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## Kazakhstan's 2030 Development Strategy: Significance and Results

### *Introduction*

This contribution deals with the analysis of a number of strategic documents drawn up in Kazakhstan in the period 1997-2010 that have a determining impact on the economic and political development of the country. It focuses on the implementation of the major document entitled "Kazakhstan 2030: Prosperity, Security and Ever Growing Welfare of All the Kazakhstanis",<sup>1</sup> its meaning for the economic and political development of the country, and its outcomes. It also considers subsequent documents that were drawn up in compliance with the Strategy and which aim at realizing its goals and objectives.

The 2030 Strategy outlines seven long-term priorities: national security; domestic stability and consolidation of the society; economic growth based on an open market economy; health, education, and welfare; effectively utilizing energy resources; transport and communication infrastructure; and the professionalization of public administration. This contribution considers the government's policies to achieve each of the priorities. It also touches upon the process of policy implementation, looking at both successes and failures.

Finally, the contribution also deals with Kazakhstan's 2010 OSCE Chairmanship Programme to the extent that it gives an additional insight into the priority objectives set in the 2030 Strategy. By this means, it shows how the Strategy priorities drawn up thirteen years ago are revisited in Kazakhstan's 2010 OSCE Chairmanship Programme.

### *Strategy 2030: Goals and Objectives*

The long-term development strategy "Kazakhstan 2030: Prosperity, Security and Ever Growing Welfare of All the Kazakhstanis" was adopted in 1997. President Nursultan Nazarbayev has stated that the major principle of the country's development is that economic development should be given precedence over political development: "Economy is the first, then comes politics".<sup>2</sup> The 2030 Strategy and all subsequent related documents emphasize the

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1 Cf. Strategy "Kazakhstan 2030", in: Nursultan Nazarbayev, *Prosperity, Security and Ever Growing Welfare of all the Kazakhstanis. Message of the President of the country to the people of Kazakhstan*, at: [http://www.akorda.kz/en/kazakhstan/kazakhstan2030/strategy\\_2030](http://www.akorda.kz/en/kazakhstan/kazakhstan2030/strategy_2030).

2 Nursultan Nazarbayev, *The Kazakhstan Way*, Almaty 2009, p. 36.

necessity to focus primarily on solving the problems of the country's economic development and then starting a process of comprehensive political change.

The main economic challenge that Kazakhstan faced after gaining independence in 1991 was that of stabilizing a national economy that had been ruined following the dissolution of the USSR. The key objectives were to overcome the economic crisis, to establish an independent financial system, and to introduce a national currency. It was also vital for Kazakhstan to launch economic liberalization reforms by providing the legal framework for a market economy, opening its economic space to the world market, and attracting foreign investments. By 1997, Kazakhstan had completed the privatization of its economy, established a banking system compliant with world standards, and had started to generate its own economic elite. After 1997, Kazakhstan's priority shifted from a strategy of economic stabilization to one of economic growth. By the late 1990s, the economic system was stable enough to make it possible to instigate reforms elsewhere, i.e. in social welfare, healthcare, education, transport, and other sectors.

The 2030 Strategy was drafted starting in late 1995 by the experts of the Supreme Economic Council of the Republic of Kazakhstan, headed by President Nazarbayev, and in collaboration with a number of international organizations and donors. A large number of younger experts were involved in elaborating the strategy to ensure that Kazakhstan's major strategic document would contain fresh ideas and new perspectives.

Why does the Strategy set the deadline of 2030? Arguably, there were two reasons. The first is that thirty years represents the active life of one generation. The second is that the thirty-year period up to 2030 is expected to see the exhaustion of Kazakhstan's oil deposits and is thus the period within which alternative energy sources will have to be found. These are two basic factors that were considered in determining the 2030 deadline.<sup>3</sup>

The document states that a good strategic plan must serve the purpose of concentrating, disciplining, and encouraging. It focuses government effort on a certain number of priority tasks; it disciplines the government to steadily proceed to implement the priority objectives; and it encourages daily and annual decision making in order to achieve these goals.

