



# Kazakhstan: Joint Government of Kazakhstan and Asian Development Bank Knowledge and Experience Exchange Program, Phase 4

Project Name	Joint Government of Kazakhstan and Asian Development Bank Knowledge and Experience Exchange Program, Phase 4	
Project Number	54093-001	
Country	Kazakhstan	
Project Status	Proposed	
Project Type / Modality of Assistance	Technical Assistance	
Source of Funding / Amount	TA: Joint Government of Kazakhstan and Asian Development Bank Knowledge and Experience Exchange Program, Phase 4	
	Technical Assistance Special Fund	US\$ 2.00 million
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth	
Drivers of Change	Governance and capacity development Knowledge solutions Private sector development	
Sector / Subsector	Public sector management - Economic affairs management - Public administration	
Gender Equity and Mainstreaming	No gender elements	
Description	<p>The proposed knowledge and support technical assistance (TA) will support the just-in-time, demand-driven and cutting-edge knowledge products and capacity development activities in Kazakhstan. The fourth phase of the Joint Government of Kazakhstan and Asian Development Bank (ADB) Knowledge and Experience Exchange Program (KEEP) will remain an important source of international best practices, innovative thinking, and capacity development of staff working for the Government of Kazakhstan and its related agencies. Joint financing and management of the TA activities produce synergies and complementarities between ADB operations and government development needs. The TA is aligned with operational priority of strengthening governance and institutional capacity enlisted in the ADB's Strategy 2030. Also, the TA promotes ADB's role as a knowledge institution proactively engaged in research. The TA project is also fully aligned with ADB's country partnership strategy for Kazakhstan, 2017-2021, which emphasizes the importance of contributing to enhancing the country's knowledge basis in support of socio-economic development. The TA is included in ADB's country operations business plan for Kazakhstan, 2020-2022.</p>	

Project Rationale and Linkage to Country/Regional Strategy

Kazakhstan has experienced a period of rapid economic growth in the 2000's fueled by windfall earnings from extractive industry. The real wages have quadrupled compared to the mid 1990's, while the share of people with incomes below subsistence level has fallen from 46.7% in 2001 to 4.3% in 2018. However, rapid economic growth is characterized by unequal distribution across sectors, social groups and regions of Kazakhstan. For instance, by the year 2005 the Gini index, which provides a convenient summary measure of the degree of inequality, has reached a maximum recorded level of 39.8 (0 represents perfect equality, while an index of 100 implies perfect inequality), while subsidizing to 27.5 in 2017.

Unequal distribution of benefits has impacted labor market and created development challenges for which the Government of Kazakhstan was inadequately equipped. Statistics Committee reports that the benefits offered in the mining sector on average more than double of the average monthly pay, while earnings of civil servants were usually below the average monthly pay. This created problems with attracting and retaining talent in the civil service at a time when economy was experiencing "Dutch disease" scenario. The exogenous shocks of 2007-08 global financial crisis and 2014-16 low commodity prices revealed structural vulnerabilities in Kazakhstan's economic model dependent on export revenues from hydrocarbons, while uncovering reactive and fragmented response of the GOK to the challenges.

Recognizing the country's knowledge needs, in 2013, ADB and the Government of Kazakhstan (GOK) established the KEEP through a Memorandum of Understanding (MOU) which provides the program's overall framework, outlining its objective and scope, areas of focus, implementation arrangements, and monitoring and evaluation measures. The MOU also commits the parties to cost-share a range of activities during program implementation.

The initial plan suggested the articulation of the KEEP over three initial phases, for a total amount of USD 2,500,000 to be equally financed by ADB and GOK. Given, however, Kazakhstan's growing demand for knowledge, by 2015, actual commitments and disbursements had already exceeded the indicative amounts included in the MOU. Correspondingly, the MOU has been updated in April 2015 with a Supplementary Agreement to ensure greater flexibility and responsiveness to government needs. In order to reflect the additional commitments made with the 2017-2021 CPS, the GOK and ADB agreed in September 2017 to further update the MOU revising contributions accounting for increased financing, and refine its strategic focus on the exchange of cutting-edge knowledge, best practices, and capacity enhancement, aimed at promote innovation and enhancing economic efficiency. Subsequently, GOK expressed its satisfaction with the program and proposed to continue parity financing by extending KEEP until 2023 through signing a corresponding Supplementary Agreement in December 2019. The indicative KEEP financing plan for the period 2013-2022 is presented in Table 1.

