**Kazakhstan 2050:**

**Exploring an Ambitious Vision**

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**ABSTRACT:** This paper reports on the approach and results of a long-term prospects study of Kazakhstan. Starting with the vision announced by the country’s leadership in 2012 that Kazakhstan is to join the top 30 developed countries by 2050, the study assessed the vision and its feasibility; explored the current conditions in Kazakhstan, the international and regional outlook, and the lessons from comparator countries; carried out in-depth analysis in seven priority areas, resulting in a set of short, medium and long-term recommendations, and an assessment of key challenges and tradeoffs; and explored some cross-cutting principles to guide policy making under uncertainty. The paper closes with an assessment of some challenges that faced the study team as it carried out its work.

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**Introduction**

On December 14, 2012 President Nursultan Nazarbayev of Kazakhstan announced an ambitious new vision for his country. (Nazarbayev 2012) The core of the vision is that Kazakhstan will have joined the rank of the top 30 developed economies by 2050. In connection with this announcement Nazarbayev University of Astana, Kazakhstan, commissioned a study on how this vision might be attained. Centennial Group International carried out the study in collaboration with the National Analytical Center (NAC) of Nazarbayev University. A team of international experts, supported by staff of NAC and Centennial, put together a report by end of May 2013, which was subsequently presented to the Kazakhstani authorities. A summary version of the report was presented and discussed at the Eurasian Emerging Markets Forum in Astana on September 11, 2013.[[1]](#footnote--1) The full report will be published as a book in early 2014. (Aizthanova et al., forthcoming)

This paper summarizes the approach and the findings of the “Kazakhstan 2050” study. It closes with a few observations on the challenges faced by the study team in developing a meaningful pathway for the implementation of President Nazarbayev’s ambitious vision.

**The approach of the study “Kazakhstan 2050”**

The study followed broadly a five-step approach:

Step 1: Interpreting the vision of Kazakhstan 2050;

Step 2: A simple reality check on the feasibility of the vision;

Step 3: Review of Kazakhstan’s economic, social and institutional trends since independence; of long-term trends and outlook in the Global economy; and of the development experience of comparator countries;

Step 4: In-depth consideration of seven key policy areas, analyzing the current status and challenges for Kazakhstan, developing long-term visions consistent with the overall vision of Kazakhstan 2050, and exploring ideas for short, medium, and long-term action; and

Step 5: Exploration of cross-cutting principles to guide policy action in the face of uncertainties and trade-offs.

Let us consider each step in turn in summarizing the main findings of the Kazakhstan 2050 study.

**Step 1: Interpreting the vision of Kazakhstan 2050**

Following the lead of President Nazarbayev’s speech (see Box 1), the study team interpreted the vision of Kazakhstan 2050 to reflect an ambition to join the ranks of the top 30 developed countries not only in terms of per capita income, but also in terms of a wider range of social, environmental and institutional achievements: a highly educated, gainfully employed, healthy and secure population; an efficient, sustainable and diversified energy sector; a green economy with clean air and water, resilient to the risks of climate change; a balanced, efficient and decentralized urban and regional economy; a diversified modern knowledge-based economy; a country open to and integrated with its neighbors and the world; and above all an effective, inclusive, transparent and accountable economic and political institutional system.

**Box 1: Kazakhstan 2050 – Excerpts from the Speech of President Nazarbayev on December 14, 2012**

“By 2050 we want to have created a society based on a strong state, a developed economy with universal labor opportunities.

“By 2050 Kazakhstan must enter the top 30 club of most developed countries in the world.

“I am strongly confident that Kazakhstan citizens of 2050 represent a society of educated, free people speaking three languages. They are citizens of the world. They travel. They are open to new knowledge. They are industrious. They are patriots of their country.

“I am convinced that Kazakhstan of 2050 is a society of universal labor. It is a state with a strong economy, with everything devoted for a person. With a strong education, a great health care. With peace and serenity. With citizens who are free and equal, and the authority is fair. With supremacy of the Law.”

**Key objectives on the path to achieve the vision**

“We must work with dedication and inspiration, not losing sight of our primary objectives:

* Furtherdeveloping and strengthening statehood.
* Transitioning to new principles of economic management.
* Comprehensive support for entrepreneurship will be a leading force for the national economy.
* Forming the new social model.
* Creating modern and efficient education and health care systems.
* Increasing accountability, efficiency and functionality of the state apparatus.
* Setting adequate international and military policy that is responsive to the new challenges.”

**The way forward**

“The only way to modernize our country and make it competitive is to progressively follow the path of political liberalization.

