in half as compared to sea-borne trade.⁶⁸ The aspiration is to make Kazakhstan "land-linked" rather than land-locked and transform the country's land-locked geography into an asset.⁶⁹ Kazakhstan has also opened access to the Gulf and Middle East countries by building the new Caspian railway line from Uzen to Turkmenistan's border which leads further to Turkmenistan's border with Iran.⁷⁰ Meanwhile, gas and oil pipelines have been built extending in all directions, including China.

Equality and Human Development

The Kazakhstan 2030 Strategy pledged to reduce income inequality and Kazakhstan has succeeded in this effort. Growth rates for groups in the middle and lower parts of the income distribution have been higher than rates for those in the upper part, which have reduced the income gap "between the poor and the rich".⁷¹ From 2006 to 2010, the average consumption growth per capita for all households was 5% while the equivalent figure for the bottom 40% of households was 6%.⁷² Kazakh authorities have also strengthened the social orientation of the national budget, focusing on access to education and health for low-income families.⁷³

Unemployment has been cut by more than half, from around 11% in the early 2000s to 5.2% in 2013.⁷⁴ This is all the more impressive considering that the capital intensive oil sector is not a main source of employment.⁷⁵ Kazakhstan's high female labour force participation, standing at 67.5%, is particularly noteworthy. This is, according to the IMF, "higher than emerging market countries" and exceeded only by the Netherlands and Iceland in the world's 50 most developed economies.⁷⁶ High

⁶⁶<http://www.kazakhembus.com/document/address-by-kazakhstan-president-nursultan-nazarbayev-strategy-kazakhstan-2050>

⁶⁷ http://akorda.kz/en/page/page_218343_#page

⁶⁸ <http://www.kazakhembus.com/document/address-by-kazakhstan-president-nursultan-nazarbayev-strategy-kazakhstan-2050>

⁶⁹ http://www.kazakhembus.com/in_the_news/minister-idrissov-attends-the-69th-session-of-the-un-general-assembly

⁷⁰ <http://www.kazakhembus.com/document/address-by-kazakhstan-president-nursultan-nazarbayev-strategy-kazakhstan-2050>

⁷¹ <https://www.imf.org/external/pubs/ft/scr/2014/cr14243.pdf>

⁷² <http://www.worldbank.org/en/country/kazakhstan/overview>

⁷³ <https://www.imf.org/external/pubs/ft/scr/2014/cr14243.pdf>

⁷⁴ <https://www.imf.org/external/pubs/ft/scr/2014/cr14243.pdf>

⁷⁵ <https://www.imf.org/external/pubs/ft/scr/2011/cr11151.pdf>

⁷⁶ <http://hdr.undp.org/en/data>

female labour force participation has “contributed positively to increasing output growth and reducing income inequality”, given women better opportunities to earn, and helped keep Kazakhstan’s unemployment rate low.⁷⁷ Moreover, to boost youth employment, Kazakh authorities have overhauled a college internship program and introduced a job placement program, both of which will help youth become more competitive on the labour market.⁷⁸

Kazakhstan has already reached three of the eight Millennium Development Goals and has adopted an MDG+ agenda with more ambitious goals. In 2013, Kazakhstan was ranked 70th out of 187 countries in the UN Human Development Index, just behind Turkey, and at 61st place in the inequality-adjusted HDI.⁷⁹ In the UN’s gender equality index Kazakhstan ranks 59th, having gained more than 30% in rankings over the past decade and it tops the league in female secondary education.⁸⁰

A Model for Transitional States?

Kazakhstan’s development strategy – involving a high level of foreign investments, economic diversification, responsible macro-economic policies, and openness to international trade, investment in human capital, gender equality, privatisation, and reduction of income inequalities - could serve as a model for other states in transition. Kazakhstan has been blessed with immense natural resources but these alone do not explain its positive trajectory as recognised by the IMF, the World Bank and others.

Kazakhstan set a strategy upon independence, involving all of the components of economic reform above, and has stayed its course. As noted by former Secretary of State Hillary Clinton: “Kazakhstan has made remarkable progress in the economic sphere. I think that Kazakhstan has set goals for itself and has been meeting those goals”.⁸¹ Such promises have been supplemented with political stability, societal harmony and tolerance, and an outward looking foreign policy, which individually and together have favoured economic growth.

The odds were stacked against Kazakhstan upon independence. Defying the sceptic prognoses of observers in the 1990s, Kazakhstan successfully overcame these difficulties. In December 2012, a newly adopted Strategy Kazakhstan 2050 set a new, ambitious target to become one of the top 30 most developed nations.⁸² To reach this goal, Kazakhstan must further diversify its economy and develop infrastructure, make additional investments into human capital, and follow through on the present privatisation wave. Kazakhstan’s past record, along with recent initiatives suggest it is well on its way to achieving this.

⁷⁷ <https://www.imf.org/external/pubs/ft/scr/2014/cr14243.pdf>

⁷⁸ <https://www.imf.org/external/pubs/ft/scr/2014/cr14243.pdf>

⁷⁹ <http://hdr.undp.org/en/data>

⁸⁰ <http://hdr.undp.org/en/data>

⁸¹ <http://secretaryclinton.wordpress.com/2010/12/01/sos-hillary-clinton-town-hall-in-kazakhstan/>

⁸² http://www.akorda.kz/en/page/page_address-by-the-president-of-the-republic-of-kazakhstan-leader-of-the-nation-n-nazarbayev-“strategy-kazakhstan-2050”-new-political-course-of-the-established-state”_1357813742

ABOUT

Kazakhstan's Bid to Secure a Non-Permanent Seat on the United Nations Security Council for 2017/18

www.kazakhstanunsc.com

In September 2013, Kazakhstan announced its bid to secure a seat as a non-permanent member of the United Nations Security Council in the years 2017/18.

As a regional leader and global partner in matters of energy security, and a valuable contributor to international peacekeeping missions, Kazakhstan wishes to bring its unique experience and expertise to bear on some of the pressing challenges currently facing the UNSC.

Its bid is based on four central pillars: [food security](#), [water security](#), [energy security](#) and [nuclear security](#).

KazakhstanUNSC.com, its publications, and its occasional newsletters and bulletins aim to set out, in clear and concise terms, the main policy priorities of Kazakhstan's UNSC bid. The multilingual website also supplies details of political, economic and social developments inside Kazakhstan and about its international foreign policy initiatives.

Kazakhstan has the experience, political will and resources to make a valuable contribution to the global challenges faced by the UNSC. It is fully engaged in its commitment to assume such responsibilities on the Security Council.

Home to over 130 different ethnic groups, Kazakhstan is nothing less than a microcosm of the United Nations. In the spirit of a committed and principled partner in the family of nations, the Republic of Kazakhstan has announced its bid to become a non-permanent member of the UN Security Council in the years 2017/18.

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