Address by the President of the Republic of Kazakhstan Nursultan Nazarbayev to the People of Kazakhstan, January 27, 2012

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**Socio-Economic Modernization as Main Vector of Development of Kazakhstan**

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**Dear people of Kazakhstan!**

**Dear deputies and members of the Government!**

**Ladies and gentlemen!**

Kazakhstan has bravely entered the third decade of independence.

The new Parliament and reshuffled Government have begun their work.

In 2011, the country’s economy grew by 7.5 per cent.

The gross domestic product per capita exceeded 11,000 USD.

A substantial part of previously sold assets has been returned to state ownership.

Now key assets of the “Bogatyr”, Karachaganak, Kashagan fields, ENRC and “Kazakhmys” companies will be in state possession.

In the past I said “We sell according to the situation, and now it’s time to privatize, but we will return it in proper time”.

Therefore, now it is being returned. The oversight of shares is in the hands of the government of Kazakhstan. Now we will manage everything by ourselves.

The people of Kazakhstan became united, mature and strong.

However, we are living in a complicated time full of difficulties and contradictions.

You can see that the predicted global crisis has become a reality.

According to the experts, the new world crisis may last for 5-6 years.

Our concern is to prepare the economy for this challenge, and continue its diversification.

We are a state who strives to join the ranks of the high-income countries by 2015.

We will achieve this goal maintaining the unity and working with the same dedication.

Dear compatriots!

The next stage of Kazakhstan’s development calls for new measures to strengthen the economy and improve the people’s welfare.

It is vital for Kazakhstan to find the optimal balance between economic success and providing public benefits.

This is a fundamental issue of socio-economic modernization in the modern world.

This is the main vector of Kazakhstan’s development in the next decade.

I dedicate my new Address to the people of the country to this important subject.

We need to implement a set of tasks in ten directions.

First. Employment in Kazakhstan.

I have instructed the Government to approve a radically new Employment Programme.

It sets three important tasks.

First, to create an effective system of training and employment assistance.

Second, to promote entrepreneurship in rural areas.

Third, to increase the mobility of human resources and prioritize employment in the centres of economic activity in Kazakhstan.

In 2011, the programme was tested in a pilot mode with the participation of almost 60,000 people.

All the preparatory work and legal framework has been completed.

Now we must move on to the implementation of this important programme.

I instruct the Government and Akims to begin a large-scale implementation of this programme starting this year.

It is also about providing micro-credits to those who work in the countryside. These people, who want to work in a city, must be trained and employed at the expense of the state. By the end of the programme in 2020, we must therefore provide qualitative jobs for 1.5 million people.

Second. Affordable housing.

We have begun to implement the programme of new housing construction.

Every year 6 million square metres of housing are put into service.

However, we must also provide housing to more than half a million young families.

For this purpose, we should bring rental housing space up to 1 million square metres.

We also should explore the two concepts of long-term lease and buying.

Those who have funds and have the opportunity can buy a house in the future.

And those who have no opportunity can take it for a long-term lease. We should consider these two ways.

In addition, the payment for lease should be in line with the resources of an average-income family.

However, new opportunities will arise for housing construction.

As you remember, during the last crisis we increased housing construction across Kazakhstan, creating new jobs and providing many opportunities for business.

As it was before, the relevant funds will be allocated to the oblasts.

Housing will be constructed and leased.

All of this should be clearly shown in the ‘Affordable Housing’ Programme.

The state will supply this programme with appropriate funds.

I instruct the Government to prepare and adopt the mentioned document by no later than 1 July this year.

Third. Development of the regions.

Prosperous Kazakhstan means, first and foremost, strong regions.

The future of the country is connected with the development of the promising fields of the economy.

For this purpose, we must construct new factories, create new jobs and rapidly develop social infrastructure.

At present many countries around the world are acting this way.

A state must help its citizens move to promising areas.

Kazakhstan’s agglomeration of cities with bright future includes Astana, Almaty, Aktobe, Aktau, and Shymkent.

