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**THE INTERNATIONAL FINANCIAL INSTITUTIONS' ROLE IN
SUPPORTING KAZAKH DEVELOPMENT**
Case study: the Asian Development Bank in Kazakhstan

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ABSTRACT

Until recently Kazakhstan experienced a rapid economic development mainly thanks to its richness in natural resources; the country could therefore reach a status that allowed it to play a significant role even on the global scene as a regional leader.

Kazakhstan stands out from the other Central Asian countries, as two of them, Tajikistan and Kyrgyzstan, are poor in natural resources and small in size, while the other two, Uzbekistan and Turkmenistan, although rich in resources, chose a pattern of self-isolation which is now changing only for Uzbekistan. Besides, some of these countries experienced deep and sometimes violent internal political or ethnical struggle, something that Kazakhstan was able to avoid notwithstanding its complex internal composition.

From the economic point of view Kazakhstan is by far the richest country in the Region, from the political one it's the most active on the world scene as it was capable of establishing strong and solid relations not only with its two big neighbors, China and Russia, but also with the West, Turkey, Iran, Japan and the Gulf countries. In this regard Kazakhstan's successful bid to a non permanent seat in the UN Security Council for the years 2017-18 marked a major victory for its diplomacy and can be considered a confirmation of its highly profiled international status.

Since independence Kazakh natural resources attracted the interest of big Western players in the oil sector (the Italian ENI being one of the most active, both in the Kashagan and Karachaganak giant oil fields), and currently thanks to its membership into the Eurasian Economic Union - established in 2015 with Russia, Belarus and Armenia - it can be of potential interest to investors also in other sectors as a production location from which a market of more than 200 millions consumers can be reached. Furthermore the One Belt One Road (OBOR) project, promoted by China, could turn Kazakhstan and the whole landlocked Central Asian Region from a geographically marginal area to an important transit hub in the new land corridors connecting China and Europe.

On the negative side, Kazakhstan faces the risk of the so-called Dutch Disease, which occurs when richness in natural resources hinders the development of a sound industrial economy (or provokes the deindustrialization of an industrialized country). The country had an astonishing rapid GDP's growth until 2014, but this progress was mainly due to the high course of the oil prices. As soon as the oil prices started collapsing at the end of 2014 the GDP's growth slowed down until a mere 1% in 2016. And while in the year 2000 oil accounted for half of the total exports, since 2010 its share has increased to more than 60%. It means that in the 25 years since independence the country has not been able to significantly diversify its economic basis, confirming its high vulnerability to external events which, such as oil quotations, it can not control or influence.. Although the economic diversification has been a constant priority for the Kazakh authorities and was at the top of all the long-term strategies adopted in recent years (starting with the "forced industrialization" programs), the results are still below expectations. In 2017, with the oil prices stabilized

around 60 dollars per barrel, the growth increased again at around 4% and forecasts for 2018 are around 3,7%, a positive recovery although not strong enough to sustain the ambitious path of development.

The dissertation focuses on the role of the International Financial Institutions (IFIs) in supporting Kazakh authorities facing the main challenges to its social-economic development, and in achieving the implementation of the main long-term policies such as Strategy 2050, which sets the ambitious goal of joining the group of the 30 leading economies of the world. In particular the activity of the Asian Development Bank will be considered being ADB one of the most important lender to Kazakhstan with a very active role in crucial sectors such as infrastructures, water management, SMEs' support, agriculture and Sustainable Development.

In the dissertation we will consider if and how strongly the role of the main IFIs, particularly of ADB, is instrumental in achieving Kazakhstan's economic diversification's strategy, taking into account the existing wide debate on the real impact of their intervention in the recipient country and of the many polemics surrounding their governance and cost-benefit effectiveness.

The reason why I opted for this topic is my deep interest for a country which reached the status of regional leader but remains little known in Italy and where I had the possibility to travel frequently, included during the International EXPO held in Astana from June to September 2017, to which Italy participated with one of the biggest pavilion.

In order to collect relevant information I consulted numerous sources in English and some others in Russian. I also made use of information gathered during my internship (February/March 2018) at the Asian Development Bank branch in Astana.

I really wish that my brief dissertation can offer an even small contribution to increase the curiosity towards a country and a region, Central Asia, which is of growing importance for the balance of power in Eurasia and therefore for Europe and Italy and where important new political dynamics are taking place.

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ABBREVIATIONS

ADB	Asian Development Bank
EBRD	European Bank for Reconstruction and Development
IFIs	International Financial Institutions
IMF	International Monetary Fund
ILO	International Labour Organization
MFI	Multilateral Financial Institutions
MoU	Memorandum of Understanding
NGO	Non-governmental organization
NIF	National Innovation Fund of Kazakhstan
OECD	Organization for Economic Co-operation and Development
OSCE	Organization for Security and Cooperation in Europe
P4SD	Partnership for Sustainable Development
PPP	Public-private partnership
UNDP	United Nations Development Program
UNEP	United Nations Environment Program
WB	World Bank
WTO	World Trade Organization

INTRODUCTION

The goal of the dissertation is to present some aspects of the development policy of a country which longtime was badly known to the broad European public and that only recently gained more popularity thanks to events such as the International EXPO “Energy for the Future” held in Astana last year or the Chinese project “One Belt One Road” which gives to Kazakhstan and to the whole Central Asian Region an essential role as a hub in the foreseen network of land corridors between China and Europe, the so-called New Silk Way.

Independent since 1991, Kazakhstan started its autonomous life under very harsh conditions due to the collapse of the economic links between the ex soviet Republics (i.e. common electric grids, water resources’ sharing mechanisms, transportation lines, interregional trade and so on), to the departure of a great part of the Russian community which until then had run the public administration, the Universities, the scientific activities, and due to the limited amount of local qualified manpower available. Furthermore the network of infrastructures was extremely poor, as the only good external land connections were towards Russia and Moscow while practically nothing existed towards the East (China) and the South. The first years since independence were therefore extremely difficult, with a dramatic drop in GDP and a deep social crisis. Thanks to important foreign investments in the oil sector and the consequent rapid growth of oil and gas production and exportation, the country started a quick recovery and at the same time became strong enough to adopt a more balanced foreign policy, in particular opening to the West in order to alleviate its dependence from Russia.

High revenues from oil exports allowed important interventions in terms of infrastructure, social needs and modernization. Specifically many resources were devoted to the education field, with the goal from one side to balance the strong Russian heritage with a better knowledge of the local language and culture, and from the other to better connect to global instances through the massive introduction of English. A trilingual regime (Kazakh, Russian and English) was gradually introduced in schools and Universities and from 2016 it became compulsory at national level, while a specific network of highly specialized schools, the so-called “Nazarbayev intellectual schools”, was established where some courses are held in English.

Furthermore the Bolashak (“future”) State program of scholarships allowed many young Kazakhs to study in the best foreign Universities - mainly in the US and UK - at the condition that once graduated they would work in Kazakhstan for at least five years. Around 10.000 students benefitted from the program which until 2015 covered the costs for an entire University period and was then reduced to the master period.

A third major program in the educational field was the establishment in 2012 of the Nazarbayev University in Astana, where the whole teaching is held in English, the majority of professors are recruited abroad and whose President is a former World Bank’s high official from Japan. The aim is to shape and train

the future administrative elite and the institution to be included in the network of the best Universities worldwide.

During the last fifty years International Financial Institutions have played an important role in shaping policies adopted by Kazakhstan as well as in many other countries in the Asia-Pacific region. We are talking about economic, social, financial and also environmental policies.

The IFIs that we consider in this dissertation all claim to be committed to reducing poverty, supporting economic growth and sustaining sustainable growth. The IFIs are the main source of development finance in the world since they provide loans, grants, technical assistance and advisory services for development projects. Their involvement in a country's development doesn't just consist in financing but some argue that they could also reshape national structures where these are not strong enough. Their approach to development is shaped on the neoliberal ideology and on the belief that rapid economic growth is the best way to development, and that free markets represent the most efficient allocators of opportunities. And, although IFIs play a prominent role in our globalized world, their existence is criticized by some civil society organizations and policy makers in developing countries as they consider IFIs to be above the law and indeed their responsibility represents for them an issue.

In order to see if and how strongly the role of the main IFIs, particularly of ADB, is instrumental in achieving Kazakhstan's economic diversification's strategy we will proceed through three major steps.

In the first chapter a general overview on the activity of the International Financial Institutions' (IFIs) in Kazakhstan will be presented together with a brief presentation of the economy of the country. The second chapter will introduce Kazakhstan's geopolitical and international role, with reference also to the international organizations it joined and to its bilateral relations with the main partners. The third one is devoted to a detailed case study concerning the role of the Asian Development Bank in the country.

As a general remark I would like to quote the frequent statements of President Nazarbayev (i.e. in the Address to the Nation in January 2017) concerning the risks and challenges faced by Kazakhstan in a highly volatile and unstable international environment, a situation which calls for speeding up the process of economic and social reforms; in his words an economically strong and viable country is important not only for social reasons but also as a means of survival among tensions between Russia and the West, the instability spreading from Afghanistan and the Middle East and the threat of international terrorism. In that framework the President himself plays a direct role in getting the support of the main IFIs, as confirmed recently by his meeting with the President of the EBRD (Astana, June 6th).

2. IFIs' TASKS AND TOOLS

IFIs¹ are entities established by more than one country and whose shareholders are mainly national Governments although also international organizations can occasionally be present as shareholders. The largest in terms of assets is currently the European Investment Bank, which is comparable in size to the two components of the World Bank (IBRD and IDA). IFIs are tasked to provide financial support and professional advice for economic and social development activities in developing or emerging economies, and, on a general basis, they promote international economic cooperation and stability through interaction also with developed countries.

IFIs can play a major role in the social development of beneficiary countries in a way that sometimes could be considered too pervasive by the recipient Authorities. That was the case for example with Uzbekistan, which under the previous President frequently accused EBRD of interference in internal affairs until the Bank decided to close its office in Tashkent in 2007 due to the poor record of the country in the human rights field (the office reopened recently under the new President).

The whole system, longtime dominated by the West, is now under a deep change following the massive entry on the scene of China as a donor country. Not only did Pekin join the EBRD, but in 2014 it founded its own Asian Infrastructure Investment Bank/AIIF, as a financial institution mandated to support through credits the building of infrastructure in the Asia-Pacific Region. At the beginning considered with some suspicion from the West as a potential alternative to the IMF and the WB, the AIIF currently regroups 64 countries – including some Western – and has a capital of 100 billions USD.

