
REPUBLIC OF KAZAKHSTAN

Multi-annual Indicative Programme 2021-2027

1. The overall lines of the EU international cooperation in the partner country

1.1. Basis for programming

Kazakhstan is a key partner for the EU in Central Asia, partly due to its abundant energy resources and the trade and investment opportunities linked to Eurasian connectivity. The Enhanced Partnership and Cooperation Agreement¹ (EPCA), which entered into force on 1 March 2020 testifies to Kazakhstan's readiness to commit to comprehensive cooperation with the EU.

The development goals of the Government of Kazakhstan are set out in a number of strategies and programmes: "Kazakhstan 2050" presents the overarching, long-term vision, while the "Strategic Development Plan 2025" (SDP 2025) defines the mid-term implementation strategy and guides the accompanying sectoral programmes². SDP 2025 sets out the objectives of modernising the economy and strengthening institutions and competitive businesses in a sustainable way. The overarching objective is to place Kazakhstan among the top 30 most developed countries in the world by 2050. SDP 2025 explicitly refers to the Sustainable Development Goals (SDGs) as key markers for Kazakhstan's development with specific reference to human capital development, improving the wellbeing of citizens and limiting the negative impact on the environment. The strategies set out in the various national development documents respond well to the development challenges of Kazakhstan and Central Asia and are generally well aligned with the EPCA, the EU's 2019 Central Asia Strategy³ and the Strategy on Connecting Europe and Asia of 2018⁴.

Kazakhstan's economy is heavily reliant on the extractive industry and financially dependent on international commodity prices, mainly oil, minerals and agricultural products. The national development documents recognise this vulnerability, which is the main justification for prioritising economic diversification and modernisation efforts. However, the unprecedented scale of the COVID-19 crisis, its social-economic consequences and impact on commodity prices pose challenges to Kazakhstan's plans and may delay and/or require revisions of some specific development targets. Key challenges and opportunities identified in the SDP 2025 remain relevant in the context of the COVID-19 pandemic, for which the government has developed several response plans. The most prominent of these is the Comprehensive Plan for Economic Recovery, which is worth about 9% of the GDP. This Plan comprises measures and instruments to stimulate economic activity, support employment and increase public income. Particular emphasis is placed on post-COVID-19 green recovery, including job creation, through attracting investments and providing support to Small and Medium-sized Enterprises (SMEs), and through digitalisation. Social protection measures, additional reduction of greenhouse gas emissions and a progressive shift to renewable energy sources are also comprised in the Plan. This is in line with the European Green Deal⁵ and EU Recovery Plan

¹ EU-Kazakhstan EPCA, Official Journal of the European Union, L 052, 25 February 202. <https://eur-lex.europa.eu/legal-content/en/ALL/?uri=OJ%3AL%3A2020%3A052%3ATOC>

² Including, 'Nurly Zhul' - infrastructure investment strategy; 100 Steps - for administrative reform; Digital 2022 Kazakhstan; 2011-2020 National Education Development Programme.

³ JOINT COMMUNICATION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL The EU and Central Asia: New Opportunities for a Stronger Partnership - JOIN/2019/9 final of 15.5.2019

⁴ JOINT COMMUNICATION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE OF THE REGIONS AND THE EUROPEAN INVESTMENT BANK Connecting Europe and Asia - Building blocks for an EU Strategy - JOIN/2018/31 final of 19.9.2018.

⁵ COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE EUROPEAN COUNCIL, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS The European Green Deal - COM/2019/640 final of 11.12.2019

priorities⁶, as well as with the principle of ‘Building Back Better’⁷.