The Government must adopt a development programme for agglomeration of settlements.

The development of towns relying on one enterprise or a sector is a separate issue.

The situation in Zhanaozen has shown that one-industry towns are prone to social risks.

The Government had to declare a state of emergency in Zhanaozen and take comprehensive measures to stabilize the situation in the town.

At present, the situation there has returned to normal.

In the Majilis election, the majority of Zhanaozen citizens voted for the Nur Otan Party.

This indicates their full support for the state’s policies.

Therefore, I have decided that the state of emergency in Zhanaozen will not be extended any further.

However, we must draw the appropriate conclusions from this situation, learn from it, and always take it into account.

I instruct the Government to develop a special programme on the development of single-industry towns.

It must include the diversification of every specific direction of a town’s economy and social development.

In addition, great attention should be given to the support of local small and medium enterprises.

It is important to improve local self-government and increase the participation of citizens in considering issues of local development.

The Government must develop a Concept on the development of local self-government before July 1 this year.

Fourth. Improvement in the quality of public services.

This is an important aspect for combating corruption and improving public confidence in the activities of state bodies.

First, it is necessary to develop an E-government.

By the end of 2012, 60 per cent of socially relevant public services, including all types of licenses, should be granted only in the electronic form.

By 2013, the people of Kazakhstan should receive all permits from the state also in the electronic form or through the Population Service Centres (PSCs).

The PSCs should be also entrusted with registration of vehicles and issuing of driver’s licenses.

Second, an important aspect of modernization is the simplification of administrative procedures.

Following my instructions, the list of permits has already been reduced by 30 per cent.

The Government has prepared a draft Law, which will further reduce all types of licenses and permits by one third.

The next step is the introduction of new principles of enabling legislation.

Third, it is necessary to increase computer literacy of the population, including through various incentive programmes.

I urge the people of Kazakhstan to actively master information technologies.

Fifth. The 21st century imposes high requirements for the management of a modern state, which is more complicated.

Our most important task is to train a skilled political class of executives.

I instruct the Government and the Presidential Administration to prepare proposals on candidates for the presidential reserve of personnel before the end of the first half of 2012.

A special commission will select candidates according to the criteria of education and professionalism, high moral qualities, creativity and successful work in assigned office.

They will have a salary comparable to that of business entities according to the dynamics of economic development of the country.

They will form the basis of a new managerial elite, which is to worthily lead Kazakhstan in the 21st century.

Sixth. Modernization of the judiciary and law enforcement systems.

Judges must administer justice guided by the law and their conscience only.

It is necessary to radically revise the procedure for formation of judiciary.

We need to legally limit the possibility of unfounded decisions of appeal courts on the return of cases for new investigation in lower courts.

The entire judicial system, starting from the Supreme Court, is required to increase responsibilities and qualifications, and begin improving their work at their own discretion.

Any violation of law by judges will be treated as an emergency, and should be brought to the public’s attention.

We should strengthen the system of arbitration and tribunal courts.

It is required to complete the development of the new Criminal Procedure Code and the draft Law on private detective activity this year.

An important issue covers the qualitative personnel replacement in law enforcement and special agencies.

I set the task to hold re-certification of their personnel until 1 July 2012.

Only after that should we consider the increase in wages and extension of a social support package for law enforcement personnel, as well as technical provision.

To strengthen the fight against transnational organized crime in the Common Economic Space, I believe it is high time to create Euraspol, the Eurasian police, which is comparable to Interpol.

I instruct the Government to develop and submit relevant proposals to our partners in the CES.

One of the important aspects of modernization is the vigorous fight against corruption.

Our actions in this line have significantly reduced the level of corruption in the government. This is noted by the international experts.

However, we need to develop a new strategy to combat corruption.

It is necessary not only to detect and bring corrupt officials to trial.

We must use new legal tools, information capabilities, and greater involvement of society in order to prevent corruption offenses.

It is necessary to explore and use the experience of other countries. Public servants should be required to declare both their income and expenses.

