



# Embassy of Kazakhstan to the United States of America

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## NEWS RELEASE

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### **Kazakhstan Signs Agreements with World Bank to Improve Finance Management and Increase Revenue Transparency**

Kazakhstan's Deputy Prime Minister Karim Massimov's visit to Washington, DC, last week resulted in signing of two memoranda of understanding between the Republic of Kazakhstan and the World Bank on December 1 which aim to further modernize the country's economy and strengthen the oversight of its extractive industries revenues.

The two memoranda, on public finance management reviews (PFMRs) and on Extractive Industries Transparency Initiative (EITI), focus on improving the economy's competitiveness, improving the efficiency of public finance management at all levels of the Kazakh government, and supporting the country's efforts at increasing transparency of payments and revenues of extractive industries through implementation of EITI. Kazakhstan joined the group of countries taking part in the EITI in October 2005.

"This is a great step forward in implementing President Nursultan Nazarbayev's objectives for bringing Kazakhstan into the group of the world's 50 most competitive nations and for improving corporate management and transparency in the country," said Deputy Prime Minister Karim Massimov last Friday in Washington.



Karim Massimov (left) of Kazakhstan and Shigeo Katsu of the World Bank beam as they shake hands to mark the signing of memoranda on December 1 at the Bank.

“The World Bank has strongly supported President Nazarbayev’s initiatives to continue structural reforms in our economy,” he added.

“The signing of these agreements will be very beneficial for Kazakhstan as it strives to modernize its economy and improve its competitiveness,” said Shigeo Katsu, World Bank Vice President for the Europe and Central Asia Region, who signed the agreements on behalf of the Bank. “The World Bank is very pleased to provide support to Kazakhstan in these efforts through our technical assistance and advice.”

Under the agreements, the Government of Kazakhstan, in cooperation with the World Bank, will conduct annual Public Finance Management Reviews (PFMRs) for five years in order to provide comprehensive diagnostics of the effectiveness and transparency of public spending. The analysis will be conducted in specific sectors of the national budget of Kazakhstan, and will start with the most socially meaningful sectors, including healthcare and education.

The Government of Kazakhstan has further undertaken to implement all the aspects of EITI, including the full participation of all extractive industries companies (oil, gas and mining sectors) in EITI, ensuring the integrity of reported data, development of a comprehensive work plan, ensuring sustainable funding for EITI implementation, conducting national and regional seminars on reported data and EITI implementation. Currently, 46 extractive industries companies working in Kazakhstan participate in EITI. Another 166 companies, which received an invitation from the Government, have yet to do so.

In its turn, the World Bank, which already cooperates with Kazakhstan under the Joint Economic Research Program (JERP) and is one of the international partners in EITI implementation, will, under the agreements signed today, provide technical assistance and advice in both areas to the Government of Kazakhstan.

The JERP was launched in 2002 and forms the cornerstone of the Bank’s assistance to Kazakhstan. The ongoing program of joint economic research is financed through a cost-sharing arrangement and has proved to be very effective in ensuring that analytical services are supporting the government’s thinking and decision-making processes in key strategic areas. The areas of focus and scope of the economic research program are determined by the Government in consultation with the World Bank on an annual basis. Topics currently being examined under the JERP include education and health strategies, public expenditure and procurement policies, WTO accession, poverty analysis, mitigating the environmental impact of growth, oil income management, and ways to foster innovation and technology.

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