“We should not forget that we would be able to adequately respond to the challenges of the time only if we preserve our cultural code: language, spirituality, traditions and values.

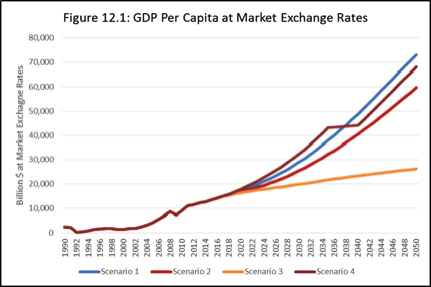
*Source*: Aitzhanova et al., forthcoming. Excerpt quotes from Nazarbayev (2012)

**Step 2: A simple reality check on the feasibility of the vision of Kazakhstan 2050**

The study conducted a simple feasibility check of whether the ambitious goal of reaching top-30 per capita income levels is broadly conceivable for Kazakhstan. We put the basic economic data for Kazakhstan into the Centennial Group’s model of global long-term development prospects[[2]](#footnote-0) and assumed ambitious, but not implausible investment rates (in the range of 30-35 percent, similar to those in East Asia) and that Kazakhstan’s productivity converges towards the global productivity frontier over the next four decades similar to other developing countries that had experience long-term convergence. We then found that the goal of reaching top 30 per capita income level is indeed feasible. (Figures 1 and 2) When we assume less ambitious investment rates and no convergence in productivity, the outcome is of course a lot less positive than the vision of Kazakhstan 2050, and in fact Kazakhstan might well slip back from its current position in the per capita country rankings. In all of the model runs, the performance of the non-oil sector is critical since in the long term the economic results for Kazakhstan will depend mainly on how well that sector does, even as the oil sector provides an important source of economic strength in the short to medium term. (Figure 3)[[3]](#footnote-1)

While scenarios of this kind do not give any firm conclusions and, as noted earlier, the vision of Kazakhstan 2050 is much broader in focus than just per capita income, the Kazakhstan 2050 study concluded that while indeed highly ambitious, the vision is broadly feasible from a purely economic perspective.

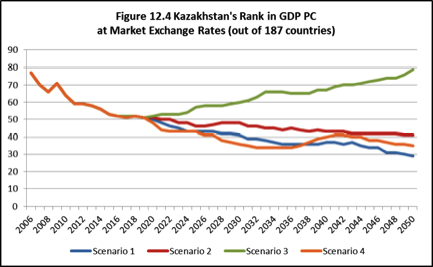
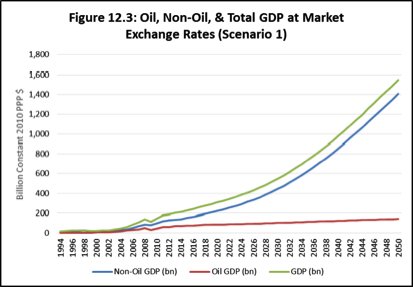
**Figure 1. Kazakhstan: Per Capita Incomes 1990-2050**



Source: Aitzhanova a al. forthcoming

**Figure 3. Kazakhstan: GDP for Oil and Non-Oil Sectors, 1990-2050**

**Figure 2. Kazakhstan: Per Capita Income Ranking among 187 countries, 1990-2050**



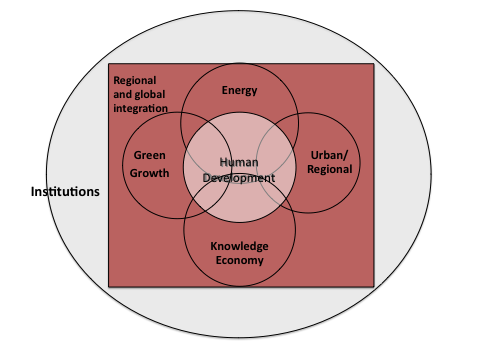
**Step 3: Setting the stage – the country’s starting conditions, the global and regional outlook, and comparator experience**

Kazakhstan has done well since independence in creating the foundations of a market-oriented economy and has in recent years effectively managed its growth performance in a volatile global and regional environment. (Pomfret, 2013) In international comparison, the study reviewed some 25 different country performance indexes and concluded that Kazakhstan currently does very well in the areas of macro economic management, is in the middle of the field for most other dimensions of performance, but in the area of governance and institutional development ranks generally among the lowest third of countries.