President Nazarbayev presented the 2030 Strategy in his annual address to the nation in October 1997. The Strategy outlined the ultimate goal of the nation and set out the priority objectives for its achievement. The goal of the nation was defined as building an independent, prosperous, and politically stable state of Kazakhstan. The major ideas on which the Strategy is based are the national unity of Kazakhstan, social justice, and the economic well-being of the population. In his address to the nation, President Nazarbayev stated that the Kazakhstan of 2030 should see great improvements in terms of

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3 Cf. *ibid.*, pp. 30-31.

the well-being, security, and prosperity of the Kazakhstani people. The aim of the document, therefore, is to determine the direction for Kazakhstan's long-term development towards being one of the world's most secure and stable countries with a dynamically developing economy.

The Strategy begins by analysing the internal and external strengths and weaknesses that Kazakhstan faced in the 1990s. This is followed by an outline of goals and objectives. The same pattern has been repeated in subsequent relevant documents. The body of the Strategy is a description of the seven long-term priorities for Kazakhstan's development, as detailed above. These form the basis for the design of a number of action plans for the further development of the country.

### *The Seven Priorities of Strategy 2030*

Maintaining Kazakhstan's national security is the *first priority* for the further development of the country. Potential challenges to the security of Kazakhstan at present and in the short term are unlikely to imply direct military aggression or to threaten Kazakhstan's territorial integrity. The Strategy emphasizes that preserving its independence and territorial integrity requires Kazakhstan to become a strong state while maintaining friendly relations with all its neighbouring countries. Kazakhstan should therefore seek to further deepen and strengthen trust and equitable relations with its nearest neighbours. The Strategy also contains the following foreign policy priorities: promoting the integration process among Central Asian states, fostering relations with the countries of the Middle East, and strengthening co-operation with the major democracies, most of which have a high degree of industrial development, the USA in particular. It further states that Kazakhstan welcomes assistance and co-operation initiatives from international institutions and forums such as the UN, the IMF, the World Bank, the European Bank for Reconstruction and Development, the Islamic Development Bank, and the Asian Development Bank.

Since the 2030 Strategy was published, there have not been any principal changes in the foreign policy of Kazakhstan. One of the major directions of Kazakhstan's current foreign policy is the strengthening of economic and political co-operation with Russia, China, and the Central Asian states. A good example is the customs union of Belarus, Kazakhstan, and Russia, which has been effective since 1 January 2010. In order to maintain its national security, Kazakhstan is also widening its co-operation with the USA, the EU, and NATO.

The subsequent section of the Strategy considers the self-identification of the population of Kazakhstan. Internal stability and the consolidation of the people were defined as the *second priority*. The Strategy says that it will take a number of decades to complete the process of identity formation in

Kazakhstan. It emphasizes that the state shall provide equal rights to all ethnic groups living in Kazakhstan and eliminate conditions that could cause ethnic tensions. This section of the Strategy also touches upon the sensitive matter of the steadily increasing income gap in Kazakhstan, as well as the gap in development between rural and urban areas.

The section of the Strategy discussing which model for the political development of the state Kazakhstan should follow may be the most interesting; it pays particular attention to the Anglo-Saxon model and the Asian model, as adopted by the “Asian tigers”. The former is largely characterized by individualism, whereas the latter is more about communitarianism. The former favours the idea of limiting state interference, while the latter is based on the principle of etatism, according to which the state is actively involved in planning and leading the economy and society. The former emphasizes macroeconomics, the latter microeconomics.

Currently, the state is continuing its efforts to maintain domestic stability and bring about the consolidation of the population in line with the 2030 Strategy via a wide range of measures aimed at preventing ethnic and religious tension and promoting the spirit of unity within the population of the country, based on the principle of equal opportunities for all citizens of Kazakhstan.

