

**Republic of Kazakhstan****First Macroeconomic Management and Competitiveness  
Programmatic Development Policy Loan****Chair Summary\*****November 3, 2015**

Executive Directors approved a loan in the amount of US\$ 1 billion to the Republic of Kazakhstan for the First Macroeconomic Management and Competitiveness Development Policy Loan (R2015-0202) on the payment terms set out in the President's Memorandum.

Directors welcomed the focus of the proposed lending series on policy measures that are expected to strengthen the sustainability of the macroeconomic framework while protecting the vulnerable and to help improve competitiveness of the non-oil economy. Directors noted that a macroeconomic adjustment is an opportunity for the Government to make progress on its goals of developing a well-functioning non-oil economy and creating jobs. They expressed support for financing to help Kazakhstan adjust to a difficult external environment owing to a significant decline in the international oil price and the slower growth among main trading partners. Directors noted that anticipated reforms, which are ambitious, will help strengthen the financial sector and urged the Government to pursue measures that promote competitiveness, increase economic growth, and reduce the footprint of the state, including through economic diversification and privatization. They underscored the implementation of legislation and reforms to improve performance of the corporate sector, including addressing non-performing loans, the enabling environment, the rule of law, transparency, and integrity. Directors urged strong progress towards the second programmatic loan.

Directors noted that fiscal consolidation and higher inflation would disproportionately affect the poorest. They underscored the importance of ensuring that progress on poverty reduction is sustained, especially in rural areas. They commented on the critical importance of a competitive labor market, emphasizing job creation and skills development in line with labor demand. Directors noted that employment participation of women, the vulnerable, and the poor, as well as social protection, would continue to be important. Directors welcomed IFC and MIGA contributions in privatization, PPPs, and employment-generating areas. They welcomed the WBG's close coordination with the IMF and careful division of labor with other IFIs as authorities implement the adjustment program.

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\*This summary is not an approved record.