As Kazakhstan’s foremost investment and trading partner, the EU is the most relevant standard setter and an important partner in the country’s reform processes. In addition to its role as a key energy supplier, Kazakhstan is of interest to the EU to develop the market for European products and services in the country, while increasing cooperation on climate action and low-carbon development in line with the Paris Agreement. At the same time, the EU has an interest in supporting the country’s continued development as a secular democratic state respecting human rights and the rule of law and supporting a rules-based global order. The government has formulated objectives that are generally aligned with those of the EU, reflecting common challenges (e.g. environment and water management, climate change, migration, countering transnational organised crime, trafficking, including in human beings, violent extremism and terrorism, promoting intra-regional trade and connectivity) to ensure stability and security in Central Asia. Having achieved a relatively high level of human capital development and poverty reduction, Kazakhstan is well placed to be a leading force in promoting intra-regional integration and share experiences and good practices with its neighbours. Kazakhstan has also maintained a steady women’s labour-force participation rate. Nevertheless, the gap between male and female labour force participation and wages is not narrowing.

While Kazakhstan has made significant progress in terms of economic development, the human rights situation is in general not improving. Legal initiatives by the Parliament and targeted inspections of civil society organisations (CSOs) promoting human rights, trade unions, media and religious organisations have limited the freedoms of expression, association and assembly. The arrests and detention of peaceful demonstrators during the 2019 presidential elections and the 2021 parliamentary elections provide examples of actions by the authorities to prevent citizens from taking active part in the political life, and in particular from expressing dissent. At the same time, there is a growing recognition in Kazakhstan that economic development and political stability cannot be achieved to the detriment of progress in political reforms, democracy and rule of law, if it is to remain a stable, independent country.

Complementarity will be ensured with programmes developed and implemented under the Regional Multi-annual Indicative Programme for Asia and the Pacific 2021-2027.

1.2. Status of joint programming

As Kazakhstan is an Upper Middle-Income country, EU Member States do not have significant bilateral cooperation programmes. However, close and regular consultations were led by the EU Delegation with more than 20 EU Member States’ present during the programming phase.

Consultations with the UN Resident Coordinator, UNDP, ILO, UNFPA, UNWOMEN, UNDRR, UNIDO, WHO, ADB, World Bank, EBRD and USAID have also taken place. In addition to the feedback received through an annual survey, specific consultations also took place with representatives of civil society, and business intermediary organisations.

⁶ COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE EUROPEAN COUNCIL, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS Europe's moment: Repair and Prepare for the Next Generation, COM/2020/456 final

⁷ [2021 G7 Leaders' communiqué: Our shared agenda for global action to build back better - Consilium \(europa.eu\)](https://www.europa.eu/2021/G7-Leaders%27-communiqu%C3%A9-Our-shared-agenda-for-global-action-to-build-back-better)

2. Cooperation Facility

The Cooperation Facility will support **the implementation of the EPCA** and may include:

- support for capacity development and institution building, including through technical assistance and exchange of public expertise, such as TAIEX and Twinning;
- support for policy dialogues: events, conferences, studies, fellowships, exchange platforms to support sector dialogues leading to policy reforms and engagement with governments and other stakeholders;
- support to facilitate Joint Programming/Team Europe approach coordination at country level;
- actions to support the participation of the country in EU Programmes and cooperation with EU Agencies, where relevant;
- financing for communication including strategic communication, fight against disinformation, visibility actions on EU cooperation, and public and cultural diplomacy specific interventions to promote EU policies as well as its multilateral agenda in Kazakhstan.

The cooperation facility will mainly focus on two priority areas: **Sustainable Economic Growth and Rule of Law**⁸.

The objective of the first area is to promote a more diverse, green and circular economy, through investments and support to a greener, more digital and more inclusive private sector. Emphasis will be put on Micro-, Small and Medium-Sized Enterprises (MSMEs), which employ approx. 3.3 million people and were devastated by the COVID-19 pandemic. Women and youth-led MSMEs will benefit from particular support. The Cooperation Facility will focus on enhanced cooperation in sectors such as trade, transport, agriculture, water resources management and energy transition. The expected result is that it will offer opportunities to promote EU policies and interests in these sectors, including with regard to climate action, to diversify the economy and to ease access to finance and markets for the local and European private sector. Thus, the Facility will contribute to developing Euro-Asian connectivity and creating decent jobs, in line with the ILO Decent Work Agenda and the UN “Guiding principles on Business and Human rights”, as a way to participate in an equitable post-pandemic economic recovery. For all activities promoting economic growth, compliance with the rights-based approach will be closely monitored, notably to ensure the participation of rights-holders and affected communities in line with the EU’s commitment to inclusive growth and “leave no-one behind”. Thus, the Facility will also contribute to the implementation of the EU Human Rights and Democracy Action Plan⁹ and of the Gender Action Plan III¹⁰. The objective and proposed actions are complemented by the openness of the EU’s Framework Programme for Research and Innovation, Horizon Europe, according to which entities from Kazakhstan can participate in most parts of Horizon Europe and can be funded by the Union for their participation in it.