The global and regional outlook for Kazakhstan is, as always, uncertain. Tailwinds include continuing regional and global integration, with continued favorable developments especially in China, and energy prices that are expected to remain firm for the short to medium term. However, serious headwinds can be expected from the impact of climate change on Kazakhstan, and there are important downside risks, including potential political conflicts to the south of Kazakhstan, and in the longer term risks of less rapid growth in China and Russia compounding a slowdown in the growth of the industrial world. Hence, Kazakhstan would be well advised to use the next few years purposefully to reinforce its resilience to external shocks.

Based on a review of the comparator experience of selected resource rich countries (Australia and Canada) and countries that have rapidly modernized (East Asia), the study identified seven key areas in which Kazakhstan needs to push ahead in the league of countries, shown in Figure 4.

**Figure 4. Seven Priority Areas for Action**



Source: Aitzhanova et al. (forthcoming)

These seven priority areas are: human resource development; an efficient energy sector; green growth; balanced and decentralized urban and regional development; a diversified, modern knowledge economy; regional and global economic cooperation and integration; and the development of resilient and transparent economic and political institutions. The study places human development at the core of Kazakhstan’s development challenge (hence its location at the center of the graph in Figure 4) and that it considers institutional development as an all pervasive and overarching priority (hence it is shown as the outer circle underpinning all other priorities). The study recognizes that in addition to these seven areas, other dimensions of policy, such as continued effective management of the macroeconomic fundamentals, the development of an efficient and resilient financial sector, and consideration of Kazakhstan’s own culture and values, are important. But the study team decided that selectivity is a virtue and that the seven priority areas shown on this slide are clearly among the most important and those that the team, as outsiders, was best equipped to deal with.

**Step 4: In-depth Analysis of Policy Options for Achieving the Vision of Kazakhstan 2030**

For each of the seven priority areas the study considered the motivation of dealing with the topic, reviewed the current situation in Kazakhstan and the global experience, presented a vision consistent with the overarching vision, explored a set of actions for the short, medium and long-term, and considered challenges and tradeoffs facing policy makers. Let us briefly review the key findings for each priority area.

**Human Development**

Motivation: A first-rate human development strategy is essential and urgent for competitiveness, innovative capacity, adaptability and an integrated, stable society with high life satisfaction.

Current status: The conditions of the current education and health system are mixed, with access generally good, but quality low and costs high; policy directions and initiatives point in the right direction; effective implementation is the key issue, with a need to focus on monitoring and evaluation, while adapting and scaling up what works.

Vision 2050: Kazakhstan will have a highly educated population with flexible skills, a flexible labor market with strong links to the education system, an exemplary model of high-quality health care with stress on prevention and outcomes, and reliable, affordable safety nets for the elderly, children and the disabled.

Key actions: The authorities need to focus on quality improvement and effective implementation in education and health; introduce targeted early childhood development program; scale up school and university reforms (with monitoring, evaluation and adjustment); modernize its vocational training system; promote preventive medicine with patient responsibility; and revise the social benefit package to ensure it is targeted and fiscally sustainable.

Challenges and tradeoffs: Implementing these reforms takes time, persistence, resources and urgency. The established culture and vested interests among stakeholders in the education and health sectors may prove difficult to overcome. Social protection reform (esp. pensions) raises difficult policy and political tradeoffs common in entitlement reform everywhere. International experience will be helpful, but has no silver bullet to offer in terms of solution.

**Energy**

Motivation: Energy is a key national asset that needs to be managed effectively for long-term national benefit.

Current status: Oil resources have been soundly managed to date, with international partners and establishment of the National Fund, but energy efficiency is low, and there is limited reliance on alternative energy resources. Production from known reserves is expected to reach a peak in the mid-2030s and decline rapidly, unless capped.

Vision 2050: The energy sector will be developed in a coherent, sustainable and environment-friendly manner to meet domestic energy needs, support the growth of a diversified national economy, and enable Kazakhstan to meet international standards expected of a top-30 developed country.

Key actions: The authorities need to set energy sector targets aiming at efficiency and sustainability (including an oil production cap at about 2 million bbl for current levels of proven reserves; see Figure 5); establish Super ESCOs for greater energy efficiency (i.e., public energy service companies, to be privatized over time); establish a renewable energy fund; and assure full transparency in the oil sector.

**Figure 5. Alternative Oil Production Scenarios, 2010-2050**

Source: Aitzhanova et al. 2013

Challenges and tradeoffs: Kazakhstan’s current and to be established targets for energy intensity and alternative energy are ambitious and hence difficult to meet. An oil production cap runs against some domestic and foreign investor interests. The revenue targets and rules of the National Fund will be subject to continued pressure, as short-term growth v. long-term sustainability objectives will collide and special interest will keep pushing for greater spending from oil revenues. Public entities (such as Super ESCOs) and subsidies, once established, may be difficult to phase out.