It is necessary to adopt a law on this issue.

I instruct the Government to prepare and submit a Comprehensive Anti-Corruption Programme within three months.

Seventh. Qualitative growth of human capital in Kazakhstan.

This means, above all, education and healthcare.

During the modernization of the education system, it is important to take the following measures:

First, to introduce advanced techniques and technologies in the education process.

Today, Nazarbayev University and the intellectual schools work successfully in keeping with international standards.

A network of advanced institutions of vocational education is under development.

It is necessary to disseminate their experience across the whole education system inKazakhstan, and to bring all educational institutions up to their level.

Second, it is important to improve the quality of pedagogic staff.

It is necessary to strengthen the standards of basic pedagogic education and the requirements for the professional development of teachers in schools and universities.

Each region must have operating integrated centres for the professional development of teachers.

Third, we need to create an independent system of qualification verification.

The state should not provide educational services and at the same time assess their quality.

After finishing a medical school a graduate is not yet a doctor. After finishing a polytechnic university a graduate is not yet an engineer. A graduate will have to prove he or she is an expert. This is the order in the whole world.

I task the Government to establish this year a number of independent Centres for proficiency testing on the basis of branch associations in 1-2 areas in a piloted manner.

Fourth, there is a need for expanding access to education for youth through the mechanisms of public-private partnerships, travel and accommodation subsidies for youth from rural areas and lower-income families, and the development of a network of hostels.

Providing opportunities for young workers to get special education while remaining in employment is an important issue.

Today, many people migrate from rural to urban areas. It is difficult for them to find a job. Every young person should be able to get a profession and education while remaining in employment. The Ministry of Education should elaborate on this issue.

Fifth, education should provide young people not only the knowledge but also the ability to use it in the process of social adaptation.

I task the Government to adopt a five-year National Action Plan for the development of functional literacy of students.

Sixth, it is important to strengthen the educational component of the educational process.

Patriotism, morality and ethics, inter-ethnic harmony and tolerance, physical and spiritual development, and respect for the law are values that ​​should be instilled in all educational institutions regardless of the form of ownership.

Multinationality and multilinguality are parts of these values ​​and one of the main assets of our country. According to our Constitution, the Kazakh language is the state language. The Russian language is officially used in state bodies along with Kazakh.

These are the norms of our Constitution that cannot be violated.

The planned development of the Kazakh language will not be harmful for the Russian language.

What do we need for the state’s development and its future? For that, the state’s foreign policy priority must be friendly relations with neighbours. Without it the country’s future will be vague.

The Kazakh language, our state language, is growing and developing. By 2020, the number of people who will have mastered the state language will reach 95 percent.

A tendency for teaching in Kazakh is present in all of the schools and educational institutions of the country. Deputies and government workers should contribute to all of this. The problem must be solved this way.

I task the Government to develop a Comprehensive plan to ensure youth are instilled with these values ​​in all educational institutions.

We do not even have the books or teachers to work with youth on these issues.

It is vital for our youth.

Developing the availability and quality of medical services, and the promotion of healthy lifestyles is another important aspect for improving the human potential.

The state programme “Salamatty Kazakstan – 2015” is under implementation.

The healthcare system is qualitatively evolving. We have achieved positive trends in our nation’s health.

The birth rate and life expectancy increased.

The mortality rate from cardiovascular diseases was reduced 1.7-fold.

We are systematically working on this issue. The operations on the cardiovascular system are carried out not only in Astana, but almost in all regions of Kazakhstan.

Advanced diagnostic and treatment centres, and dozens of centres in the core disciplines of medicine, as well as new pioneering areas, have been established in the country; mobile clinic and medical provision is developing. We use medical trains, vehicles and aviation.

The Hospital of the future in Astana will be the locomotive of the modernization ofKazakhstan’s healthcare system.

The issue of reducing morbidity and mortality from cancer now comes to the fore.