All the IFIs operate on the basis of some common practices. In particular they elaborate Country Strategies documents in order to fix, in coordination with the interested country, the main medium and long-term priorities. Country strategies documents are based on the countries' vision for their long-term development. Their redaction begins by analyzing the causes of poverty within the population and identifying key areas where the IFI's intervention can reduce it more effectively. Discussions with stakeholders involve government authorities, representatives of civil society, non-government organizations, development agencies and the private sector. A real inclusiveness of the analysis process constitutes a new priority in IFIs activity, longtime accused of "imposing" their roadmaps with little consideration for the peculiarities of each country and sometimes even arms-twisting local Authorities in accepting their recommendations.

IFIs share many goals and practices. To reduce global poverty and improve people's living conditions and standards they support sustainable economic, social and institutional development, promote regional

¹ *In this dissertation we talk indifferently of IFIs and MFIs, being MFIs a category of IFIs

cooperation and, when the general conditions allow, also regional integration. They establish offices in the concerned country, usually in the Capital but sometimes with branches in the main areas; a ‘country manager’ is tasked to run the office, keep daily relations with local Authorities and counterparts, analyze the socio-economic development, recruit local and foreign staff, supervise the implementation of assistance programs which are usually carried out by a third party following a public tender.

The main tools at disposal of the IFIs are loans, credits and grants. The beneficiaries are usually Governments and State Agencies, but there’s a growing tendency towards direct lending to non-sovereign guaranteed (NSG) actors, like sub-national governmental entities, as well as the private sector. The loans are usually long-term ones (up to 20 years). To obtain the necessary financial resources IFIs borrow on the international capital markets and re-lend to governments. The credits are on a very long-term basis (maturity of 30 to 40 years) at interest rates below market rates. Grants are usually given to finance technical assistance, advisory services or project preparation.

Some IFIs (ie the EBRD) can also directly invest in private enterprises, usually together with commercial partners; in this case their involvement in the economic reforms of a country becomes more pervasive and they are directly interested in items such as the banking system reform, liberalization of prices, the privatization processes, the creation of a sound legal frameworks for property right.

In terms of remarks about IFIs activities, one the main issue, as I could verify during my internship in Astana, is how to better coordinate among themselves in order to avoid duplications and overlappings. Big efforts are made to keep a regular contact in order to have an horizontal approach and the UNDP can play an important role in this context. The alternative would be the local Government to decide on the division of labour, but some observers oppose that this could lead to a centralized approach which is potentially contrary to the assistance goal.

In my opinion the pattern recently chosen in Kazakhstan is a proper and functional solution. In particular in order to improve agency coordination on implementing infrastructure and government programs, Kazakhstan signed in 2014 a “partnership framework agreement” (PFA) with five international financial institutions (ADB, EBRD, the European Investment Bank, the Islamic Development Bank and the World Bank) establishing a coordinating council chaired by the Prime Minister, which approves investment projects previously discussed at the sector level in separate working groups. This approach fosters inclusiveness of local authorities and permanent exchange of information; at the same time it reinforces IFIs’ credibility towards the Government and avoids it to put them in competition negotiating on a bilateral basis.

According to their membership, origin or range of activity IFIs can be classified as follows:

- a) Multilateral development banks (MDBs): these are institutions created by a broad group of countries, with a large membership. The main are the World Bank, IFAD, EIB, ADB, EBRD.
- b) Multilateral financial institutions (MFIs): they have a more limited membership and are usually focused on financing specific projects. The main example is the EU Commission

- c) Bretton Woods Institutions: institutions established at the end of the II World War in order to relaunch a striving economic life taking into consideration the mistakes that created the conditions which finally led to the war. The group includes the WB, IMF, IFC/International Finance Corporation.
- d) Regional development bank, like the ADB, which are focused on a specific Region.
- e) Bilateral development bank: State agencies established by a single country (like the Netherlands, Germany and France), charged with the activity on a bilateral basis.

2.1 THE MAIN IFIs

International Monetary Fund/IMF

Established in 1944 with the primary mandate to ensure the stability of the international monetary system in order to avoid competitive devaluations, the IMF currently plays a peculiar role as in 2012 its mandate was updated to include all issues that have an impact on the global economic stability. The IMF can lend loans to member countries facing problems with the balance of payments and can provide technical assistance and training. Its yearly reports are of particular relevance as a message to the business community on the situation of a specific country.

The World Bank Group

Unlike the other development banks the WB operates on a world scale as the International Monetary Fund. Its membership include 189 countries and it represents one of the world's largest sources of funding and expertise for developing countries.

WB's mission is to fight extreme poverty by reducing the share of global population that live in poverty below 3% by 2030 and to promote shared prosperity by increasing the incomes of the poorest 40% of people in every country.

Part of the WB Group is the International Bank for Reconstruction and Development/IBRD. It provides financial products and policy advice to help countries to reduce poverty and extend the benefits of sustainable growth to the whole of their population. Owned by all the WB's members, it supports the WB group's missions by providing loans/guarantees/risk management products and advisory services to middle-income and creditworthy low-income countries, coordinating responses to regional and global challenges. To the Group belongs the International Finance Corporation/IFC as well: it's focused on the private sector, whose engagement is considered essential in reducing the level of poverty; it provides investment, assistance, advice and asset management.

While the International Development Association/IDA helps the world's 75 poorest countries to reduce poverty and it provides grants for projects that boost economic growth, reduce inequalities and improve people's living standards. It also provides grants to countries at risk of debt distress. IDA complements the activities of IBRD.

Finally, the Multilateral Investment Guarantee Agency/MIGA promotes FDI into developing countries to help support economic growth, reduce poverty and improve people's living standards.

EBRD

The European Bank for Reconstruction and Development/EBRD was established at the time of the dissolution of the Soviet Union in 1991 by representatives of 40 nations (European countries and non-members of the IMF) and two European institutions –the European Investment Bank (EIB) and the European Economic community (now the UE) - in order to promote the transition to market-oriented economies and the development of a private sector in the ex Soviet countries as well as to promote private and public entrepreneurial initiatives in those countries. It also promotes an environmentally friendly and sustainable development.

Currently the bank is owned by 61 countries and the same two European institutions; its members come from all over the world - China included - and it serves the interests of all of them, but it lends only regionally to its countries of operations.

ADB

Being a regional IFI ADB is focused on a specific area - Asia and Pacific - in order to foster growth and development of the poorest countries of that region. Although a fast growing Region, Asia still faces big problems in terms of poverty (more than 300 millions people are below the poverty line). The membership regroups 67 countries, 48 of which are from Asia. It provides loans, grants and technical assistance. In the last chapter there will be an exhaustive focus on ADB.

2.2 IFIs AND KAZAKHSTAN

2.2.1 Economic outlook of the country

After declaring its independence on December 16th, 1991 Kazakhstan –as the other newly independent countries of Central Asia- went through a hard transition to a market economy and experienced at the beginning a significant economic decline and an increased level of poverty; its GDP growth remained below the global average until the year 2000. The transition required a deep change in the industrial structure of the country. During this transition process, Kazakhstan managed nonetheless to maintain quite a developed social system, providing free access to secondary education, health care, and pension insurance.

By the year 2000 the adjustment had been mostly completed and the country started to grow largely due to the oil price's increase and thanks to its richness in mineral resources. In 2006 Kazakhstan was included in the group of upper middle-income countries. Indeed, its prosperity resulted in a reduced need for development financing, so IFIs focus went to supporting the government's efforts to sustain a high economic growth rate, to promote environment-friendly development, to catalyze the private sector and to facilitate regional cooperation within Central Asia.

The financial crisis in 2008-2009 exposed the vulnerability and the weakness of the Kazakh financial sector, in particular the banking crisis complicated the government's budgetary position. Even if Kazakhstan weathered the global financial crisis well stimulating work demand and employment creation, the harsh situation prompted the government to seek external financing once again. IFIs responded with important loan packages to help the government cover critical expenses, support road improvements, and encourage private sector development, especially small and medium-sized businesses. ADB for example, responded with a 500 million loan package.

In general from 2000 to 2012 Kazakhstan grew much faster than the global economy, allowing incomes to increase and poverty to be reduced. The annual gross domestic product (GDP) grew in a substantial way, in average was of 6,7% per year according to the World Development Indicators. Since the 2000s Kazakhstan started thinking seriously of economic diversification to avoid being stuck in the “middle-income trap”.

The increase in international prices for energy and metals prompted this economic growth. High prices of mineral resources attracted massive foreign direct investments which led to rapid export growth. A lot of resources started to be allocated to the modernization of the infrastructures (in particular on road construction) and a big effort was made also in terms of better qualification or retraining of the workforce (Technical and Vocational Education Modernization Project), as the demand of specialists rapidly increased in the labor market.

After the crisis of 2014-15 linked to the harsh drop in oil prices, the GDP started growing again significantly in 2017 (4%) as soon as the oil prices stabilized around 60 USD per barrel. A dynamic that confirmed that the economic diversification goal remained unattained and that still the Kazakh welfare

depends on the course of oil prices. In that context it's useful to mention the Economic Update published by the World Bank last May 31st. According to the report the GDP growth in 2018 should be around 3,7% thanks to the increase of the oil prices, but the level of FDI in the non oil sector will remain too low to promote a real diversification. Furthermore, the banking system faces huge challenges and the structural reforms are slowing down. Therefore the Bank recommends to push reforms in order to improve the business climate and attract investors.

2.2.2 The World Bank in Kazakhstan

Last year marked the 25th anniversary of cooperation between Kazakhstan and the World Bank Group. In that period the WB provided forty-seven loans to the country for a total amount of more than 8 billions dollar (table).

Period	Number of projects	Amount
1993-1997	14	1.18B
1998-2002	8	695M
2003-2007	7	272M
2008-2012	10	4.51B
2013-2017	8	1.51B

The Country Strategy Paper 2013-17 was designed to ensure continued strong government ownership of the Bank-supported programs and concentrated on the key priorities of jobs creation and competitiveness, strengthening of governance in public administration and service delivery, safeguarding of the environment.