**Green economy**

Motivation: Kazakhstan has important, but vulnerable natural assets (clean air and water resources, high quality soils, biodiversity, etc.). Protection of the natural environment and dealing with the likely negative impacts of climate change presents significant opportunities and challenges for Kazakhstan.

Current status: Many of Kazakhstan’s natural resources are compromised or threatened. Climate change will produce further environmental stress (esp. longer, drier summers) and a threat to Kazakhstan’s important agricultural sector.

Vision 2050: In 2050, the people of Kazakhstan will find that the country’s air, water, and land are clean, its natural areas rich in biodiversity, and its resources are used sustainably, placing the country among the top 30 in terms of environmental performance.

Key actions: The authorities should explore introduction of carbon taxation instead of the current ineffective cap-and-trade system; carry out annual reviews of environmental regulations with a clear cost-benefit methodology; expand and improve management of natural habitat reserves and introduce “no net loss” provision of biodiversity generally; allow GMOs (genetically modified organisms) in agriculture; and promote advanced industrial waste management.

Challenges and tradeoffs: Climate change brings risks and uncertainties that will have to be carefully managed. Environmental and climate change issues will not seem urgent to the broader public and even to the political elite. Carbon taxation faces implementation issues and political challenges. GMO and industrial waste management proposals may face opposition. Traditional coordination challenges across ministries in the environmental area will have to be overcome.

**Urbanization, regional development and decentralization**

Motivation: Efficient, safe, vibrant cities, an integrated regional space and effective urban/regional management with citizen participation are essential ingredients for international competitiveness and a high quality of life.

Current status: Kazakhstan has a relatively non-primate urban structure, weak urban management, high regional disparities and deconcentrated sub-national government, but subject to extensive controls from the central government. Some decentralization measures are under implementation (e.g., election of mayors).

Vision 2050: Kazakhstan will have smart, green, fun, safe cities (including 2-3 world class metropolitan areas); an integrated, connected, balanced regional economy; and efficient, equitable and decentralized governmental system with accountability to local communities.

Key actions: The government will need to upgrade urban management for better services and limit car use in cities; invest in regional transport and nation-wide ICT connectivity; create transparent sub-national government, accountable to citizens; clarify and rebalance revenue and expenditure responsibilities of sub-national authorities; and introduce a Sub-national Development Fund for grant/loan finance and capacity building at the local level.

Challenges and tradeoffs: The long-term lock-in of urban structure and of infrastructure requires early action. Popular and special interest opposition may get in the way of rational city management relating to the use of land and limitations on the use of cars. Large financing needs, lack of local capacity, and the scope for corruption are perennial obstacles. How to best involve the private sector remains a challenge. And Kazakhstan faces a special tension between its tradition of a “strong vertical” and the long-term goal of “decentralization.”

**A modern knowledge economy**

Motivation: A competitive economic base beyond energy/minerals is needed for job creation and sustained growth. (See Figure 3 above.)

Current status: Kazakhstan’s land-locked location is a constraint for now. It has limited industrial, human capital, FDI and innovation capacity. Its industrial policy is characterized by a maze of many initiatives and programs, and state control over the economy has increased in recent years. The investment climate has been deteriorating. Kazakhstan has no internationally recognized “champion” firms.

Vision 2050: Kazakhstan’s economy is knowledge based, private sector driven, diversified, resilient and internationally connected and competitive.

Key actions: The government’s industrial policy needs to be more selective, transparent and competitive in its support for priority areas (including agro- and food-related industries, mining engineering and equipment, nuclear fuel fabrication and waster processing); attract and/or buy into foreign firms; develop internationally competitive research universities; improve the business environment, develop “smart” cities and assure ready access to world economy; and invest in and scale up secure broadband connectivity.[[4]](#footnote-2)

Challenges and tradeoffs: There is the perennial tension between “picking winners” v. “creating the right environment”. In pursing “strategic selectivity” one can easily fall into the trap of favoring special interests. “Temporary” subsidies, protection and state engagement may be difficult to reverse once established. Internet security involves long-term threats that will have to be monitored and managed.

**Regional and international integration**

Motivation: Top-30 economic and geopolitical status depends on effective integration with the world economy and, as a land-locked country at the core of Eurasia, on effective regional integration; and on acting as a responsible actor in global forums.