I task the Government to develop a Programme for the development of cancer care facilities inKazakhstan within two months, as we did on cardiovascular diseases.

The establishment of a powerful National Scientific Cancer Centre in Astana based on the National Medical Holding should be also worked out.

Before 1 July this year, the Government should submit proposals on the development of the healthcare system with respect to the implementation of the mechanisms of joint liability of citizens.

The people must understand that it is not beneficial for them to be ill. We have free healthcare, but the future lies with health insurance, as it is now seen in pension funds. The person himself bears responsibility, along with his employer and the state. The worse health a man has, the fewer insurance amounts he gets. The better health a man has, the more amounts he gets. Now people choose those hospitals, where medical service is better. Let us say, they now decided on this issue, but now they need to move forward.

I instruct the Akims to address the issue of expanding access to sports facilities to encourage the large scale engagement of people in physical education and sport.

A number of sports facilities have been built in recent years – both in Astana and the oblasts. Some people complain that neither their children nor they can get there. All these sports facilities must be accessible to public. Let people do sport.

Eighth. Improvement in the pension system.

Kazakhstan was the first among the former Soviet countries to successfully implement the savings system.

The number of depositors is 8 million people.

The amount of savings exceeds 17 billion USD.

However, at the same time, the depositors are not able to influence the investment policy of the pension funds.

That is why people look at pension contributions as at a burden.

The authorities of certain pension funds manage them like their own, and serve the interests of the shareholders, sometimes covering their expenses.

The Government and the National Bank should elaborate appropriate proposals on improving the pension system till the end of the first half of the year.

Ninth. Industrial-innovation projects.

The social importance of the projects of industrial-innovative development is critical.

This programme remains the benchmark for economic modernization.

All state bodies should consider the work as their overriding matter of concern.

Last year alone, 288 projects were brought into operation to the total amount of more than 970 billion KZT.

As a result, 30,000 permanent jobs were provided.

We continue to create and develop leading clusters of our economy. The rate of these activities should not decrease.

I instruct the Government to set aside the required funds for developing infrastructure of innovative clusters.

Dear people of Kazakhstan!

Today, I would like to announce the launch of new large-scale projects in the sphere of high processing of our natural resources and the infrastructure, which will provide this processing.

First. I instruct the Government to ensure the start of the construction this year of the first module of the Balkhash Thermal Station with the power of 1320 MW and worth 2.3 billion USD, in order to solve the problem of energy shortages and energy dependency of the southern regions. This is very important. The thriving southern region has a shortage of electricity. We should not depend on anybody. This issue will decide a lot. All issues on the Balkhash Thermal Power Station were solved. We should accelerate and begin the work.

The completion of the Kazakhstan’s section of the international motor road corridor “Western Europe – Western China” is very important. It is really the construction of the century. Where else have 2,700 kilometres of quality motor road been built in three years? We need to finish the job next year.

It is important to begin the construction of two new rail lines – Zhezkazgan-Beyneu (1,200 km) and Arkalyk-Shubarkol.

These projects will give major development to Zhezkazgan - Arkalyk region.

Second. I instruct the Government to continue the project on the production of complex mineral fertilizers in Zhambyl oblast, which is worth around 2 billion USD. These fertilizers are necessary for agriculture. The project will give an opportunity to raise the economy of Zhambyl oblast and the south region as a whole.

Third. It is necessary to establish the complex of deep refining at the Atyrau Refinery priced at 1.7 billion USD, which will increase production of petrol almost 3 times – up to 1.7 million tons, and diesel fuel - up to 1.4 million tons, and provide these fuels to Kazakhstan.

Fourth. We need to ensure the growth of project capacity of the Atyrau gas and chemical complex worth $6.3 billion, expecting the production of 500,000 tons of propylene and 800,000 tons of polyethylene annually. We have never produced such products inKazakhstan.

Fifth. It is necessary to complete the project design and begin construction of a gas processing plant with the capacity of 5 billion cubic metres a year on the Karachaganak field.