The document acknowledges that Kazakhstan’s development has previously tended to follow the Anglo-Saxon model, with a priority on rapidity of change. The Strategy points out that Kazakhstan stood before a strategic choice as to its path of further development. This question was debated throughout Kazakh society. While some were more willing to choose the Anglo-Saxon model, others supported the Asian one; some promoted a more pro-Russian direction, whereas others were protagonists of neo-Turkism. The Strategy states that the right choice for Kazakhstan would not be to copy any single existing model, but to select particular aspects of each best suited for achieving its development goals. Kazakhstan should follow a path combining elements from various models of social development, one that is based firmly on its particular situation, historical background, newly found civil identity, and aspirations for its people, and which adjusts to the requirements of each stage of development.

The *third priority* is the establishment of an open market economy with high levels of foreign investment and domestic savings. The Strategy stresses that the state’s role in economic affairs should be substantial but limited; it should establish the legal basis for an economy in which private enterprise is the main actor. The government was tasked with making Kazakhstan more appealing for foreign investors in order to attract investments into major sectors of Kazakhstani industry. According to the document, the priority until 2010 should be given to those sectors with the best prospects in terms of competitiveness and possible benefits for the country. These sectors include agriculture, forestry and wood-using industries, light industry and food pro-

cessing, tourism, building construction, and infrastructure. Development of these industries not only encourages structural changes in the country's economy, but also fulfils two additional urgent tasks by creating jobs and reducing poverty,

In the early 2000s, the government of Kazakhstan went on to implement more ambitious plans for the modernization of Kazakhstan's economy. The principle of state involvement in economic affairs and the establishment of a number of large state development institutions, which had been adopted back in the 1990s, was taken forward in the first decade of the new millennium. The government policy of the time was to establish a number of "backbone" parastatal companies operating in all the major sectors of Kazakhstan's economy. These companies were intended to provide the foundation of the country's economy. It is obvious that the state is currently the only actor able to be an "engine" of rapid industrial modernization, while the private sector is not yet strong enough to invest long-term in hi-tech industries. The state is the only agency capable of accumulating the human and financial resources necessary to realize the desired strategy of industrial development.<sup>4</sup>

The increasing state involvement in economic affairs we are witnessing today is one of the consequences of the economic crisis, it can be seen most clearly in the establishment of control over the financial system and strategically important industries via nationalized companies. From 1 January 2010, the country has been striving to realize a five-year programme of rapid industrial and innovation development that was a part of the 2030 Strategy.

Improving the healthcare system and solving environmental issues are the *fourth priority* of the 2030 Strategy. The Strategy calls for the launch of information campaigns to promote healthy living, nutrition, hygiene, and sanitation. The Strategy stresses government willingness to pursue a more active policy in demography and family welfare as the economy grows.

The development of Kazakhstan's human resources is currently considered to be crucial for the country's long-term progress. Future economic benefits very much depend on investment in education and healthcare, which can significantly increase the quality and productivity of the labour force. Accordingly, improving the quality of education and healthcare will be in the focus of Kazakh government efforts throughout the coming decades. There is much to be done in order to increase the size of the population by promoting its natural growth and a sensible migration policy.

The *fifth priority* outlined by the Strategy is the development of the country's energy resources. The document details five points for the energy resources utilization strategy:

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4 Cf. O dalneyshikh merakh po realizatsii Strategii razvitiya Kazakhstana do 2030 goda. Ukaz Prezidenta Respubliki Kazakhstan ot 4 dekabrya 2001 goda N 735 [On Further Measures to Implement the Kazakhstan Development Strategy 2030. Decree of the President of the Republic of Kazakhstan of 4 December 2001, No. 735], in: *Kazakhstanskaya Pravda*, No. 285, 12 December 2001.

- concluding long-term contracts with major international oil companies in order to obtain technologies and know-how and attract major companies to ensure that the natural resources of the country are effectively exploited;
- building a pipeline system for oil and gas exports;
- attracting investments from the USA, Russia, China, Japan, and Western Europe in Kazakhstan's oil and gas sector;
- maintaining self-sufficiency and competitive independence of domestic energy infrastructure through foreign investments;
- sensible spending of future revenues.

While, back in the 1990s, the government's efforts were initially focused mainly on increasing oil exports, in the 2000s, emphasis was placed on developing an oil and gas processing industry and building an integrated oil-gas-chemical industrial complex.