Last April the new “Country Partnership Framework” 2019-23 (previously “country strategy”) was adopted setting the goal to improve the competitiveness of the Kazakh economy on the basis of a smart and more efficient private entrepreneurship.

Strong support is also offered by the Bank to the development of infrastructures. The WB supported the construction of about 1500 km of the road between Aktobe (North-West) and Kyzylorda (South), a project with an important social impact thanks to the employment of locally recruited workforce in one of the most depressed area of Kazakhstan. Besides it financed a new electricity transmission line in order to solve the issue of recurrent blackouts in the south of Kazakhstan.

Furthermore the WB is active in supporting investments, the reform of the financial sector and the reinforcement of the business community by addressing the financing needs as part of crisis response, while promoting economic diversification and innovation, including utilization of best available technology, integration into the global economy, best business and environmental practices, and energy efficiency. Its engagement with Kazakh corporate clients is based on the principles of integrity, transparency and good corporate governance.

The WB is also active in supporting the privatization program, the rehabilitation of some state-owned firms and the improvement of municipal services.

On the analytical side it's worth mentioning the WB "Doing Business in Kazakhstan" as a continuation of a subnational study of the Doing Business series focusing on business regulations affecting small to medium-sized domestic companies in Kazakhstan. Subnational Doing Business studies go beyond the largest business cities to examine conditions across a number of locations in a single economy or region in order to capture local differences in business regulations or in the implementation of national laws.

The study creates quantitative indicators on four regulatory areas - starting a business, dealing with construction permits, getting electricity, and registering property - governed by local jurisdiction and/or local implementation of national regulations. In 2016 it identified existing good practices and barriers in these areas across eight locations in Kazakhstan (Aktobe, Almaty, Astana, Karagandy, Oskemen, Pavlodar, Kostanay and Shymkent). In the current year the study will look at the remaining six regions and recommend reforms based on examples within the country and from the 188 other economies measured by the global Doing Business project. The results will be shared with local- and national-level stakeholders to support all levels of government in their reform initiatives to improve the ease of doing business across Kazakhstan.

The WB is very active also at a social level; i.e. it supports the Government's Youth Policy with the "Youth Corps Project" which aims at promoting more youth development through community-based services and targets 8.500 young people and 100 youth organizations.

2.2.3 EBRD and Kazakhstan

Kazakhstan is one of the main beneficiaries among the 30 countries in which EBRD supports projects. The Bank works closely with other IFIs, in particular with the ADB and the World Bank. EBRD maintains a close political dialogue with governments, authorities and representatives of civil society to promote its goals, such as integration of its regions into the global economy, and balancing the role of state and market.

Since 1991 EBRD invested EUR 7,2 billion in Kazakhstan's economy through around 100 projects. In the country the bank aims at building a diversified economy "capable of responding to macroeconomic challenges while competing at the international level".

One of the conditions to be eligible to receive EBRD aid is to be committed to the democratic principles. From this perspective, Kazakhstan made some progress towards democratic principles' implementation in recent years. Nonetheless, many challenges remain: the powers of the President are still very strong and not balanced by the legislature and judiciary (although a recent constitutional reform envisages such a rebalancing), corruption remains a significant issue, and elections don't respect the standards fixed in order to be considered free and fair by ODHIR/OSCE.

In the context of the global crises, the EBRD played an essential role in Kazakhstan, becoming one of the largest investor outside the oil and gas sector.

It doesn't just foster the diversification of the economy but also contributes to the transformation of the financial sector helping partner banks to restore private ownership, contributing to the development of local capital markets, and helping to bring about pension reform. It has two other strategic priorities. One is to modernize the infrastructure sector by facilitating the restructuring of the national railway company, by broadening its involvement in the municipal sector and by encouraging private sector participation. The other priority is the support in the implementation of the strategy to reinforce the sustainable energy sector.

EBRD strongly supports SMEs development. In this framework in 2015 the bank launched in the country its "Women in Business" program which promotes women entrepreneurs access to the finance and the know-how to grow their businesses. Women can access to financing through loans and investments and they can also strengthen their management skills with grants for consulting and mentorship. This program received a positive feedback and is co-financed by the Ministry of National Economy.

Access to finance remains one of the major challenges for Small and Medium-sized enterprises in Kazakhstan and strengthening them is crucial for innovation and diversification of the economy. On this direction, in 2017 EBRD announced its Online Training and knowledge-sharing platform which can be used for knowledge-sharing, training and skills assessment of staff working in the financing of SMEs. The platform will help financial sector professionals to better understand the principles of selection and development of projects for provision of financial support aimed at the development of businesses.

3. KAZAKHSTAN'S GEOPOLITICAL BACKGROUND

3.1 OVERVIEW

With a territory of 2,274,900 km² Kazakhstan is the biggest country in Central Asia and the ninth largest in the world (the biggest worldwide among land-locked ones). It lies at the crossroads between Asia and Europe, at the heart of Eurasia. In terms of population it ranks nonetheless among the least densely populated countries in the world (6,75/km²) with around eighteen millions inhabitants (2018), a good deal of which is concentrated in the three major cities of Almaty, Astana and Shymkent. The Kazakh ethnic group accounts for around 65% of the total population, the Russian one for around 21%, other minorities include Ukrainians, Germans, Koreans, Tatars, Chechens.

The State language is Kazakh, which belongs to the group of Turkic languages, but Russian has the status of Official language and still plays an essential role being the mother tongue not only for the ethnic Russians but also for many Kazakhs, in particular in major towns and among the over 40s. President Nazarbayev recently relaunched the project to switch the Kazakh language from the Cyrillic to the Latin alphabet (by 2025), as it would improve the status of the national language and facilitate its connection with the main streams in global communications which are based on English. An approach which is understandable as language is a major component of any national identity, at the same time in Kazakhstan it represents a delicate issue in terms of balancing among different ethnic groups and also taken into account the historical and cultural strong links to Russia.

The Republic of Kazakhstan is a secular state which grants and protects freedom of religion and Nazarbayev himself wants to be considered a strong supporter of the dialogue among religions: every 3 years Astana hosts a major “Congress of religious leaders” gathering high level representatives of the main traditional religions, prominent politicians and experts. More than 70% of the population are Sunni Muslims, around 26% Christian Orthodox and only 2% Christian Catholics, mainly the descendants of Volga Germans and Polish forcibly transferred to Kazakhstan by the Stalin regime. According to the Constitution approved by a popular referendum in 1995 the country is a Presidential Republic. The elections for the President take place every five years, and the head of State has the limit of two mandates, with the exception of the incumbent one, Nursultan Nazarbayev, President since the Independence (16th of December 1991), to whom is constitutionally attributed the status of “Father of the Nation”, which entails guarantees and immunities to himself and his family even after he would step down. Recently Nazarbayev’s central role was reinforced by the law which gives him the lifelong chairmanship of the National Security Council, turned from an advisory into a constitutional State body.

On paper a multi-party system is in place, in real terms the majority party, Nur Otan, has a monopoly of power and the only two other small parties currently represented in the Parliament can play no substantial role. The Parliament is composed of two houses, the Majilis, whose members are elected every 5 years, and the Senate, whose members are basically selected by the President on a regional basis.

The Republic of Kazakhstan is administratively divided into fourteen oblasts (regions) with two cities of “Republican importance” – Astana and Almaty - plus Baykanour which is administrated by Russia according to a long-term lease agreement.

The Kazakh foreign policy is based on the principle of multi-vectoriality, which means that it relies on a diversified range of strategic partners, usually listed in sequence as Russia, China, the United States and the European Union. The “Foreign Policy Concept” adopted in 2014 sets as priorities: to enforce measures to guarantee national security, defense, sovereignty and territorial integrity; to consolidate the international status and the national identity; to build a positive image of the country at global level.

A traditional Kazakh priority is the support to the international initiatives on Nuclear Non Proliferation. Badly polluted and damaged in the Soviet time by hundreds of nuclear tests, once independent Kazakhstan raised the flag of non proliferation, with the credentials acquired thanks to its decision to get rid of the nuclear stockpiles inherited from the Ussr in 1991 (at the time it had the fourth biggest nuclear arsenal in the world). Nazarbayev in person is a strong advocate of the non proliferation and of high importance was the decision he took in 2016 to host in the country a “bank” of nuclear fuel under the supervision of the IAEA in order to promote the peaceful use of nuclear energy.

A second priority is the effort to position the country as a supporter of mediation activities in order to foster solutions to regional and international crisis. In 2013 Almaty hosted 2 rounds of the 5+1 negotiations on the Iranian nuclear issue, in 2016 Nazarbayev himself mediated between Russia and Turkey to solve the crisis which followed the shooting down of a Russian jet. Currently Kazakhstan is hosting the “Astana process” on Syria, which gathers representatives of the Syrian Government, of the Syrian opposition and of the 3 Guarantor countries (Russia, Turkey, Iran) with the aim to decrease the violence in Syria and to support the political process held by the UN in Geneva. Worth mentioning that last spring President Nazarbayev offered Astana also as a platform for negotiating on the Ukrainian crisis, as a way to relaunch the ineffective Minsk platform.

3.2 KAZAKHSTAN IN INTERNATIONAL AND REGIONAL ORGANIZATIONS

Kazakhstan actively pursued the admission into the major international organizations. Since 1992 it is a member of the United Nations, where it has traditionally played an active role, culminated with its election as a non permanent member of the Security Council for 2017-18, a major success for the young Kazakh diplomacy which was achieved focusing on four central issues: food, water, energy and nuclear security. President Nazarbayev often attends many of the UN high level events such as the General Assembly or the Summits of Non-Proliferation.

In parallel Kazakhstan joined the Organization for Security and Cooperation in Europe (OSCE), at the beginning an important tool to promote in Central Asia the reforms needed in the period of transition to market economy and currently active in strengthening regional security and in supporting the development of an open civil society. Astana successfully bid for OSCE’s rotating Presidency in 2010, which culminated

in the Summit held at the end of that year, attended by many foreign Head of States and Governments, the first such major international event hosted in the new Capital. The chairmanship had a particular importance for Kazakhstan, being it the first Central Asian country and the first former Soviet Republic to hold such an important position.

Besides, Astana promoted the establishment in 1992 of the CICA organization (Conference on Interaction and Confidence-Building Measures in Asia, the so-called “Asian OSCE”), was among the founders of the Shanghai Cooperation Organization/SCO with Russia and China, and joined the Cooperation Council of Turkish-speaking Countries (CCTS) led by Turkey, whose last Summit was held in September in Kyrgyzstan.