Sixth. I instruct the Government to plan and launch a pipeline system that will provide gas supply in the central region of the country, including its capital.

It is capital intensive and important work. We have to do it to get rid of dependence on natural gas. Kazakhstan is a country producing oil and gas. We are obliged to gasify our country.

All the investment issues regarding the majority of these projects are settled, while the rest must be addressed.

I am submitting a proposal to the Government and Parliament to revise the budget to allocate the necessary funds for implementing the above mentioned projects.

We will have to borrow loans from the National Fund for the implementation of the projects. This is right, I think. We will rather invest in our own economy than to keep money in foreign banks.

All these projects would dramatically change the makeup of our economy, our country.

All issues mentioned above will be our response to possible crises in the world.

We will convert the whole Kazakhstan into a giant construction site and create tens of thousands of jobs.

The construction industry, metallurgy and manufacturing industry will be developing around housing and large enterprises construction. Numerous opportunities are being created for aspiring young businesspeople. They should not miss this chance.

For control over expenses, I instruct to establish a special commission similar to one which had clearly and effectively worked during 2008-2009 crises and proved its effectiveness.

I emphasize that we will start all these projects later this year.

The Government needs to strengthen Kazakhstan’s innovation system.

It is important to increase budget spending to fund promising research through the provision of grants to encourage innovation.

The new law “On Science” lays the foundation for the systematic state support for science.

It is needed to support our scientists.

An innovative and intelligent cluster must be formed around Nazarbayev University, promoting the transfer and development of new technologies.

By creating high-tech enterprises in Astana, we will extend this experience to other scientific and educational centres in Kazakhstan. We have the legislative base.

On my instructions, a new law “On state support of industrial – innovation activity” was adopted.

On this basis we need to increase the innovative potential of the interaction between government, business and science.

I instruct the Government to develop a bill introducing new forms of public and private partnership.

One of the important challenges facing our current development is the need to diversify the flow of foreign direct investment in Kazakhstan’s economy.

They should be directed to the prospective industries, for instance, such as tourism.

In developed countries tourism clusters contribute up to 10 percent of GDP.

We have less than 1 percent.

We must examine countrywide the places of tourist growth, there are a lot of them.

In this regard, it is an important project to develop world-class ski resorts near Almaty.

Experts believe that a tourist who goes to the ski resort spends 6 times more than if he goes to the sea. The country may turn this into a great advantage.

I instruct the Government to elaborate a comprehensive Plan for the development of this unique area, as well as the Burabai resort zone in the Akmolinsk region.

As you well know, the consolidation of the business and investment climate in the country is a matter of special concern for me.

Kazakhstan has been successfully implementing the “Business Roadmap – 2020”.

Most people in Kazakhstan have already experienced the benefits of this programme.

I instruct the Government to make amendments to the programme that would reflect additional measures to support aspiring young businesspeople in introducing innovations to the market.

Today we need to continue our work to decriminalize economic, financial and tax offences.

The Customs and Tax Committees, as well as the Financial Police must be consistent in their actions, application of legislation, and in double taxation.

Protection and support of domestic and foreign investors, predictability of legislation and transparency should be the fundamentals of business climate in Kazakhstan.

I urge our government officials to support investors without putting obstacles in their way.

We must strengthen the mechanisms to enable us to conduct regular consultations with domestic and foreign investors while developing draft regulatory legal acts.

We need to establish National Contact Centres for the development and implementation of strategies to encourage enterprises to abide by the principles of domestic business.

In 2012, Kazakhstan is completing the negotiations on its accession into the World Trade Organisation.

This will substantially increase the investment attractiveness of our economy.

Tenth: The development of agriculture.

The agricultural sector of Kazakhstan has large export capabilities and high potential to introduce new innovations.

The demand for food will increase in the world every year. And we should not miss such an opportunity.

The government renders great support to the agricultural sector.

We need to develop and introduce a new government system of guaranteeing and insuring loans to diminish the risks for private investors in the agricultural production.

We need to find alternative ways to enhance the access of farmers to financing.