⁸ The attachment provides an overview of the links between the priority areas; the EPCA chapters; the Sustainable Development Goals (SDGs) and the priority areas of the SPD 2025.

⁹ JOINT COMMUNICATION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL EU Action Plan on Human Rights and Democracy 2020-2024 - JOIN/2020/5 final of 25.3.2020

¹⁰ JOINT COMMUNICATION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL - EU GENDER ACTION PLAN (GAP) III –AN AMBITIOUS AGENDA FOR GENDER EQUALITY AND WOMEN’S EMPOWERMENT IN EU EXTERNAL ACTION – JOIN(2020)17 final of 25.11.2020

The objective of the second area, Rule of Law, is to support the strengthening of the legal framework and institutions in place to ensure the respect of human rights, including labour rights, and justice for all, in line with the Venice Commission standards. In this area, the expected result is that the facility will be used to support targeted efforts in fighting corruption, inequality, including gender inequality, and the development of a more business- and investment-friendly legal environment, e.g. through e-governance and digitalisation. Related to the latter, due attention will be paid to IT, cyber- and data-security, as well as the right to privacy. Targeted assistance and policy dialogue to support the establishment of an independent, effective and accountable judicial system, as well as compliance with fair trial standards will be key.

Specific indicators will be developed in subsequent action programmes.

Design of actions and monitoring progress to reach the objectives and support evidence-based decision-making require improving the quality and availability of information and statistical data.

This Cooperation Facility will be implemented through a wide range of tools/modalities, including technical assistance, Twinning and TAIEX. Contributions from Member States will be mostly in the form of peer expertise in the areas of the EU acquis linked to an EPCA Implementation Plan. CSOs will continue to play an important role as partners for the Government and the EU through their monitoring of, and support for the implementation of Kazakhstan's international and constitutional commitments. In this respect, continued engagement with the social partners will also be important. As a means to ensuring an effective and systematic engagement of CSOs, the Roadmap on the EU's Engagement with CSOs will be kept up to date and its implementation monitored, e.g. through an annual survey. Local Authorities will also be supported to play their role in the implementation of the EPCA.

3. Support to investments under the EFSD+

The focus of EFSD+ should be on investment projects supporting the implementation of the EPCA with Kazakhstan, with due respect to the fight against climate change and the conservation of the environment. It should also take into consideration the socio-economic impact of investments with particular attention to the involvement of women, youth and other vulnerable groups, particularly those affected by the COVID-19 pandemic. Moreover, it would be desirable that the ESFD+ investment projects contribute to the regional integration of Kazakhstan in Central Asia in line with priorities identified in regional or other multi-country indicative programmes covering Kazakhstan (such as the thematic programmes for democracy and human rights and for civil society organisations and local authorities).

With regard to funding for a Team Europe approach to implementing the EPCA, the main contribution is expected to come from EIB and possibly EBRD loans, through loans to SMEs, for green investment projects (incl. in agriculture, water management, health and sanitation, waste management) and renewable energy.

While the EIB is expected to lend Kazakhstan significant amounts for green loans for SMEs the coming years, several other International Financial Institutions, including EBRD, ADB and AFD, have expressed their interest in offering loans for the same purpose. Given the considerable investment needs and the common interest in assisting as many needy SMEs as possible, the EU will promote a joint approach to providing loans to SMEs, ensuring both a greener, a more digital and more inclusive development of the sector.

Sustainable Finance might be provided to help accelerate financial flows towards green, inclusive and resilient transitions.