Current status: Overall Kazakhstan’s multivector policy in regional and global diplomatic and economic relations has been successful in establishing Kazakhstan’s national sovereignty, agreed borders, and peaceful diplomatic relations and productive economic exchange. While WTO membership has been repeatedly delayed, Kazakhstan’s customs union with Russia and Belarus has been implemented quickly, albeit as a mixed blessing for Kazakhstan. Kazakhstan is pursuing ambitious transport infrastructure investments with regional significance.

Vision 2050: Kazakhstan has turned from land-locked to “land-linked”, open towards east, west, north and south; pursues an open economy strategy; and is a actively supporting regional and global stability and prosperity.

Key actions: Join the WTO; assure that the Customs Union is “open”, not protectionist; develop regional transport/transit/economic corridors (esp. east-west connection); take a lead on Central Asian regional cooperation (e.g., trade and transport facilitation, a regional seed bank, disaster preparedness, water, etc.); taken on a proactive role in selected international organizations which directly relate to clear national interests (e.g., the Rome-based UN agricultural agencies).

Challenges and tradeoffs: Kazakhstan faces a number of challenging questions: How to balance among big neighbors and partners (China, Europe, Russia, the US)? How to sequence regional cooperation in the “easy” areas (transport, disaster preparation) and the difficult ones (water)? How to work with difficult regional partners in Central Asia? How to manage the choice between selectivity v. wide engagement in international organizations and international initiatives?

**Institutions and governance**

Motivation: Institutions and governance are critical ingredients for achieving Kazakhstan’s overarching vision. Kazakhstan needs to approach the institutional performance of the top-30 developed countries if it wants to join their ranks.

Current status: Kazakhstan has made good progress overall since independence in developing market based institutions. Currently trust in leadership and parliament is high, but institutional and governance performance are very weak by international standards. Some institutional reforms are underway (including civil service reform, election of mayors, etc.). But so far the motto “economic reforms now, political reforms later” has dominated.

Vision 2050: Kazakhstan will have a meritocratic public administration that is supportive of a vibrant private sector; rule of law administered by an impartial judiciary; a people empowered to hold their representatives in government accountable through free and fair elections; decentralized authority for local governments responsive to local communities; and a free and independent press and media (incl. social media); corruption effectively held in check and an open and contestable governance system.

Key actions: Kazakhstan will need to reverse the trend towards a higher state involvement in the economy; continue/complete meritocratic civil service reform; implement effective anti-corruption action; promote accountability, transparency, civil society, and rule of law; and pursue reform of economic and political institutions in tandem.

Challenges and tradeoffs: In pursuing its institutional and governance agenda Kazakhstan needs to overcome severe implementation issues, manage strong special interests and rising public expectations, and assure political stability, while actively pursuing the benefits of broader participation, accountability and predictability.

**Step 5: Exploration of crosscutting principles to guide policy action in the face of uncertainties and trade-offs**

The expert team for the Kazakhstan 2050 was under no illusion that the actions which it considered important to achieve Kazakhstan’s ambitious long-term goals would be easy to design or implement. As noted above, many uncertainties, challenges and difficult tradeoffs have to be confronted by policy makers and their constituents in Kazakhstan as everywhere. Therefore, as a last step of its research plan, the study team explored principles of action that cut across the seven priority areas and that will help guide policy makers and Kazakhstani citizens as they negotiate the difficult pathway towards a modern, inclusive society through an uncertain international and regional environment and faced with many tensions and tradeoffs at home. These principles are, as also shown in Figure 6:

* ***openness*** to the rest of the world and to national stakeholders;
* ***resilience and flexibility*** in responding to the unexpected;
* ***competitiveness*** serving as the driving force, at home and abroad;
* ***cooperation*** among public and private partners at home and abroad;
* ***inclusiveness*** at home so that every citizen has a chance to share in the political process and prosperity;
* s***ustainability*** in the way natural, financial and human resources are used;
* ***effectiveness*** in implementation of policies and programs; and, finally,
* ***accountability*** of all actors, public and private, underpinning their lawful and effective pursuit of individual and national welfare.

**Figure 6. Principles for Action**



Source: Aitzhanova et al. 2013

As Figure 6 indicates at the core of effective policy making in the coming years will have to be a leadership that is governed by, as well as promotes, these eight principles in a visible and transparent manner and with a sense of urgency. The sense of urgency and perseverance that Kazakhstan has shown in the implementation of the Kazakhstan 2030 strategy and the vision and policy directions reflected in President Nazarbayev’s recent speeches regarding the vision and implementation of Kazakhstan 2050, bode well for future success. However, the challenges and potential obstacles are great. So a singular degree of determination, clarity in objective and effectiveness in implementation will be required.