I instruct the Government to develop and introduce the mechanisms of governmental support for retail business without brokers.

The Government needs to organize the crop industry in a structured fashion, as well as to create a single grain holding.

It is necessary to boost the implementation of our project to develop the export potential of meat production.

I instruct the Government to ensure the elaboration of the appropriate programmes for the development of cattle breeding, including sheep raising, fodder production and distant-pasture cattle rearing.

Dear people of Kazakhstan!

Today it is important for every nation around the world to find answers to huge global and domestic challenges.

The accomplishment of the tasks set out in these ten dimensions of social and economic modernization will let us strengthen our economy, stabilize our society and improve the welfare of our people.

At the same time, Kazakhstan, as a worthy participant of world politics, will continue to actively participate in finding ways to strengthen peace and security.

We have already launched initiatives on nuclear security and the adoption of the Universal Declaration on a Nuclear Weapons Free world.

This March, at the Global Summit on Nuclear Security in Seoul, they will be specified and updated.

This year’s Astana Economic Forum will have a significant importance, where, I hope, our idea of G-Global on overcoming the global crisis will be discussed.

Also, this year Astana will host the 4th Congress of Leaders of World and Traditional Religions, which has become an important platform for the international interfaith dialogue.

We must make every effort to implement the Global energy-ecological strategy initiated byKazakhstan.

We will continue to implement the Astana initiatives under the “Green Bridge” initiative aimed at the transfer of “green” technologies.

Kazakhstan’s proposals on external policy have received support in the international community.

They bear the essence of our foreign policy strategy for the next decades.

We will continue to carry out our balanced foreign policy, interacting not only with the West, but also with the Asian countries.

This year marks 20 years of my initiative to convene the Conference on Interaction and Confidence-Building Measures in Asia.

This year, we have to successfully accomplish the chairmanships of the Organization of Islamic Cooperation and the Organization of Collective Security Treaty.

In 2012, Astana is the cultural capital of the CIS and the Turkic world.

It is necessary to worthily carry out these activities.

We are responding to the global challenges of the 21st century by deepening Eurasian integration.

Along with Russia and Belarus, we have formed a Common Economic Space and head towards the creation of the Eurasian Economic Union.

This is an important factor in consolidating the overall regional stability and improving the competitiveness of our economies.

We are ready to support the aspirations of other CIS states to join in the Eurasian integration.

Dear compatriots!

Social modernization is the main task of the new Parliament and Government, and all the bodies operating in Kazakhstan’s society, including parties, NGOs, creative and professional associations, the media, and all the patriots of our country.

Moreover, I have tried to take into account the constructive suggestions of all of the parties that participated in the latest election for the Majilis.

We must unite all together for the benefit of the Motherland.

We have much work to do.

I urge all the people of Kazakhstan to step up to the challenge and play an active role in tackling these tasks!

Dear friends!

There is a large amount of work to do, which will be challenging and difficult, yet interesting to all, both for ordinary people and the Government, the Parliament, and for the state as a whole. Without setting such high goals, we cannot develop. We have always done what we said we would do. We have performed all of our plans.

Now we have a great deal of work ahead of us. Such is the world, such is the situation. Such is the current challenge.

Let us call upon all the people of Kazakhstan and mobilize ourselves in order to meet these daunting tasks, which will improve the lives of all the people of Kazakhstan!

Dear Fellow Citizens!

Our country has entered a new stage of development.

We are in the process of creating a competitive country with great potential and a strong economy.

We have already achieved a lot of success. We recalled them on our 20th anniversary.

Therefore, we are capable of achieving our goal.

We know the ways of reaching it.

The state has all the resources necessary for this.

I believe that our task is clear and our direction is right.

Kazakhstan’s unity and stability are the most important things for us on this journey.

Our wise people have a saying that the “well-being begins with unity.”

Therefore, may our independence remain stable and unity strong, brothers!

I wish you all great success at this glorious stage!

Thank you for your attention!