

Doing Business in Kazakhstan 2019



Doing Business in Kazakhstan 2019 is the second subnational study of the Doing Business series focusing on business regulations affecting small to medium-size domestic firms in Kazakhstan.

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Doing Business in Kazakhstan 2019 is the second subnational *Doing Business* study for Kazakhstan. The study measures business regulations environment for small to mid-size domestic firm across Kazakhstan. It updates the results for the eight locations benchmarked in 2017 in (*Doing Business in Kazakhstan 2017*) and expand coverage to eight additional locations for a total of 16 locations – 13 regions (except Turkistan) and the cities of Almaty, Nur-Sultan and Shymkent.

The study creates quantitative indicators on 4 regulatory areas—starting a business, dealing with construction permits, getting electricity, and registering property. In each of these areas, it identifies existing good practices across the 16 locations in Kazakhstan and recommends reforms based on examples within the country and from 189 other economies measured by the global Doing Business project. The results are shared with local and national level stakeholders to support all levels of government in their reform initiatives to improve the ease of doing business across Kazakhstan.

The study was conducted at the request of the Ministry of National Economy of the Republic of

Kazakhstan and implemented by the Global Indicators Group (Development Economics) of the World Bank Group.

MAIN FINDINGS

- On aggregate, across the four regulatory areas measured, the city of Almaty has the most business-friendly regulation and Zhambyl (Taraz) the least. Almaty city still ranks highest on three indicator sets, just as it did in *Doing Business in Kazakhstan 2017*: dealing with construction permits, getting electricity and registering property. East Kazakhstan (Oskemen) and Pavlodar share the top ranking on registering property.
- All eight locations benchmarked in *Doing Business in Kazakhstan 2017* improved their business environment, with the city of Nur-Sultan advancing the most.
- Lower-performing regions in Kazakhstan are improving in three of the four indicators measured—and the gap between these lower-performing regions and the best performers was reduced by more than half for getting

electricity and dealing with construction permits.

- Twenty-four reforms making it easier to do business have been recorded across the eight locations since 2016, including several reforms initiated by the central government and implemented locally.
- Good practices can be found across Kazakhstan in the areas of regulation measured. Reform-minded policy makers can make tangible improvements by replicating measures already successfully implemented within the country.

ABOUT SUBNATIONAL DOING BUSINESS

Subnational Doing Business studies capture differences in business regulations and their enforcement across locations in a single country. The reports provide data on the ease of doing business in selected areas, rank each location, and recommend reforms to improve performance at the local level in each area.

WHY SUBNATIONAL?

- **Offers a new diagnostic tool**

Applying the methodology used in the cross-country global Doing Business report in several locations in the same country or region, the projects create micro-level data on various areas of business regulation. This allows the participating locations to compare their business regulations among themselves and with 189 economies worldwide.

- **Motivates regulatory improvements**

The studies uncover bottlenecks, provide policy recommendations and identify local good practices that can easily be replicated without changing the country's legal and regulatory framework. The studies motivate regulatory improvements, mainly through peer-to-peer learning.

- **Measures progress over time**

Repeated benchmarking measures progress over time and creates incentives to maintain the reform effort, even when governments change. The studies become a public-policy tool to guide

policymakers throughout the business regulatory reform cycle.

- **Combines the media appeal of Doing Business with a strong engagement model**

Specific activity throughout the project cycle are designed to build ownership and capacity of government partners and the private sector: the kickoff mission, the data collection process, the "right-of reply" period and the launch event.