The *sixth priority* is the development of transport infrastructure. The relevant section of the 2030 Strategy states that Kazakhstan aims to make its domestic transport and communication complex competitive on the world market and increase trade flows through its territory. The government seeks to develop domestic rail, air, and water transport infrastructures as well as the national road network. Special attention is given to the development of telecommunications. Kazakhstan plans to build its own effective, independent telecommunications system, which should gradually increase its competitiveness with other countries' systems. However, Kazakhstan's domestic telecommunications system is currently facing growing economic problems, even though it is more advanced than those of some other countries in terms of line density.

Kazakhstan plans to improve and integrate its four main domestic transport infrastructures: rail, road, air, and water. The country's transit potential will be improved by direct investment in transport infrastructure as well as reform of customs and border control institutions.

The *seventh and final priority* of the 2030 Strategy is building an efficient, modern public administration that can ensure good governance in a market economy. The Strategy states that the creation of a comprehensive nationwide system of public administration with effective staff training (both in the country and abroad) is a national priority, alongside fair conditions for career promotion, a standardized information system, and a solid social protection system based on a spirit of appreciation of the contribution of a government's key resource, which is human capital.

Kazakhstan adopted its Law on Public Administration on 1 January 2000. It stipulates the division of all public officials into "political" and "administrative". It also states that those willing to serve the public administration of Kazakhstan should be selected through mandatory competitive procedure.

### *Strategic Planning for 2010 and 2020*

None of the priorities outlined in the 2030 Strategy has lost its relevance so far, however some further objectives have been added due to recent changes in external and internal conditions.

Within the context of the 2030 Strategy, three plans were drawn up for the further development of the country during the periods 1998-2000 (preparatory stage), 2001-2010 (first stage), and 2010-2019 (second stage). While the Strategy gives the general vision of future goals and objectives, the 2010 and 2020 Strategic Plans provide detailed coverage of the practical measures necessary to achieve each of the priority tasks set by the Strategy. In the first decade of the strategy, the government's efforts were focused on reviving the country's economy during the post-reform period and providing the basis for long-term sustainable development. In this period, the most pressing social issues have been successfully addressed. It is important to note that the 2010 Strategic Development Plan was drawn up at a time of global economic upturn, whereas the 2020 Strategic Development Plan was worked out against the background of global economic recession. The 2020 Strategic Development Plan is therefore aimed at overcoming the global economic crisis.

The 2010 Strategic Development Plan was approved by Decree of the President of the Republic of Kazakhstan in December 2001. The document sets the goals of building a competitive economy, achieving industrial and agricultural growth, and increasing the availability of social welfare, particularly education and healthcare. One of the important tasks defined in the 2010 Strategic Plan is to promote the effective functioning of the system of public administration by defining powers and functions at all levels. A number of challenges outlined in the plan have so far been successfully addressed; however, there are problems which still need to be resolved in the coming decade. Numerous priority objectives of the plan remain to be implemented. We shall continue our efforts to build a diversified, competitive economy. There is a lot to be done to improve the quality of education and healthcare. The process of public administration reform launched while the 2010 Strategic Development Plan was being implemented has not yet been completed. Delineating the powers of the various authorities at the various level of the state government system, improving the quality of public services, and increasing the effectiveness of the public administration system remain issues that need to be dealt with.

For these reasons, the 2020 Strategic Development Plan is the next stage towards realizing the 2030 Strategy for the period from 2010 to 2019. The document, approved in February 2010, aims at providing the basis for enhancing the competitiveness of the country in the forthcoming period of global economic recovery. It states that priority measures for the post-crisis development of the country should concentrate on improving the investment

and business climate, strengthening the financial system, and increasing the effectiveness of the system of public administration.