At the regional level the most important organization is the Eurasian Economic Union, of which Kazakhstan is a founding member together with Russia and Belarus, while Armenia and Kyrgyzstan joined shortly later. The Union is the final result of a long integration process in the ex-Soviet region anticipated already in 1994, when President Nazarbayev in a speech delivered in Moscow introduced the idea of an Eurasian Union as a way to relaunch economic integration in the ex Soviet region – considering the weakness of the CIS - but based on the principles of equality, non-interference in the internal policies of each other, respect of sovereignty and inviolability of States’ borders.

In 2007 Russia, Kazakhstan and Belarus signed the agreement on the establishment of a “Single Customs Space and the Customs Union”, which came into force only three years after (1st of January 2010). It promoted the creation of a common economic space among the three countries and a free trade regime for all goods manufactured in their territory, as well as for the goods made in third countries and distributed in their territory. A Customs Commission was established as a supranational regulating body, to which member States delegated part of their competences. In case of disagreements on a Commission’s proposal the issue had to be taken into the agenda of the meetings of Heads of the States, who had to negotiate a solution based on consensus.

The Customs Union Agreement had not yet come into force when the leaders of the three member States announced their intention to create a Common Economic Space (CES) as a further step in the integration process. It came into operation in January 2012, but the process continued with the signature, in Astana on the 29th May 2014, of the Treaty establishing the Euroasian Economic Union, agreement which came into force on the 1st of January 2015. The goals are to establish a common external customs tariff (adopted last January) and to introduce other measures regulating trade with third countries, to eliminate any customs duties or non tariff barriers among members and to avoid any restriction in mutual trade, to develop gradually a common energy market. A supranational body, the Euroasian Commission, with broad competences is based in Moscow and composed by 3 members for each participating country, as was the case with its predecessor in case of internal disagreement the issue has to be included in the agenda of the Head of States, which meet in the “Supreme Economic Council”.

At the beginning Kazakhstan put big hopes in the Eurasian Economic Union as a way to attract, thanks to its fiscal competitive advantages, foreign investors interested in manufacturing in Kazakhstan goods which could be sold not only in the small local market, but exported to Russia and Belarus. As of today there are mixed feelings on the results achieved. Some value the sharp increase in trade with Russia last year but some others consider that Kazakhstan was still not economically prepared to participate in an economic union, that it failed to create efficient mechanisms of aid to support local manufacturers, and that it didn't manage to reach agreements for the removal of bureaucratic and non tariff barriers imposed by Russia. According to many observers the common custom tariff adopted last January is in average too high and closer to the Russian standards. From their part the authorities point to the need to wait the full implementation of the agreement in order to verify the benefits for the country, at the same time they are keen to underline that the process has to remain strictly economic with no implication at political level. It's well known that this is not the position of Moscow, and Russia for example insisted on the establishment of a common Eurasian Parliament, proposal rejected by Astana.

3.3 RELATIONS WITH THIRD COUNTRIES

3.3.1 *Russia*

Kazakh relations with Russia are strong and stable since the independence, Russia being the first partner in the security sphere and one of the first in economic terms. More than 300 treaties regulate the different aspects of bilateral relations and cover any aspect of cooperation and the 2 countries share one of the longest land border in the world (around 7000 km). The peculiarity of the relations with Moscow is confirmed by the case of the Baykanour cosmodrome, located in a big enclave in the South of Kazakhstan leased until 2050 to Russia, which has also the right to use some military facilities, such as the Kostanay's aviation regiment and the radar radio center in Priozersk. Kazakhstan is also a member of the Russian-led Collective Security Treaty Organization (CSTO) and therefore strictly cooperates with Moscow in the military and security fields.

Both economies are still based on raw materials and on the production and export of hydrocarbons, with many interdependencies inherited from the Soviet time (i.e. for technical reasons the gas extracted from the Karachaganak oilfield can be treated only in a Russian plant - in the Region of Orenburg - as no such plant exists in Kazakhstan, while the oil refinery in Pavlodar can process only oil extracted in Siberia). Besides, Kazakhstan still exports its oil to Europe mainly through the pipelines located in the Russian territory, while Russia has to pass through Kazakhstan to maintain economic relations with the other Central Asian countries and the West of China.

The cooperation between the two countries got a boost from the year 2000, when President Putin started his first mandate. His goal was to improve the level of cooperation in all sectors with the important neighbor. In the strategically important oil sector, for example, a joint venture was established between

“KazMunaiGas” and the Russian “Gazprom”. But the main joint project was the Eurasian Economic Union, finally established in 2015 and currently being completed.

The strong bilateral interaction is nonetheless underpinned by some contentious issues. The Ukrainian crisis and the annexation of Crimea by Russia in 2014 put a strain on the relations between the two countries, as it reminded that the presence of a large Russian minority in Kazakhstan can potentially be an element of vulnerability. Kazakhstan didn't recognize that annexation and abstained on a UN resolution declaring the illegitimacy of Crimea annexation while Russia voted against. Furthermore Kazakhstan didn't follow Russia in the “sanctions’ war” with the West, from which nonetheless it is indirectly badly damaged. Balancing between its alliance with Russia and the openness to the West, Kazakhstan tried also to safeguard relations with Ukraine, which before the crises was its fifth commercial partner. On her part Russia didn't appreciate the decision to switch the Kazakh language from Cyrillic to Latin alphabet by 2025 and some sectors of the Russian elite are concerned with the growing Kazakh nationalism which could become more vocal with the end of Nazarbayev's tenure.

3.3.2 China

China is a major economic partner of Kazakhstan and increasingly also a political one. In few years it became the biggest foreign investor in the country and Pekin's attention to Astana further increased in connection with the launch of the New Silk Way project, not by chance announced in Astana in 2013 by the Chinese President. Kazakhstan is one of the main transit area of the projected new land corridor and therefore it can greatly benefit from its position as a hub. The Silk Road is intended to facilitate the connectivity between China and Europe through Russia and Central Asia. At the beginning some concerns were expressed by Moscow, as the project could potentially weaken the Euroasian Union's dynamic; negotiations are going on regarding the synergies between the two projects, Astana being a strong advocate of their complementarity.

Although the economic bilateral relations are so important and continuously progressing, at a social level the situation is more complex. There's a still widespread fear in Kazakhstan towards China, historically a menace to the local Khanates and currently a superpower at the border. At policy level the balance is therefore very delicate between the strong political and economic links, from one side, and the need not to provoke alarm in the population. Worth recalling the demonstrations organized in different Kazakh towns in 2016 against a draft law which allowed long-term lease of land to foreigners and was considered as a potential open door to a buy out from Chinese. Politically delicate, although kept under silence, is also the issue of the minority of ethnic Kazaks living in Sinkiang, which are under pressure from the Chinese authorities engaged in repressing any menace of Islamic terrorism and violence in an area inhabited by a strong Muslim population of the Uighurs. To finish with the Chinese investments in Kazakhstan, which some critics consider o way of delocalizing polluting plants in the neighboring country.

3.3.3 European Union

A turning point in the EU policy towards Central Asia was the first Strategy for the Region adopted in 2007, which implied a joint approach to Central Asia as such in the different sectors. The Strategy underwent some reviews and a new one will be adopted in 2019.

Originally the main European interest were the mineral resources, from oil to uranium. With the economic development of the Region the scope of activity became more articulated and currently the EU as such is the first trade partner and first investor in Kazakhstan.

To confirm the priority attached to the relations with Astana, in December 2015 a new Enhanced Partnership Agreement was signed, replacing the old-style cooperation agreement of the '90s. The EPA covers the whole range of bilateral relations, including transports, education, human rights, justice and culture.

Kazakhstan is greatly interested in promoting its role as the EU's most important partner in Central Asia. At the same time the Union enjoys a strong positive consideration at public opinion's level, a perception related also to the success of the Erasmus program, which is largely exploited by Kazakh Universities to foster exchange mobility of students and researchers. A recent survey showed that the EU is, after Russia, the preferred destination of Kazakh young people for studying abroad.

The EU considers a priority the modernization of the economies of Kazakhstan and the neighboring countries, as a way to reinforce stability and prosperity. Astana is also a relevant political partner in a region of strategic importance. A critical but constructive dialogue is regularly held between the two parties on human rights issues.

Within the EU member countries Italy ranks among the most important trade and economic partners of Kazakhstan. The economic relations grew very fast after the independence, with the first investments of ENI already operational in 1997. Currently ENI is part of the consortia running the two giant oil fields of Kashagan and Karachaganak and recently signed an important agreement for the exploration and exploitation of a new offshore block in the Caspian, Isatay. Many Italian subcontractors in the energy field followed ENI in Kazakhstan, both big players like Saipem and medium ones like Rosetti Marino, but also companies of the service sector (Renco for construction, Ligabue for catering, etc.). While the Kazakh official data indicate 8 billions USD of bilateral trade last year, the Italian data differ a lot, putting the total at a bit more than 2 billions, with a certain decrease which will be hopefully rebalanced thanks to the more positive expectations in terms of Kazakh GDP's growth.

Diplomatic relations between the two countries were established in August 1992 and in 2005 Italy was the first EU member to transfer its Embassy from the old Capital, Almaty, to the new one, Astana. High level meetings were recently more frequent, supporting the increase of economic relations, although the political dialogue remains quite limited. President Nazarbayev and then Prime Minister Renzi met three times in the period 2014-15, the last one on the occasion of the Kazakh National Day at Expo Milan, when a business forum with around 200 companies took place. Italy participated to the Expo Astana in 2017 with

one of the biggest pavilions, which was animated by many institutional and economic delegations coming from different Italian Regions. Last February 15th the Mixed Economic Commission held its 8th session in Rome, with the participation of representatives of many Ministries and Administrations from both side and a specific session open to around 70 Italian companies. Trade and investments were discussed, but also cooperation in the health sector, air transportation, new technologies and digitalization, education and culture and the decision was taken to establish a joint Business Council as a platform for dialogue between business people. In parallel relations developed positively in the academic, educational and cultural fields (Year of Italian Culture in Kazakhstan in 2016, double diploma agreements between Universities, etc..).