4. Financial overview

Cooperation Facility	100%	EUR 16 million
TOTAL for 2021-2027	100%	EUR 16 million

KAZAKHSTAN MIP – Annex Donor Matrix

A) Mapping of donor profiles by OECD DAC Sectors

Not included. There is lack of complete information due to the absence of a donor matrix at the EU Delegation in Kazakhstan.

B) ODA Disbursements by Development Partners (2010-2019)

ODA: Total Net										
1 : Part I - Developing Countries										
Constant Prices										
US Dollar, Millions, 2019										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Donor										
Official Donors, Total	199.55	176.51	114.78	76.32	76.49	76.3	62.75	57.49	76.71	53.35
DAC Countries, Total	111.53	26.14	40.4	14.15	19.01	6.62	6.08	7.81	6.29	3.88
Australia	..	..	..	0.11	..	..	..	..	0.02	..
Austria	0.31	0.5	0.77	0.83	1.13	1.89	2.16	2.67	3.01	2.89
Belgium	..	0.15	..	0.01	..	0.01	0	..	0	0.01
Canada	0.04	0.03	0.05	0.06	0.09	0.11	0.11	0.16	0.02	0.06
Czech Republic	0.85	0.3	0.33	0.29	0.04	0.05	0.13	0.03	0.02	0.02
Denmark	0.59	-0.02	..	..	..	..	..	..	..	..
Finland	0.07	0.38	0.34	0.17	0.07	0.06	0.01	..	0.05	0.02
France	3.73	2.86	3.02	3.61	4.25	5.46	4.35	4.36	4.01	3.35
Germany	13.28	5.42	13.75	-23.64	11.8	13.34	14.77	17.21	15.94	12.97
Greece	0.35	0.2	0.13	0.04	0.04	0.05	0	0	0	0
Hungary	0.03	0.02	0.03	0.28	0.15	0.44	0.68	0.65	2.19	3.97
Iceland	..	..	..	..	..	..	..	..	0.08	0.04
Ireland	..	0.02	0.04	..	..	..	..	..	..	..
Italy	..	0.03	..	0.04	0.13	0.06	0.06	0.04	0.28	0.15
Japan	-1.49	-15.66	-12.14	-5.91	-36.63	-37.07	-35.89	-40.3	-40.85	-40.38
Korea	4.17	2.12	0.37	-0.22	0.12	-7.2	2.75	1.81	1.19	1.91
Luxembourg	0.06	0.05	..	..	..	..	0.03	0.05	0.1	0.07
Netherlands	0.41	0.23	0.42	0.49	0.54	0.47	0.54	0.48	0.72	0.67
Norway	3.5	2.1	1.7	1.32	0.47	0.09	..	0.02	..	..
Poland	1.96	1.77	1.49	1.27	1.08	1.13	0.93	1.75	1.16	1.83
Portugal	..	..	..	..	..	0.01	..	0.01	0	..
Slovak Republic	0.03	..	0.04	0.08	0.02	0.01	..	0.01	0	0.01
Slovenia	..	..	..	..	..	0	0	0.12	..	..
Spain	0.1	-1.74	..	0.02	0.01	0.01	-3.84	-3.72	-3.47	-3.61
Sweden	0.83	0.07	0.04	0.03	0.06	0.02	0.07	0.12	0.09	0.08
Switzerland	0.01	0.1	0.2	0.25	0.16	0.11	0.09	..	0.32	0.36
United Kingdom	0.33	2.5	4.76	2.54	2.49	7.53	4.73	1.58	2.37	3.58
United States	82.37	24.69	25.05	32.5	33.01	20.03	14.37	20.76	19.04	15.86
Multilaterals, Total	45.2	44.69	41.52	37.06	30.25	51.79	30.68	31.99	19.97	25.11
EU Institutions	16.39	17.38	11.35	12.9	10.98	15.11	10.93	12.35	4.11	2.56
Regional Development Banks, Total	-0.69	-1.48	0.34	-1.07	-1.17	-0.93	1.45	-1.66	-0.2	2.06
Asian Development Bank, Total	..	..	-0.2	0.27	-0.05	0.63	1.88	1	1.09	2.69