Implementation of the pilot (first) phase occurred through the PATA 8414: Joint GOK and ADB KEEP, Phase 1, which was approved in July 2013 and completed in December 2016. ADB provided \$250,000, and the government funded a corresponding amount of \$250,000. Established under the 2013 MOU, a joint committee of ADB and the GOK scrutinized and approved project proposals from Government agencies channeled through the Ministry of National Economy. Under the PATA ten subprojects have been supported, including six analytical studies and four capacity building activities. At the PATA's closing date, 99.95 percent of the funds were disbursed. KEEP Phase 1 was rated successful upon completion.

Implementation of the second phase occurred through the PATA 8933: Joint GOK and ADB KEEP, Phase 2, which was approved in July 2015 and completed in December 2018. The total amount of PATA 8933 was \$1.0 million, equally financed by ADB and the Government of Kazakhstan. Under the PATA nine projects have been supported, which consisted of fifteen analytical studies and five capacity building activities. Studies and capacity building activities were led by or closely coordinated with relevant ADB sector divisions to ensure delivery of high-quality knowledge products and services. In terms of disbursement, 99.99% of the PATA's funds were disbursed by the financial closing date. KEEP Phase 2 was rated successful upon completion.

Implementation of the third phase is occurring through the KSTA 9476: Joint GOK and ADB KEEP, Phase 3, which was approved in December 2017 and scheduled for completion in December 2020. The total amount of KSTA 9476 is \$2.0 million, equally financed by ADB and the GOK. To date, 12 projects have been supported, including four completed and eight ongoing studies (details of completed and ongoing projects under KSTA 9476 are in Appendix 2). GOK positive assessment of KEEP knowledge products and strong knowledge demand prompted the Ministry of National Economy (MNE) to extend the program until 2023 by signing corresponding Supplementary Agreement. The GOK is committed to allocate additional \$1 million from the state budget for Phase 4 with expectation of parity co-financing from ADB.

Taking into consideration lessons-learned from implementation of the successive KEEP phases and feedback received from the GOK, in the process of the KEEP Phase 4 implementation ADB and the MNE will formulate the list of projects corresponding to the priorities and available human resources. KARM ADB staff and sectoral experts from headquarter will lead each approved project in order to ensure high quality of knowledge products and services, delivered under the KEEP. Daily monitoring and supervision of the activities will be carried by consultants, who will be assisting ADB staff.

Impact	Increasing accountability, efficiency and functionality of the state apparatus.
Outcome	Effective implementation of state development initiatives relying on enhanced capacity and evidence-based practices.
Outputs	Policy recommendations provided Capacity-building seminars organized
Geographical Location	Nation-wide

Summary of Environmental and Social Aspects	
Environmental Aspects	
Involuntary Resettlement	
Indigenous Peoples	
Stakeholder Communication, Participation, and Consultation	
During Project Design	
During Project Implementation	

Responsible ADB Officer	Genadiy Rau
Responsible ADB Department	Central and West Asia Department
Responsible ADB Division	Kazakhstan Resident Mission
Executing Agencies	Ministry of National Economy Orynbor str., 8, House of Ministries, entr.7,010000 Astana, Kazakhstan

Timetable	
Concept Clearance	24 Apr 2020
Fact Finding	-
MRM	-
Approval	-
Last Review Mission	-
Last PDS Update	16 Jul 2020

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Project Page	<a href="https://www.adb.org/projects/54093-001/main">https://www.adb.org/projects/54093-001/main</a>
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