3.3.4. United States

The American interest towards Kazakhstan was long time focused on the oil sector, with the huge investments of Chevron for the exploitation and development of the oil fields of Tengiz in the South-West. From a geo-political point of view the country was considered important as a route towards Afghanistan after the American military operations in that country started in 2001. Although one of the most important allies of Russia, Kazakhstan always kept its contacts and dialogue with the US open and solid. The visit of Nazarbayev to Washington last January confirmed his capacity to keep the balance and his willingness to be considered as a trustful partner also from the Americans. Although many observers underline the diminished interest of Washington towards the Region with the current Trump Administration.

3.3.5 Neighboring Central Asian countries

Important new dynamics are taking place in the Region after the rise to power in Uzbekistan of President Mirzoyev as a successor to Mr. Karimov (December 2016). Previously a personal rivalry between Karimov and Nazarbayev and the competition between the most populated Central Asian country and the richest one hindered any project of regional integration and even cooperation.

Things are changing quickly as Uzbekistan decided to revert its hostile approach to its neighbors – Kazakhstan, but also Kyrgyzstan and Tajikistan – and negotiations started with them even on issues, like exploitation of water resources and borders' delimitation, which previously caused frequent tensions and even armed clashes. At a ministerial meeting in Samarkand in November 2017 the decision was taken to organize a Summit (head of State level) of the five regional countries, which took place in Astana on March 15th, a format which will be replicated on a regular basis in the same period (during the Nevroz festivities, which have a strong symbolism in the whole of Central Asia). On a bilateral basis Kazakhstan is willing to exploit the opportunities offered by the cooperation with Uzbekistan in many fields, from tourism to transborder exchanges to industrial productions.

It is too early to foresee the results, but for sure these dynamics will mark a deep change in the Central Asian scenario, hopefully allowing the concerned countries to be less vulnerable to the major surrounding players, China and Russia, and to gradually promote a deep cooperation process among themselves.

3.3.6 Others

Due to the proximity in cultural and linguistic terms, Turkey has always tried to play a major role in the post-Soviet Central Asia; it was the first country to recognize the independence of the new States and it hosted thousands of students from the Region. Turkey became rapidly an important economic partner of Kazakhstan, meetings between Nazarbayev and Erdogan are very frequent, Turkish companies are among the first in the construction sector. At the same time the Turkish pro-Islamic trend raises some cautiousness in a secular State like Kazakhstan, while Turkish business community has not been strong enough to support the ambitious political goals.

Saudi Arabia and even more the United Arab Emirates have gradually become very important partners for Kazakhstan. In particular great attention is paid by Astana to initiatives going on in Dubai as a possible model of reference. On the Dubai experience is for example based the project of the Astana International Financial Center, officially inaugurated last July. At the same time Astana seeks to attract investments from the Gulf, although for the time being it was not always successful.

4.0 CASE STUDY. ADB AND KAZAKHSTAN

The Asian Development Bank, established in 1966 with headquarters in Manila, is a regional IFI dedicated to promoting growth and development in a Continent – Asia and Pacific – that at that time was among the poorest and that still faces some challenges in terms of the need to reduce poverty through inclusive economic growth, environmentally sustainable growth, and regional integration. It is owned by 67 members and last year reached a record of 32,2 billions USD in terms of operations.

ADB began supporting the Government of Kazakhstan in 1994 focusing on agriculture, education, finance and social security; it helped the country's transition from a centrally planned economy to a free-market system.

A Resident Mission was opened in 1998, currently in Astana with a branch in Almaty. The Astana office provides primary support for operations in the country and policy dialogue with the Government. It conducts country partnership strategy development, programming, portfolio, and knowledge management activities. It also coordinates ADB operations with other development partners and engages in dialogue with local stakeholders, including academic institutions, think-tanks, the civil society, and non-government organizations. The Almaty branch hosts region-wide private sector operations and knowledge work. Both offices provide logistical support for ADB missions visiting Kazakhstan.

According to Mr. Capannelli, Country Director of ADB, the challenges for Kazakhstan in achieving the goal to become one of the 30 most developed economies in the world by 2050 are multiple. As a matter of fact Kazakhstan is a country that, unlike many of the modern economies, didn't undergo structural transformation from primary into secondary, and then into the tertiary sector. On the contrary it passed from a very inefficient agricultural sector, focused on intensive labor technologies, into a foreign direct investment-led, capital-intensive service sector. Therefore there was no passage through the manufacturing sector, which is very important for developing skills and new technologies.

In the high official's evaluation, the priorities are well-known: diversifying the economy out of hydrocarbons, modernizing the agricultural sector, promoting the role of transit hub in the land connections between the People's Republic of China and Europe through the enhancement of the infrastructures and logistics. In ADB's view the diversification must be both horizontal (number of products) and vertical (quality of products) to increase ties with major economic centers at the higher end of economic development and to expand the market destinations of exported goods.

Big challenges remain in order to achieve a more diversified, inclusive and sustainable growth. Among those, the shortcomings in the financial sector (in the last few months some small and middle-size banks went into bankruptcy), social and private inequalities and the growth model which is far to be friendly to the environment.

Indeed, in the Country Partnership Strategy are underlined the strategic lines adopted by ADB to support Kazakhstan in achieving its “third modernization” and become one of 30 most developed economies by 2050.

The first tool to help the country diversifying the economy is the focus on the agricultural sector, intervening both upstream and downstream in agribusiness, promoting the private sector development and improving access to finance. At the same time the promotion of an inclusive development and the reduction of the gap between urban and rural development. To help reducing inequalities, the realization of a quality infrastructure is needed, as well as an improvement of the quality of public and social services. The two major cities - Astana and Almaty - are fairly developed, while in the countryside the situation is much worse, with a lot of underdeveloped infrastructure and poorly delivered public services. As a result, income levels and access to services as sanitation are unequally distributed across the country.

The second strategic line is the promotion of a green and sustainable economy. Kazakhstan signed many international commitments and treaties including the Paris Agreement, and is now trying to achieve the target of 3% of energy being generated by renewables (as of today it's only 0.8%), also as a follow-up to the Expo “Energy for the Future” hosted in 2017 and intended to promote worldwide the engagement of the country to move from a coal and oil-based model to a green one.

Finally the promotion of cooperation – and, where possible, integration - at a regional level, in order to exploit the many potentialities of the area, first of all in terms of transport infrastructures, energy and water.

4.1 HOW DOES ADB OPERATE IN KAZAKHSTAN?

4.1.1 ADB's Criteria

According to its official statements, ADB helps strengthening Kazakhstan's macroeconomic resilience and capacity to respond to internal and external shocks, and contribute to maintaining fiscal sustainability and macroeconomic stability.

The bank has created a classification system to determine which development countries can borrow the different types of loans. The criteria adopted are gross national income per capita, the creditworthiness/ access to international finance institutions, and the level of institutions. According to those criteria countries are divided into three groups, Concessional assistance only (A), Ordinary Capital Resources (B) and Regular OCR only (C). Kazakhstan is classified as a C country, therefore it has access only to ordinary capital resources. Sovereign lending or financing secured by a government guarantee constitute the biggest part of ADB's development assistance and it also mobilizes financial resources through co-financing.

ADB's Country Partnership Strategies indicate the operations to deliver development results at the country level. ADB works with each developing member country to map out a medium-term development

strategy and a three-year country operations business plan (COBP) to implement it.

Besides, its regional cooperation strategy (RCS) outlines how an ADB-defined region or sub-region in Asia and the Pacific can work together to foster economic growth and cooperation. The strategy is implemented through a three-year regional cooperation operations business plan.

In the Country Partnership Strategy 2017-2021, ADB indicates that it will provide about \$3 billion in loans to Kazakhstan during that period, including project financing from sovereign operations, non-sovereign operations, and co-financing. Available sovereign resources are estimated at about \$2 billion for country and regional projects. Cost-sharing parameters will remain unchanged with ADB financing covering up to 85% of loan project costs on an overall portfolio-wide basis.

To promote infrastructure projects in the public and private sectors, ADB will leverage its support to raise additional resources from other development partners and the private sector through official and commercial co-financing arrangements and other forms of partnership. ADB will also provide nonlending technical assistance grants to prepare lending projects, enhance governance and institutions, promote policy reforms, and support knowledge work, including sourcing from regional cooperation and integration funds.

The Government of Kazakhstan has been articulating its preference for a financing modality of IFI operations that is more directed toward non sovereign and sub-sovereign financing than sovereign operations. Although Kazakhstan's public debt ratio was only 24.6% of GDP in April 2017 - a relatively low level compared with other countries - the ratio has rapidly increased since 2014, mainly because of the national currency's devaluation, and it is a matter of concern for the government, which monitors the trend of this ratio together with other debt-related covenants. The Government has recently announced its intention to drastically reduce direct sovereign borrowing from the Ministry of Finance, asking IFIs to lend directly to eligible public entities (such as SOEs or public utilities companies) against provision of sovereign guarantees. To limit contingent liabilities the Government is also inviting IFIs to accept corporate guarantees from government-owned public holding companies to secure attractive borrowing terms without directly affecting the state budget. Moreover, to reduce the currency risk associated with local procurement, the Government has been requesting all IFIs to lend (almost exclusively) in Tenge, the Kazakh currency.

ADB regularly monitors its Country Partnership Strategy's implementation using a framework that is coordinated with Strategy 2050 of Kazakhstan. This framework identifies progress indicators and gives baselines and numeric targets for these indicators. The framework is updated annually during country portfolio review missions and country programming missions, when results are evaluated.

ADB also tries to build on its work on managing for development results to assist Kazakhstan in developing structured approaches to results-based management, including monitoring and evaluation. A country knowledge plan has been prepared to assist ADB deliver its operations during the 2017–2019 period.

To achieve the country's development targets fully reflect Kazakhstan's global obligations under the SDG agenda in the 2050 strategy. To assist in this effort, ADB contributed to the establishment of a

“Partnership for Development” platform with the Government and other local stakeholders, including the larger community of multilateral and bilateral agencies. In April 2017 a brainstorming exercise led to convergence among key players on the idea of creating such a platform and organizing a periodic Kazakhstan Development Forum mainly to assess the extent of investment and knowledge gaps to be filled for achieving the country’s development targets.