However, leaders as well as citizens will need to know whether they are progressing towards the vision that has been set. This requires monitoring and evaluation. As Pomfret (2013) points out, Kazakhstan’s authorities have been monitoring the implementation of the decadal strategies that were drawn up to implement the Kazakhstan 2030 strategy. As Pomfret notes, the monitoring approach has had a primary focus on “on the process of implementation and financial resources allocation, not the outcomes of it.” (Pomfret 2013, p. 17) The Kazakhstan 2050 study therefore recommends an outcome-oriented approach to monitoring. It would draw on now widely available international country performance indexes in the various priority areas for action identified above, as a way to monitor and evaluate progress towards the goal of top-30 status in each area. This can be complemented by more detailed monitoring mechanisms, such as pioneered by Colombia with its results-oriented SINERGIA approach. (Castro 2008) For the design, implementation, monitoring and evaluation of specific programs an adaptation to the Kazakhstani context of a systematic scaling up approach to successful interventions is proposed, based on an iterative process of innovation-learning-scaling up, as used extensively in China, but also elsewhere (e.g., the Mexican conditional cash transfer program *Progresa-Oportunidades*). (see Hartmann and Linn 2008)

**An assessment**

In closing, let us take a look at the overall exercise of “Kazakhstan 2050” and address a few questions that the team confronted in carrying out this study.

**Why a long-term vision and strategy?**

*But, Mousie, thou art no thy lane [you aren’t alone]*

*In proving foresight may be vain:*

*The best laid schemes o’ mice an’ men*

*Gang aft a-gley [often go awry],*

*An’ lea’e us nought but grief an’ pain,*

*For promised joy.*

Source: Robert Burns, *Poem to a Mouse*, 1786, quoted in Degroot (2013)

Long-term strategies are inherently a risky business, as Robert Burns reminds Mousie – whose nest he has upturned while ploughing his field – in his poem, or as Gerard Degroot puts it in the title of his Book review of Lawrence Freedman’s *Strategy: A History*: “Got a strategy? Well, good luck with that.” (Degroot 2013) So why would one want to speculate about where Kazakhstan will be in 2050 and how to get there? Good question!

I took on the task to lead the Kazakhstan 2050 study with some trepidation. I was more used to the traditional approach of analyzing a country’s current situation and then advising on how to move forward over a limited policy time horizon of maybe 2-5 years. The fact that long-term prognostication has become a rather popular preoccupation in recent years with books on prospects by 2030, 2040 and 2050 not uncommon[[5]](#footnote-3) – including some produced by my colleagues at Centennial Group -- and that Kazakhstan had its own, relatively successful recent history of long-term strategy making and implementation, provided some assurance that a long term vision and strategy have their place among legitimate policy tools.

Whether at a national level, or at an individual level, a long-term vision can provide a compass for decision making, for setting broad directions, benchmarks for checking progress and for aligning incentives across different decision makers. In the case of Kazakhstan 2050, the goal of reaching top 30 status by 2050 can be readily translated into setting goals for reaching top 30 status in specific areas, whether it is educational or health quality, energy efficiency or environmental performance, business climate or governance standards.

Moreover, the long-term perspective offers the potential for dealing with trade-offs that can frustrate decision makers when they focus only on near-term actions. For example, the vexatious tension between relying on public action versus private market forces can be resolved, at least in part, by aiming for a gradual transition from more state-led to more market-led conditions. Similarly, transitions from subsidies to full cost recovery and from top-down to decentralized and participatory decision making can be better explored in a longer-term context. Of course, vested interests may prevent an intended transition from happening, as noted above; but recognizing this, it is possible to consider how to neutralize their influence.

And a long-term vision and strategy at the national level allows one to develop visions and pathways for achieving them at a more disaggregated level, as the Kazakhstan 2050 study team endeavored in the seven priority areas that it considered. One example is the scaling up pathway for developing a first-rate university system nation-wide, which Kazakhstan has embarked on with the creation of the Nazarbayev University. Rather than being conceived as a one-off initiative, Nazarbayev University is seen as a model for testing an approach to tertiary education excellence with a clear expectation that it will be replicated, adapted as appropriate in the light of experience, to the university system nation-wide.

Of course, looking back one also realizes that development is rarely linear and that there are a lot of unknowables or “black swans”, and hence that simple extrapolation from the past to the future is not likely to be helpful. Thinking about scenarios, about how to create capacity to respond to opportunities and about how to become resilient to unexpected shocks is more helpful than venturing predictions and searching for silver bullets.