Asian Development Bank [AsDB]	..	..	-0.2	0.27	-0.05	0.63	1.88	1	1.09	2.69
Islamic Development Bank [IsDB]	-0.69	-1.48	0.54	-1.34	-1.12	-1.56	-0.43	-2.67	-1.29	-0.63
United Nations, Total	4.05	2.93	3.1	5.04	3.48	4.45	4.29	5.55	3.43	4.43
Food and Agriculture Organisation [FAO]	..	..	..	0.11	..	..	..	..	0.05	0.11
International Atomic Energy Agency [IAEA]	0.45	0.31	0.51	0.58	0.49	0.33	0.35	0.37	0.31	0.21
International Labour Organisation [ILO]	..	..	0.2	0.15	0.08	0.08	0.12	0.07	0.48	0.61
UNAIDS	0.5	0.66	0.65	0.59	0.55	0.74	0.82	0.66	0.07	0.67
UNDP	0.81	0.42	0.48	0.38	0.37	0.39	0.29	0.16	0.15	0.15
UNECE	..	..	..	..	0.01	0	0.05	0.63	..	..
UNFPA	0.61	0.52	0.55	0.61	0.58	0.62	0.43	0.51	0.59	1.11
UNHCR	0.45	..	..	1.57	..	0.23	0.52	1.42	..	..
UNICEF	1.22	1.02	0.71	1.05	1.05	1.46	0.91	1.3	0.77	0.93
World Health Organisation [WHO]	..	..	..	..	0.35	0.59	0.82	0.43	1	0.64
Other Multilateral, Total	25.45	25.85	26.73	20.19	16.97	33.17	14.01	15.75	12.64	16.06
Climate Investment Funds [CIF]	..	..	..	..	0.39	15.82	..	..	..	..
Global Environment Facility [GEF]	4.48	5.65	7.98	8.57	9.5	9.35	6.74	5.87	3.89	3.98
Global Fund	18.54	17.8	16.47	9.04	4.87	5.75	4.68	7.64	6.13	7.1
Global Green Growth Institute [GGGI]	..	..	..	0.36	0.1	..	..	..	..	..
Green Climate Fund [GCF]	..	..	..	..	..	..	..	..	0.29	3
OPEC Fund for International Development [OPEC Fund]	..	..	..	..	..	..	0.34	..	..	..
OSCE	2.43	2.41	2.27	2.22	2.12	2.25	2.24	2.24	2.33	1.98
Non-DAC Countries, Total	42.83	105.68	32.86	25.11	27.22	17.89	26	17.69	50.45	24.35
Cyprus	0.01	0.02	..	..	..	..	..	..	..	..
Estonia	..	..	..	..	..	0	0.01	..	..	0.03
Israel	1.32	0.71	0.47	0.54	0.41	0.43	1.06	1.2	0.65	0.42
Kuwait	-0.78	-0.76	-0.77	-0.75	-0.74	-0.78	-0.78	-0.68	..	-0.75
Latvia	..	..	..	0.01	0.03	0.03	0.02	0.02	0.06	0.05
Lithuania	0.01	0.02	0.03	0.01	0.01	0.03	0.01	0.03	0.03	0.15
Qatar	..	..	..	..	..	..	..	..	..	0.6
Romania	0.01	0.04	0.09	0.01	0.01	0.03	0.04	0.04	0.06	0.12
Russia	..	..	0.78	0.06	0.44	0.68	0.41	0.5	1.4	1
Thailand	0.01	..	..	..	..	0	..	0.01	0.03	0.02
Turkey	32.56	33.06	31.03	24.32	26.85	18.67	14.87	17.38	49.23	22.3
United Arab Emirates	9.69	72.6	1.23	0.91	0.22	-0.37	7.66	0.01	-0.62	-0.27
Private Donors, Total	..	0.05	0.06	..	..	..	..	5.97	0.85	1.65
Bill & Melinda Gates Foundation	..	0.05	0.06
Citi Foundation	0.15	..

Grameen Crédit Agricole Foundation	5.97	0.7	1.65
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Data extracted on 25 Aug 2021 from OECD.Stat