As underlined in the Country Strategy documents, ADB intends to continue improving coordination with other development partners and exploring co-financing opportunities. It will strengthen its outreach to the private sector and will work closely with think tanks, universities, and civil society organizations in designing, implementing, and monitoring ADB projects, as well as developing new approaches and innovative solutions through knowledge products. ADB will also help leverage Kazakhstan’s role in Central Asia and foster regional cooperation through the CAREC Program (“Central Asia Regional Economic Cooperation program”, regrouping eleven countries and focused on better regional interconnections) and the creation of applied knowledge centers (AKCs) in selected sector clusters. ADB’s efforts to strengthen Kazakhstan’s regional role will help generate positive externalities and create a variety of public goods through the expansion of trade and economic corridor development initiatives.

4.2 SECTORS OF ACTIVITY

To support the economic diversification through the implementation of the above-mentioned three strategic goals (agriculture and inclusive economy growth, environmentally sustainable growth, regional integration) ADB intervenes in the key sectors of the Kazakh economy.

4.2.1 INFRASTRUCTURE AND TRANSPORT

Transport is one of ADB’s main sectors of intervention and it represents more than 30% of total ADB spending in Kazakhstan. Such a choice is linked to the potential of the country to become a hub in the corridors between China and Europe.

We’re talking about long term projects which nonetheless need to be urgently activated. For example, a single dangerous road connected the East of the country to the Caspian shores and de facto represented a bottleneck to any ambitious plan. As a matter of fact an estimated 30 million tons of cargo are shipped across the Caspian Sea each year, with more than one-third of it transiting through the only international port of Kazakhstan, in the city of Aktau, which lies in the Mangystau region, at the same time the source of most of the country’s oil and minerals. Traditionally, a portion of this cargo traveled over gravel or dirty+ roads in the Mangystau region or over highways that were partially paved with severely deteriorated sections. The road from Aktau to Beyneu region, which links the international port to the main road system in central Kazakhstan, had been in poor conditions for many years. As part of a regional transport development

project, ADB joined the project to modernize the Aktau–Beyneu road, in cooperation with the Central Asia Regional Economic Cooperation (CAREC) program.

In the same framework of the exploitation of the transit potential, ADB helped build other roads of critical importance and also assisted with trade facilitation and logistics development in order to use those links effectively to benefit the economy and create jobs. ADB supported the 2,700-kilometer road which is the Kazakh sector of the West China–Europe corridor. It provided funding for the reconstruction of a 470-kilometer road section in Zhambyl region, which borders the Kyrgyz Republic.

Furthermore, while building transport infrastructure and thanks to the *Sustainable Transport Initiative* (STI) approved in 2010, the Bank’s investments support the transition towards low-carbon, accessible and safe transport systems. STI aligns ADB transport operations with Strategy 2020 which features inclusive and environmentally sustainable growth. ADB supports sustainable infrastructure’s investments in urban transport, low-carbon and climate resilient transport, integration of safety in road and cross-border transport and logistics. The CAREC countries committed to road safety through the adoption of the Road Safety Strategy 2017-2030 which supports and encourages Governments and road authorities to plan, design, construct and maintain road safety as a key and specific objective.

ADB estimates that 80% of Asia’s new economic growth will be generated in its urban economies since this is where most jobs and employment opportunities are located. Therefore it pays great attention to the issue of transport and mobility in urban areas and seeks to promote measures to face problems like traffic congestions and pollution. In the fight against pollution ADB adopted the “avoid-shift-improve” approach, which means integrating land use developments with mobility needs to avoid the need for travel; providing a shift to energy-efficient means of transport; and seeking to improve vehicle and fuel technologies. At the same time ADB is also mainstreaming climate adaptation measures into its transport operations.

4.2.2 WATER SUPPLY AND WATER MANAGEMENT

Needless to say, water is the most precious resource for humanity, currently highly threatened by phenomena such as pollution, overuse and climate change. Kazakhstan, and the whole of Central Asia, faces the risks of a water crisis, also taken into account the mismanagement of water resources during the Soviet time.. "Water for All" is ADB's vision for the Asia and Pacific region, it works to increase investments for better water services in cities and rural communities, to promote water as a socially vital economic good that needs careful management to sustain inclusive and equitable economic growth and reduce poverty.

This approach promotes a focus on water sector reform and fosters the integrated management of water resources. It also promotes regional cooperation and increasing the use of shared water resources within and between countries, and facilitates the exchange of water sector information and experience.

Today, the Water for All Policy remains the bedrock of ADB’s work on water and development. In its Water Operational Plan 2011–2020 ADB identifies the priorities that it embarked on, including the mobilization of additional resources.

In the former Soviet Union networks were constructed to supply urban populations with clean water. But after its collapse these networks, sometimes already poorly designed, were not properly maintained and went soon in bad conditions, due to important decrease in budgets and to the longstanding tradition of providing water for free. An urgent action is indeed required to stop and then revert the negative trend.

Therefore water management is among the priorities of the Strategy 2050 of Kazakhstan, which is faced with the need of insufficient water resources for agriculture. In one of the early projects in which ADB and Kazakhstan partnered, outdated irrigation and water drainage systems were improved to increase yield crops. The Water Resources Management and Land Improvement Project, which began in 1997, helped build drainage wells and water channels, and used computer models to maximize the impact of water use.

ADB supported also a better water management in the social sphere. In 2010 more than 11 thousand households got new or improved water supply. All new households benefit from projects offering piped or non-piped water supply systems that are of a higher quality and households that are already connected to a piped system are provided with improved services, e.g., longer hours of service and/or increased pressure. Besides 500 km of pipes were installed or upgraded, intended to transport water for urban use (domestic and nonagricultural business purposes).

4.2.3 AGRICULTURE

Kazakhstan has huge extensions of cultivable lands but paradoxically is a net importer of many agricultural products, due to the bad management of the sector which caused a dramatic drop in productivity after 1991. Central Asia in general was a breadbasket of the Soviet Union, agriculture was a key economic sector and the main employer in Kazakhstan. It could regain its role as an economic driver if reforms are efficiently implemented and connections to regional and global markets are improved.

ADB is acting in different sectors to support that goal: in the field of water management; through the program “Almaty-Bishkek Economic corridor” which is aimed to improve the quality of agro production in order to increase the export potential; supporting the establishment of warehousing facilities; promoting credit lines to food processing plants.

ADB advises the Government on the measures needed to encourage private sector investments in agriculture. According to its evaluations the business environment can be improved for example by introducing more flexibility to land markets to ensure that the land is allocated to its most efficient uses

An important agreement was signed in 2017 between ADB and Kazagro, the National Holding which manages the agriculture sector in all its components. The goal is to promote agriculture investments through improvements in irrigation, food security, agribusiness, agro value chains. The two parties will cooperate also in infrastructure, to promote the development of wholesale markets and warehousing facilities, the processing of food stuff and, if conditions arise, the creation of a commodities exchange market to serve Central Asia. The cooperation will include also the provision of technical expertise to foster innovations and the introduction of cutting-edge agribusiness methodologies.

4.2.4 GOVERNANCE AND PUBLIC MANAGEMENT

According to the 2017-21 strategy ADB assists the Government in improving governance, transparency and accountability of public institutions. Assistance may extend to enhance expenditure and tax revenues systems; to promote civil service and public sector management reforms; and to improve the regulatory network. ADB will launch “knowledge partnerships” with local universities and think tanks and engage in a dialogue with civil society. ADB will also support the Government in the fight against corruption in line with the Third Modernization Plan and assist in improving the delivery of its services to the public in a more efficient and equitable way.

Therefore ADB focuses on seven areas: public expenditure and fiscal management; economic affairs management; public administration; reforms of state-owned enterprises; decentralization; law and the judiciary; social protection. It’s worth mentioning that the majority of ADB projects (i.e. 80% in 2015) include some degree of capacity development, defined as developing the skills, experience, technical and management capacity of an organization.

ADB also supports the country in addressing issues such as e-governance, information and communications technologies. Because of the broad scope of work needed in the area of governance, ADB prioritizes its work based on areas where it is most needed. This is done by assessing the areas facing the greatest risk of not meeting development and social goals.

It’s worth to underline that in 1995 ADB was the first multilateral development bank to adopt a Governance Policy to help enhance governance quality in its member countries, while considering the uniqueness of each country’s governance institutions and cultures. The policy became the basic building block for a cluster of good governance policies, which now includes policies on procurement, law and policy reform, participation of civil society and anticorruption. Good governance has since also been established as one of the three pillars of ADB’s Poverty Reduction Strategy.

4.2.5 PUBLIC-PRIVATE PARTNERSHIP

According to the CPS 2017-2021 ADB promotes a business-enabling environment and supports Public-Private Partnership’s projects/PPPs, for example through its Office of Public-Private Partnership as a trusted broker for PPP development and transaction advisory services. Kazakhstan places high priority on PPP mechanism for improving public service delivery through the mobilization of private capitals and has made rapid progress in readying itself for PPPs. But local governments, which provide basic public services, do not have the financial and personnel resources to undertake the necessary analysis required to prepare and manage PPPs, therefore ADB supports in raising Kazakhstan’s PPPs norms to international standards. The introduction of the PPP scheme faced some delays and the law of reference had to be repeatedly emended, the first important project, the circular road in Almaty (“Bakad”), solemnly announced by then Prime

Minister Massimov in London in 2015, was annulled after the tender and relaunched only recently (with the participation of ADB, EBRD and WB) after some important amendments to the regulatory scheme.

Besides ADB supports the development of banks' risk-bearing and pricing capacity and assists Kazakhstan's capital markets in becoming a meaningful source of infrastructure financing. To attain the economic diversification, ADB facilitates access to finance and promotes private sector development. Operations support the growth and expansion of SMEs and the production of tradable goods and services, thus helping the private sector expand while reducing the country's dependency on commodity exports. ADB also assists the introduction of reforms in the finance sector in order to strengthen the banking industry, to enhance the finance sector's governance through capital and insurance market development. ADB increases efforts to expand its private sector operations and investments in agribusiness, infrastructure, and other sectors, depending on local demand and opportunities. It will promote entrepreneurship and development of SMEs, in line with Government's targets. ADB will assist Kazakhstan in implementing SOE reforms through commercialization and privatization, serving as an honest broker and providing post-privatization finance as needed for business turnarounds, efficiency improvements, and expansion. It will consider investing in equity funds and private companies and offer continued support for trade finance to local banks, aiming to close market gaps and promote international trade activity of companies in Kazakhstan.