**How deep and comprehensive an analysis?**

The time horizon and resources for the Kazakhstan 2050 study were severely constrained. The team of external experts had to deliver its report within six months from start to finish, had limited first-hand Kazakhstan experience, and was not able to do in-depth research in country. We addressed these constraints by working closely with a team of local experts at NAC, who provided access to relevant data, studies and reports, and who offered first-hand insights into the Kazakhstani perspective and policy debates. The team also had access to recent extensive and high quality analyses of specific areas by various international bodies, including the Asian Development Bank, OECD, UNDP and the World Bank.

Nonetheless, there is no question that limitations of analysis remain. As noted earlier, the team did not cover all important policy issues; e.g., macroeconomic management, fiscal aspects of structural policy, financial sector policy, trade, industrial and agricultural sector policy, etc. were not systematically covered, although various specific aspects of these areas were addressed in dealing with the seven priority areas selected. Moreover, more in-country immersion and wider consultation would undoubtedly have provided great insights, especially into cultural, institutional and political factors.

Perhaps the biggest benefit of the study for the client – Nazarbayev University in the first instance, and ultimately the Kazakhstani authorities – lay in the fact that the team was able to pull together many disparate strands of analysis into a comprehensive, coherent and timely set of findings and recommendations that could inform the process of national strategy formulation, based on a broad perspective of lessons from international experience. At the same time, the clients wisely hedged their bets, by engaging in parallel analytical and strategic efforts with various other partners, such as the World Bank on socially inclusive policies and on diversification strategies, with the Asian World Bank on industrial policy and on urban infrastructure development, with OECD on agriculture and on regional industrial development, with UNDP on surveying long-term goals of Kazakhstani citizens and stakeholder groups, and with McKenzie&Company on green growth.

**What independence of professional judgment?**

A perennial question facing commissioned research and advisory efforts is the degree of independent judgment demanded from and allowed for the team. In the case of international institutions working with member governments, politically sensitive areas may be addressed up to a point in closed-door discussions, but may have to be filtered in public documents. In the case of the Kazakhstan 2050 study, the team had the benefit of great independence of professional judgment (with only a few areas subject to filters, such as statements on leadership succession and on neighbors and international partners). However, the filters applied did not change the key findings and messages that the team felt important to convey in private and in public.

**What kind of recommendations?**

As the above summary of the study’s approach and findings have indicated, the team endeavored to provide a clear link between the analysis of current conditions in Kazakhstan and the long-term vision by providing well-reasoned recommendations for action in the short, medium and longer term, along with an assessment of challenges and tradeoffs likely to arise in implementation. Accordingly the recommendations are not presented as silver bullets or blueprints, but as options for consideration, and in many cases for further in-depth exploration before action is taken.

Some of the recommendations are obvious and uncontroversial (e.g., on early WTO membership, on improving the business climate), others seemingly far-fetched or controversial (e.g., on allowing GMOs, on limiting urban car use, on introducing carbon taxation, and on developing Super ESCOs), others may appear risky (e.g., favoring public institutional initiatives, such as a Sub-national Development Fund, or selecting certain sub-sectors for industrial policy support), while others may surprise by their absence (e.g., no reference to democracy, or to human rights). In each case, the recommendations reflect the professional expertise and experience of the team members and their judgment as to what they can reasonably recommend for consideration in Kazakhstan’s looking ahead towards a transition top-30 status in key policy areas. In all cases, the team opted for being explicit about the tensions and tradeoffs that affect policy design and implementation, for avoiding the impression that there are universal best practices to be adopted, and for presenting general principles that can serve as guideposts for policy as noted in Step 5 above. Throughout, the team emphasized the need for effective monitoring and evaluation of progress towards the goals embedded in the vision of Kazakhstan 2050 and for adapting pathways and policies in the light of emerging experience, but always keeping the goals clearly in mind.

**What impact?**

The impact of any policy study is difficult to assess under the best of circumstances, but is especially difficult to judge for a long-term prospective study only some six months after completion. One measure might be whether the governmental authorities have signed on to key findings and recommendations. On this score, the Kazakhstan 2050 study may be doing relatively well. The country’s political leadership was kept well informed of the progress of the study throughout its preparation and President Nazarbayev addressed a public audience on 10 September 2013 in connection with the Eurasian Emerging Markets Forum in Astana. In this speech a number of the themes of the Kazakhstan 2050 study emerged as central points. (Box 2) Whether and to what extent these priorities will be implemented in coming months and years and whether other recommendations in the study will be further explored and eventually implemented by the authorities remains to be seen. In any case, in the poet’s words, “…t*he best laid schemes o’ mice an’ men gang aft a-gley…”* are well worth keeping in mind.