The 2020 Plan points out that maintaining domestic political stability and national security is crucial for the development of independent, sovereign Kazakhstan. Efforts in the current period are therefore focusing on further consolidating and developing the state, eliminating national security threats and challenges, and providing favourable external conditions. As for domestic policy, maintaining domestic peace and accord and ensuring steady and sustainable social development in Kazakhstan remain the priority objectives. The aspiration is that, by 2020, Kazakhstan will be among the fifty most competitive countries of the world with a good business climate attracting a significant amount of investment into non-oil and gas sectors of the economy. The economy of the country will thus be better prepared for a potential crisis.

In the period from 2010 to 2019, the priority objectives for further development of Kazakhstan will be as follows:

- 1) preparing for post-crisis development;
- 2) maintaining substantial economic growth by bolstering the processes of industrial diversification and infrastructure development;
- 3) investing in the future, developing human capital to increase competitiveness as a basis for obtaining substantial economic growth, and ensuring the prosperity and social well-being of the people of Kazakhstan;
- 4) providing high quality housing and public services for the population of Kazakhstan;
- 5) consolidating all Kazakhstan's ethnic groups, maintaining security, stability, and good foreign relations.<sup>5</sup>

It should be noted that all successive government action plans follow the priorities of the 2030 Strategy, which remain in effect.

#### *Strategy 2030 and Kazakhstan's OSCE Chairmanship*

Kazakhstan's bid for the Chairmanship of the OSCE was considered by the rest of the participating States for a long time. It was also a question of great importance for Kazakhstan itself and was passionately discussed in the media. The discussions focused mostly on the possible consequences it might have for the process of domestic political reform, as well as on the likely agenda that Kazakhstan would have if granted the OSCE Chairmanship.

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5 Cf. *Strategicheskii plan razvitiya Respubliki Kazakhstan do 2020 goda. Ukaz Presidenta Respubliki Kazakhstan ot 1 fevralya 2010 goda N 922* [2020 Strategic Development Plan of the Republic of Kazakhstan. Decree by the President of the Republic of Kazakhstan, 1 February 2010 N 922], at: <http://www.minplan.kz/2020>.



Kazakhstan's assumption of the OSCE Chairmanship is considered domestically to be an acknowledgment of the country's political and economic achievements and its leading position in the post-Soviet space.

Kazakhstan proposed a Chairmanship Programme very much in compliance with both the Organization's priorities and its own development strategies. Enhancing Kazakhstan's role as a "bridge builder" between West and East and North and South and as a promoter of the dialogue between the Islamic and Christian worlds is one of the major concerns of the strategic documents determining the country's foreign policy and international relations. Kazakhstan is also promoting its model of tolerance, which it hopes will be adopted by a number of other countries.

The motto of the Kazakhstani Chairmanship is the "four T's", which stand for Trust, Traditions, Transparency, and Tolerance, four qualities that symbolize all that Kazakhstan brings to its Chairmanship.<sup>6</sup> The fourth "T" reflects the global trend towards a dialogue between cultures and civilizations, which is gaining ever greater importance in today's world. Kazakhstan has made frequent reference to its successful experience in building a society of ethnic and religious accord, which was one of the priorities of the 2030 Strategy. Kazakhstan's Chairmanship Programme therefore emphasizes the promotion of tolerance and intercultural dialogue, which is an issue of great importance within the OSCE space. The Chairmanship Programme stresses that Kazakhstan primarily wishes to concentrate its efforts in the OSCE's human dimension on promoting tolerance and dialogue between cultures. Considering Kazakhstan's experience here, these efforts may be one way the Kazakh Chairmanship can offer "added value".

The High-Level OSCE Conference on Tolerance and Non-Discrimination held in Astana on the 29-30 June 2010 was aimed at making a significant contribution to the discussion of issues concerning the interaction of different cultures and religions as well as the practical implementation of decisions reached previously. The three Personal Representatives of the Chairman-in-Office on Tolerance and Non-Discrimination were actively involved in preparing the conference and framing its content. Promoting tolerance has always been central to Kazakhstan's agenda, not only within the framework of the OSCE; it will remain a priority during Kazakhstan's Chairmanship of the Organization of the Islamic Conference in 2011.