4.2.6 ENVIRONMENT AND SUSTAINABLE DEVELOPMENT GOALS

In 2013 Kazakhstan adopted the "green economy" Concept, which focuses on sustainable growth and defines different targets for improving the country's environmental performance across sectors such as energy, water, agriculture, and waste management. In 2016, on the eve of the ExpoAstana devoted to "energy for the future", the Government focused on the Concept in order to improve its implementation. It highlights the need for the country to increase the share of renewables in electricity generation to 3% of total energy generation by 2020 and to 30% by 2030 (it's currently less than 1%); to increase the energy intensity of GDP relative to 2010 levels by 25% by 2020 and by 30% by 2030; to decrease carbon dioxide emissions of the energy sector by 15% by 2030 from 2013 levels; to eliminate water deficiency at the river basins by 2030; and to reduce the costs of irrigation water.

Kazakhstan signed the Kyoto Protocol and submitted its Intended Nationally Determined Contributions (INDCs) in 2015. The INDCs commit Kazakhstan to reduce emissions by 25% by 2030, compared with 1990 levels. Kazakhstan is also a signatory to the Paris climate agreement since August 2016. In order to confirm and promote its Green economy strategy Kazakhstan devoted the International Expo hosted in Astana last year to the item of renewables development (under the theme "Energy for the Future").

For its part, ADB intends to foster sustainable, green growth in response to climate change by promoting energy efficiency and the use of renewable energy sources, and supporting climate change

mitigation and adaptation efforts. It will support Kazakhstan in achieving its commitments based on the Paris climate agreement by formulating and implementing resolute energy efficiency policies, including updating technologies and equipment. ADB will help resolve bottlenecks in electricity grids and promote the use of renewable energy sources. It will support the development of green housing and green transport systems, and the adoption of reforms to facilitate cross-border energy and emissions trade.

As indicated by the strategic documents, the interventions will include efficient low-carbon, alternative electricity, heat production and transmission, expansion and modernization of climate-proofed infrastructure, and focused financial products promoting energy efficiency and climate resilience. ADB will support enhancing solid waste management and sanitation systems to improve water quality and reduce environmental pollution. Interventions will be in line with Kazakhstan's greenhouse gas mitigation efforts and commitments to reduce climate change vulnerabilities.

“Partnership for Sustainable Development Kazakhstan Brainstorming” (P4SD) was launched by ADB in 2016. P4SD is a new platform aimed at helping coordinate knowledge and financial assistance provided by development partners in support of achieving Kazakhstan's long-term development targets while conforming to global obligations assumed to implement the SDG agenda. The Kazakhstan Brainstorming session involved thought proactive discussions among over 60 participants from wide range of stakeholders, including development partners, the government, academia, the business community and civil society organizations. During the brainstorming session, many issues and forward-looking ideas were shared and discussed, and key conclusions were derived based on the collective thoughts of the entire participant. As a result, the Government of Kazakhstan decided to establish the SDG Steering Committee under the Prime Minister's leadership which will oversee the progress made by Kazakhstan in implementing SDGs, it will guide the SDG nationalization process, assign Working Group responsibilities, ensuring the effective organization of an annual forum on “Partnership for Sustainable Development in Kazakhstan”.

In the context of the Partnership towards Sustainable Development Goals it's useful to mention the Project “Belukha” which was implemented last June. It was focused on promoting eco-tourism in the Altai Region (in the North East, bordering Russia and China) and to raise awareness of environmental SDGs providing an expedition to Mount Belukha, the most prominent peak in the Altai Mountain Area, located in in the Katon-Karagai national park which plays a major role in curbing the effects of climate change through the high absorption rate of CO₂ of its forests and at the same time provides sustainable green jobs for the locals involved in ecological actions and tourism.

ADB, together with other development partners (UNDP, WB, , EBRD), initiated an advocacy campaign, which aimed to sensitise governmental activities including civil society, to raise awareness on the issues of environmental SDGs and to develop eco-tourism in the Altai Mountain area.

4.2.7 REGIONAL COOPERATION

Despite their rapid development, countries in the region face significant challenges after the global crisis' effects, due to the lower oil and gas prices, and because of the climate change which is a major global challenge. To face these issues regional cooperation is essential, but until recently it was hindered by many political obstacles, included the longstanding rivalry between Kazakhstan and Uzbekistan and the many tensions around border delimitations, water exploitation, infrastructures.

A positive level of cooperation began in Central Asia thanks to the Central Asia Regional Economic Cooperation (CAREC) program which has made significant contributions to the region's growth, in particular in the areas of transport, energy, trade facilitation, and trade policy. It has a membership of 11 States, Kazakhstan is one of them since 2010 also plays an active role. From 2001 to 2017 CAREC promoted 192 projects amounting to over 30.5 BIL USD, of which one third financed by ADB, supporter of the program since the beginning.

CAREC envisages development through cooperation, leading to accelerated growth and shared prosperity, based upon trade expansion and improved competitiveness. In October 2017 a new long-term strategic program was adopted (CAREC 2030 Strategy) to take into account the new giant Chinese project “One Belt One road” which could turn Central Asia into a real hub in the Euroasian Region and in the better political environment due to the new Uzbek leadership. The program's strategy is expected to support transforming Kazakhstan's transport corridors into economic corridors, and opening new trade and business opportunities across Central Asia. Kazakhstan is also well-positioned to promote regional financial integration among Central Asian countries, including through the Astana International Financial Centre inaugurated last July. With CAREC 2030 ADB commits 5 billion USD for the next five years.

5. CONCLUSION

Kazakhstan is willing to consolidate its regional leadership and to increase its international status thanks to the credentials of a peace-loving, moderate and constructive country. For some time its political ambitions were supported and underpinned by a rapid economic growth. The slowdown in 2014-15 rang an alarm bell on the efficiency, and feasibility, of the many strategies adopted in order to modernize and diversify its economy. In such a critical juncture the support of the IFI's remains of crucial importance provided that the many reforms envisaged are effectively implemented.

In my opinion the priority of the priorities should be the improvement of the human capital, the consolidation of a professional and skilled civil service capable of implementing the reforms promoted, as it's underlined in the "100 steps" plan introduced by the President in 2016. Qualification of human capital, which includes school and university education, should be at the top of the list.

A second element in my opinion should be a more gradual approach, sometimes the feeling is that the Authorities are introducing reforms without waiting for the effects of the previous ones. IFIs should assist in providing a better degree of gradualism.

A third one, the need to reinforce coordination among IFIs. A lot has been done, as mentioned above, but I think there's still more to do in terms of a clearer specialization of each IFI to avoid duplications of initiatives.

On the positive side with reference to ADB I wish to underline the integrated approach of its interventions, in the sense that the whole social and economic environment is taken into consideration in order to avoid any "castle in the desert" effect. All the initiatives are preceded by a careful and in depth analysis of social and cultural conditions in any given area, which could be very different in a country as large as Kazakhstan. Besides, I could appreciate the high professionalism of its experts and the attention paid to interaction with Authorities - also at local level - which is essential in a country as big and dispersed as Kazakhstan.

On the other side I wish to underline the openness of the Kazakh Authorities in dealing with the IFIs, as evident from the many consultative and coordination joint bodies they agreed to establish.

Although many observers have a critical position affirming that few results were obtained by IFIs after many years of activity in the country, and although there is room for improvement, my overall evaluation is very positive towards the approach of the IFIs, and in particular of ADB, which I could verify directly.

After more than 25 years of independence Central Asia as a whole is at a turning point. On the external side China is becoming always more present and to foster its One Belt One Road project it's ready for huge investments which would inevitably have a strong impact also at political and social level; in parallel the traditional Russian role is challenged, as Moscow can't compete in terms of investments capacity

and financial resources (a significant example was the annulment of the agreement to build the Kambarata hydropower plant in Kyrgyzstan). Internally the new policy of openness of Uzbekistan towards its neighbors gives some hope to the supporters of a regional integration perspective, relaunched by the Head of States' meeting in Astana last March. Finally Kazakhstan, which is approaching the end of the Nazarbayev longstanding Presidency with no clarity on the pattern chosen for the transition.

A high degree of flexibility is therefore required to the IFIs in a Region which could rapidly change and still needs a high level of assistance to modernize the economy and to become really competitive on the international level.

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RIASSUNTO

Tra le Repubbliche Centroasiatiche divenute indipendenti a seguito della dissoluzione dell'Unione Sovietica nel 1991, il Kazakhstan - che pure attraversò una prima fase di gravi difficoltà economiche e sociali - si è affermato come Paese leader a livello regionale, da un lato grazie ad una rapida crescita economica resa possibile dallo sfruttamento delle grandi risorse petrolifere ma anche minerarie (uranio in primis), dall'altro grazie ad un attivo coinvolgimento sulla scena internazionale ottenuto bilanciando la tradizionale alleanza con la Russia con l'apertura nei confronti dei Paesi occidentali oltre che di Cina, Turchia, Iran e Paesi del Golfo.

La "multivettorialità" in politica estera è del resto in qualche misura inevitabile per un Paese di enormi dimensioni ma scarsamente popolato e che condivide lunghissime frontiere con due delle maggiori Potenze mondiali, Russia e Cina. Alla politica estera del Paese ho quindi dedicato un approfondimento perché è un aspetto strettamente connesso con le politiche di sviluppo economico. In particolare il Kazakhstan si è fatto promotore negli anni di una strategia di ricomposizione economica dello spazio ex-sovietico, consapevole dell'importanza dei legami ereditati da quel periodo (dalle connessioni elettriche fino alle infrastrutture), volendo tuttavia escluderne una valenza politica (ovvero il ritorno alla dipendenza da Mosca), usandola per bilanciare il sempre crescente peso della Cina e completandola con l'apertura nei confronti dell'Unione Europea, che nel suo insieme rappresenta il primo partner commerciale e il primo investitore nel Paese.

In tale contesto sono rilevanti anche i rapporti economici con l'Italia, che, insieme alla Germania, è il principale partner commerciale kazako nell'Unione Europea, benché negli anni recenti i dati sull'interscambio abbiano segnato una flessione legata anche al forte indebolimento della valuta kazaka che ha reso le importazioni molto onerose, a danno dei prodotti tipici del "made in Italy". Centrale è il ruolo svolto da oltre un ventennio dalla nostra Compagnia petrolifera ENI, che partecipa ai consorzi internazionali che sfruttano due dei tre maggiori giacimenti petroliferi del Paese (Karachaganak e Kashagan) e da ultimo ha avviato un terzo progetto sul sito offshore di Isatay ed esteso il suo campo d'azione al settore delle energie rinnovabili (progetto di grande parco eolico).