**Box 2: President Nazarbayev’s priorities for the implementation of the Kazakhstan 2050 strategy (September 2013)**

Against a history of good planning and implementation of programs, President Nazabayec stated that the country now needs to focus on two key priorities:

* Human resource development: Here a new level of quality needs to be reached in education, with life-long learning, strong technical and vocational education, and a close linkage between higher education, science, and business. In addition, quality health care, early child development, and an improved life style practices will be introduced to Kazakhstan.
* Effective institutions: The increased engagement by the state in business during the recent economic crisis needs to be reversed; improved business conditions will be created, with lower trade barriers, protection of intellectual property rights, transparent and effective dispute settlement, and anti-corruption efforts; local governments will be made more accountable to the local electorate, including through the recently introduced elections of mayors in 90 percent of local governments.

In addition to these two key priority areas, President Nazarbayev identified seven areas of action in pursuit of the vision of Kazakhstan 2050:

1. Effective management of hydrocarbon resources: Here the authorities will aim for sustainable levels of oil production, with a cap of two million barrels of oil per day, rather than targeting a more rapid depletion of resources.

2. Energy efficiency: Alternative sources of energy are to make up half of power produced in 2050, and the government will create an agency for clean energy, which will fund the development of alternative energy sources, support the setting up of energy service companies, and stimulate industries to become leaders in energy saving technologies, linked to the preparation and follow up of Expo 2017 in Astana.

3. Optimal industrial policy: The government will not prop up dying industries; it will be selective in choosing priority areas for support; it will focus on key niche areas such as clean energy, aero- space, genetic engineering, and the high-technology services industries.

4. Agriculture: This being an area of great potential for Kazakhstan, the authorities will explore greater utilization of ground water for pasture and crop development, development of new land and technologies, and attraction of foreign investment.

5. Territorial development: Here Kazakhstan will focus on developing smart and green cities, serving as innovation clusters, with up to four world-class metropolitan centers, including Astana and Almaty.

6. Cultural development: The country will make decisive breakthroughs in the areas of tourism, information management and entertainment. These are modern service industries that will create many exciting jobs.

7. Economic integration: The country will seek to use its unique geographic location at the center of Eurasia to establish balanced relations with its neighbors, increase transport access with the completion of the new East-West Highway and a second railway link, and thus support the rebuilding of the Silk Road. In addition, Kazakhstan will pursue openness and pragmatism in its trade relation, including in the Customs Union, and aim to strengthen its regional leadership, since the integration of its economy with the world economy is of paramount importance for the achievement of the vision of Kazakhstan 2050.

In conclusion the President noted that 2050 seems like a long time in the distance, but time will pass very quickly. So there is a need for effective and urgent action so that an official historian in 2050 can write about the progress achieved in attaining the goals set out in 2012.

Source: Summary of a Speech by President Nazarbayev, at the Eurasian Emerging Markets Forum, 10 September 2013, in Astana; excerpted verbatim from “Postscript” in Aitzhanova et al. (forthcoming)

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1. See: <http://www.emergingmarketsforum.org/past-meetings/2013-eurasia-emerging-markets-forum/> Last viewed on December 8, 2013. [↑](#footnote-ref--1)
2. The model is based on a simple Cobb-Douglas production function for capital and labor with constant returns to scale. This model is replicated for 187 countries for obtaining global economic projections. For Kazakhstan, the oil sector is separated out and projected separately. For the basic model used by Centennial Group see Kohli et al. (2012). [↑](#footnote-ref-0)
3. In Figures 1 and 2 Scenario 1 shows Kazakhstan with high performance (“converger” and high investment rate) and capped oil production; Scenario 2 shows Kazakhstan medium (“converger” and low investment rate) and capped oil production; Scenario 3 shows Kazakhstan low (“non-converger” and low investment) and capped oil production (this scenario is also referred to as “business-as-usual”); Scenario 4 is like Scenario 1, but with uncapped oil production. (Aitzhanova et al. forthcoming) [↑](#footnote-ref-1)
4. Many of these measures are related to other priority areas of action proposed in the report (human development, energy and natural resource development, urbanization and international and regional integration). [↑](#footnote-ref-2)
5. See, for example, Randers (2012) for the global economy 2052; the World Bank’s study for China 2030 (World Bank et al. 2013); and Centennial Group’s studies for Asia 2050 (Kohli et al. 2011), Latin America 2040 (Goel et al. 2010); Africa 2050 (Emerging Markets Forum 2013); Mexico 2042 (Loser et al. 2012); and India 2039 (Kohli and Sood 2010). [↑](#footnote-ref-3)