As for the economic and environmental dimension, Kazakhstan's Chairmanship will focus on the development of Eurasia's transit potential and continental transport routes, which is also one of the objectives of the 2030 Strategy. Seeking to enhance the significance of the OSCE's "second basket",

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6 Cf. Time of four "T" – Trust, Traditions, Transparency, Tolerance, Video address by President Nursultan Nazarbayev on the occasion of Kazakhstan's assumption of the Chairmanship of the OSCE, Vienna, 14 January 2010, in: *Kazakhstanskaya pravda*, archive, 15 January 2010, at: <http://www.kazpravda.kz/c/1263549556/2010-01-15>.

Kazakhstan established two new positions: Personal Representatives of the OSCE Chairman-in-Office on Transport and Environmental Affairs.

### *Conclusion*

Since gaining its independence, Kazakhstan has issued a number of strategic documents covering a wide range of issues. The State Programme for Accelerated Industrial and Innovative Development for 2010-2014 is one of the most recent and significant; the other is the 2020 Business Road Map. These and all the other documents mentioned above are in direct compliance with the 2030 Strategy. President Nazarbayev has evaluated the level of realization of the 2030 Strategy goals and objectives in domestic and foreign policy in his Annual Addresses to the People of Kazakhstan since 1997, when the Strategy was issued.

The global economic crisis of 2007 had a negative effect on the economy of Kazakhstan, and its banking system in particular. In order to overcome the consequences of the crisis, the government of Kazakhstan has made a number of amendments in its economic policy, most of which have involved increasing state involvement in economic affairs. However, it has constantly been pointed out that the strategic vision of the role of the state remains unchanged since the publication of the 2030 Strategy, which therefore retains its importance for the future development of the country. Addressing the nation in 2009, President Nazarbayev stressed that the government needed to adjust its policy and redistribute its resources due to changes in external conditions as the result of the economic crisis. The president underscored that this did not on any account mean altering the strategic direction of the country's development. The main thrust of Kazakhstan's development remains unchanged as defined in the 2030 Strategy.<sup>7</sup>

President Nazarbayev has repeatedly supported the position of Lee Kuan Yew, the former Prime Minister of Singapore, who stated that political stability within a state is the major goal, and that democratic reforms in Asian countries should be conducted comparatively gradually. For instance, as President Nazarbayev said: "One cannot just declare a country to be democracy; democracy is a thing which is deserved as the result of a very difficult process of development, it is the ultimate goal at the end of the long quest, not the beginning".<sup>8</sup> In terms of content, the 2030 Strategy focuses largely on

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7 Cf. *Through Crisis to Renovation and Development*, Address to the Nation by the President of Kazakhstan Nursultan Nazarbayev, 6 March 2009, at: <http://www.kazakhstan-osce.org/kk/node/240>.

8 Cited in: Bulat K. Sultanov, *Demokratiyu nelzya ob'yavit, ee mozjno lish vystradat* [Democracy cannot be announced, it has to evolve], first published in: *Geneva Diplomatic Magazine* 1/2003, reprinted in: *President N.A. Nazarbayev i sovremennyyi Kazakhstan* [President N.A. Nazarbayev and contemporary Kazakhstan], Basic documents and materials in three volumes, Vol. II, Almaty 2010, pp. 258-259 [author's translation].

economic and social affairs, as do the 2010 and 2020 Strategic Plans. The documents announce comprehensive economic reforms, which are initially to be given precedence over political transformation. They stress the importance of democratizing the public administration system without weakening the vertical power structure, and of building a market economy that grants the state a significant role and the power to regulate economic affairs. Political reforms in the direction of democratization are not mentioned in the 2030 Strategy itself; however, the 2010 and 2020 Strategic Plans define political modernization as an objective. Specifically, the 2020 Strategic Plan stipulates that, by the year 2020, Kazakhstan will have built modern, effective, and transparent party and electoral systems; the role of parliament will have been strengthened; political parties will have more say in state political processes; and local authorities will make use of their full capacities. By the year 2020, therefore, democratic and civil society institutions will have become an integral part of the social and political system of Kazakhstan.