Prospettive molto interessanti si stanno evidenziando anche a livello regionale grazie alla politica di apertura perseguita dall'Uzbekistan dopo l'arrivo al potere del Presidente Mirzoyev nel 2016. In precedenza un Paese di fatto rivale del Kazakhstan e protagonista di ripetute tensioni con gli altri vicini, Tagikistan e Kyrgyzstan, il "nuovo" Uzbekistan si è impegnato per la soluzione di annose controversie (delimitazione dei confini, sfruttamento delle risorse idriche, tutela delle minoranze etniche) e si è fatto promotore di un nuovo spirito di collaborazione nella Regione, testimoniato dalla riunione al vertice dei cinque Paesi organizzato ad Astana lo scorso marzo, il primo evento del genere da molti anni e che negli intenti dovrebbe diventare un evento annuale in coincidenza con la festività del Nawroz, che ha un forte valore simbolico nella Regione. Una dinamica che sta già portando positivi risultati anche economici, ad esempio in termini di traffici transfrontalieri e facilitazione dei passaggi di confine, di cui il Kazakhstan sembra intenzionato ad

approfittare (basti pensare che nel Sud del Paese vive circa un milione di Uzbeki). Allo stesso tempo un clima di collaborazione tra i Paesi della Regione e' essenziale per meglio affrontare le sfide poste dalla nuova Via della Seta di matrice cinese, un progetto di dimensioni tali da porre grandi opportunità ma anche rilevanti rischi a Paesi spesso deboli e vulnerabili (ci si potrebbe ad esempio chiedere come Paesi poveri come Kyrgyzstan e Tagikistan potranno rimborsare gli ingenti crediti cinesi alla costruzione di strade e ferrovie).

La rapida crescita delle entrate statali aveva consentito al Kazakhstan di destinare importanti risorse alle infrastrutture, alle istanze sociali (edilizia popolare, sanità, etc.), alla modernizzazione dell'apparato produttivo. Molto in particolare è stato investito nel settore educativo, che era stato duramente colpito nella transizione dal periodo sovietico. A migliaia di giovani studenti sono state assegnate borse di studio per l'iscrizione alle migliori Università straniere, specie negli Stati Uniti e nel Regno Unito. Massiccio è stato l'inserimento dell'inglese nel sistema educativo locale, dal 2016 a partire dalle elementari è in corso di introduzione in maniera capillare l'insegnamento trilingue (kazako, russo e inglese), basandosi anche sull'esperienza acquisita con il progetto pilota della "Nazarbayev Intellectual Schools". Molte risorse inoltre sono state destinate alla costituzione di un polo universitario di eccellenza ad Astana, la Nazarbayev University, dove gran parte del personale docente viene reclutato all'estero e l'insegnamento è svolto in maggioranza in inglese; l'obiettivo è quello di formare la nuova classe dirigente kazaka ed al contempo assicurare una consulenza alle Università locali per spingerle a migliorare in termini di Governance e di apertura all'estero. Da ultimo è stato confermato il passaggio della lingua kazaka dall'alfabeto cirillico a quello latino quale strumento per rivitalizzare la lingua nazionale collegandola ai flussi comunicativi internazionali, una decisione certo non gradita a Mosca.

Anche scontando le tante difficoltà di un Paese che dopo l'indipendenza si dovette reinventare (basti pensare al sistema di collegamenti stradali e ferroviari concepito come un'appendice delle reti russe) e riconoscendo la grande crescita conseguita dal Paese anche in termini di status internazionale (testimoniata dall'ammissione al Consiglio di Sicurezza per il biennio 2017-18), l'elemento strutturalmente di maggiore criticità restano gli scarsi risultati finora conseguiti in termini di diversificazione economica nonostante questa sia l'obiettivo fissato in tanti documenti programmatici adottati dal Governo in questi anni. Di fatto l'economia kazaka continua a dipendere dal petrolio in misura non solo determinante, ma anche crescente, tanto che sul suo export il petrolio incide per oltre il 60%.

Ne deriva una grave vulnerabilità del Paese a fattori, come le quotazioni petrolifere, su cui esso non ha possibilità di incidere, come dimostrato negli anni recenti dal crollo dei tassi di crescita (l'1% nel 2016) legato al drastico calo dei prezzi del petrolio nel 2014-15, la cui successiva risalita ha consentito migliori performance nel 2017 e 18 (poco sotto il .4%).

Alla scarsa capacità di diversificare l'economia del Paese si accompagna la crisi strutturale del sistema bancario nazionale, gravato da un elevato tasso di crediti inesigibili e da rilevanti opacità nella governance. E' in corso uno sforzo per la costituzione di pochi grandi gruppi bancari sullo sfondo del

ripetersi di fallimenti di quelli minori. Ma non mancano le critiche per l'utilizzo di risorse statali a sostegno del processo, che comunque è ancora lontano dal completamento. In tale contesto l'accesso al credito per le imprese è costoso e difficile, costituendo un evidente ostacolo alle politiche di sviluppo di una rete di PMI.

In tali circostanze l'appoggio delle Istituzioni Finanziarie Internazionali è decisivo, in termini di finanziamento dei grandi progetti, ma anche in termini di assistenza tecnica. Costituisce per il Kazakhstan un indubbio punto di forza la solidità dei rapporti con le maggiori IFI, quali Banca Mondiale e Bers, che nel Paese hanno molto investito in questi anni. Ed è molto rilevante anche il ruolo della Banca Asiatica di Sviluppo/Asian Development Bank, le cui attività ho potuto verificare di persona grazie ad uno stage svolto nell'ufficio di Astana lo scorso marzo.

La diversificazione economica è un obiettivo comune nell'azione delle IFI, perseguito da ciascuna focalizzando i propri interventi nei settori nei quali possa vantare una maggiore expertise. Non mancano talora duplicazioni, e questo è uno dei temi evidenziati da coloro che hanno posizioni critiche rispetto all'efficacia degli interventi delle IFI.

Nel caso specifico del Kazakhstan, grazie anche ad una posizione di apertura del Governo, sono stati adottati dei meccanismi finalizzati al coordinamento degli interventi, in particolare è attivo dallo scorso anno un comitato di coordinamento presieduto dal Primo Ministro kazako che negli intenti dovrebbe consentire uno scambio costante di informazioni tra donatori e tra questi le Autorità, nell'interesse dell'utilizzo ottimale delle risorse allocate.

ADB persegue il sostegno alla diversificazione economica agendo in tre settori strategici: modernizzazione dell'agricoltura e delle infrastrutture, focalizzando anche sul sostegno alla piccola impresa e all'inclusività sociale; promozione di uno sviluppo economico "verde" e sostenibile; sostegno alla cooperazione regionale. Le enormi potenzialità del settore agricolo e le opportunità offerte al Kazakhstan dalla prospettive di divenire uno snodo essenziale dei grandi progetti cinesi di nuovi collegamenti terrestri verso l'Europa rappresentano due settori chiave nella ricerca di motori di sviluppo ulteriori rispetto a quello energetico.

La Banca è quindi impegnata a co-finanziare la realizzazione di alcuni assi di collegamento stradale, in particolare lungo la direttrice Cina Occidentale-Mar Caspio (dove il Kazakhstan dispone del porto di Aktau), mentre per il settore agricolo si tratta innanzi tutto di recuperare la grave perdita di produttività successiva all'indipendenza, grazie ad una migliore gestione delle terre, l'introduzione di moderne tecnologie, una più efficiente gestione delle risorse idriche.

In termini di sostegno alle politiche di sviluppo sostenibile è interessante il partenariato varato da ADB nel 2016 con l'obiettivo di aiutare il Governo a meglio coordinare le iniziative dei tanti donatori esterni, così come sono innovative alcune iniziative in tema di sviluppo dell'eco-turismo in alcune aree del Paese.

Quanto infine alla dimensione regionale merita segnalare il ruolo di ADB nel co-finanziare le iniziative del CAREC ("Cooperazione regionale economica in Asia Centrale"), un programma attivo nel

settore dei trasporti, dell'energia e della facilitazione agli scambi commerciali e che l'anno scorso, nel contesto delle positive aperture politiche uzbeke, ha adottato una Strategia 2030 per tenere conto dei progetti cinesi in tema di collegamenti terrestri.

Come noto il settore delle IFI è interessato da un processo di profonda trasformazione, legato anche all'ingresso sulla scena della Cina e delle sue ricche strutture finanziarie. Molto numerosi sono coloro che criticano un sistema risalente al dopoguerra, ormai invecchiato e centrato sugli interessi dell'Occidente. Così come non mancano critiche specifiche agli sprechi, all'aliquota eccessiva dei costi di personale rispetto a quella delle risorse che giungono effettivamente a destinazione, ad una sorta di competizione che impedisce di razionalizzare l'utilizzo degli strumenti a disposizione. Si tratta senza dubbio di un mondo destinato a riformarsi sulla scia dei profondi cambiamenti che investono gli assetti internazionali e sull'onda della sensibilità delle opinioni pubbliche.

Tuttavia quello che ho potuto osservare nel caso specifico dell'intervento di ADB in Kazakhstan mi ha lasciato un'impressione molto positiva, per le qualità professionali del personale addetto, per il livello dell'interazione con le istituzioni statali anche a livello locale, per l'approccio integrato dei programmi di cooperazione, lo sforzo di mantenere uno stretto coordinamento con le altre IFI, la capacità di adattarsi ad un contesto in rapida evoluzione a seguito del nuovo regionalismo in atto e della crescente presenza cinese in settori chiave per lo sviluppo economico della Regione.

Le IFIs scontano senza dubbio la pesantezza delle proprie strutture e una certa ripetitività nell'approccio, oggi sono chiamate ad adottare misure di semplificazione, trasparenza e sburocratizzazione; ed essenziale in tale processo sono professionalità e motivazione del personale addetto, caratteristiche che ho ritrovato nello staff ADB - kazako e straniero – e che mi induce a ritenere questa organizzazione in grado di adattare i propri interventi nell'interesse di un solido sostegno alla modernizzazione economica del Kazakhstan.