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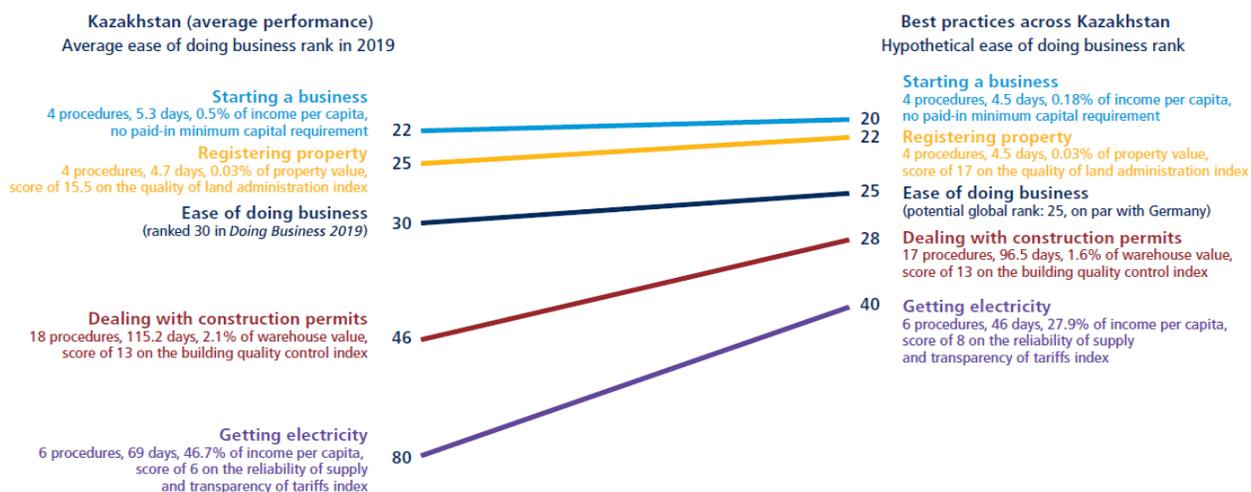
TABLE 1.1 Where is doing business easier in Kazakhstan—and where not?

| Location | Ease of doing business | | | Starting a business | | Dealing with construction permits | | Getting electricity | | Registering property | |
|------------------------------|------------------------------|---------------------------------|---------------------------------|---------------------|------------------|-----------------------------------|------------------|---------------------|------------------|----------------------|------------------|
| | Aggregate ease of DB ranking | Aggregate ease of DB score 2018 | Aggregate ease of DB score 2016 | Rank | Ease of DB score | Rank | Ease of DB score | Rank | Ease of DB score | Rank | Ease of DB score |
| Almaty city | 1 | ↑ 83.74 | 80.64 | 9 | 94.43 | 1 | 76.47 | 1 | 81.62 | 1 | 82.44 |
| Mangystau (Aktau) | 2 | 83.04 | | 11 | 94.42 | 4 | 76.03 | 2 | 81.05 | 14 | 80.65 |
| Aktobe | 3 | ↑ 81.67 | 78.46 | 2 | 94.44 | 9 | 74.59 | 3 | 76.89 | 6 | 80.77 |
| Kyzylorda | 4 | 81.52 | | 8 | 94.43 | 2 | 76.24 | 6 | 74.64 | 6 | 80.77 |
| Pavlodar | 5 | ↑ 81.36 | 76.90 | 2 | 94.44 | 11 | 74.22 | 7 | 74.35 | 1 | 82.44 |
| Atyrau | 6 | 81.32 | | 9 | 94.43 | 13 | 73.87 | 4 | 76.23 | 6 | 80.77 |
| North Kazakhstan (Petropavl) | 7 | 80.77 | | 12 | 92.63 | 12 | 73.88 | 5 | 74.96 | 4 | 81.61 |
| Kostanay | 8 | ↑ 80.75 | 78.41 | 5 | 94.43 | 7 | 74.99 | 10 | 72.81 | 6 | 80.77 |
| Akmola (Kokshetau) | 9 | 80.48 | | 14 | 92.46 | 3 | 76.07 | 12 | 71.79 | 4 | 81.61 |
| Nur-Sultan | 10 | ↑ 80.38 | 72.09 | 1 | 94.56 | 8 | 74.80 | 13 | 71.51 | 14 | 80.65 |
| West Kazakhstan (Oral) | 11 | 80.27 | | 2 | 94.44 | 15 | 72.75 | 8 | 73.13 | 6 | 80.77 |
| Shymkent | 12 | ↑ 80.18 | 73.43 | 6 | 94.43 | 16 | 72.59 | 9 | 72.92 | 6 | 80.77 |
| Almaty region (Taldykorgan) | 13 | 80.06 | | 15 | 91.14 | 5 | 75.99 | 11 | 72.46 | 14 | 80.65 |
| Karagandy | 14 | ↑ 79.40 | 73.58 | 7 | 94.43 | 10 | 74.54 | 16 | 67.86 | 6 | 80.77 |
| East Kazakhstan (Oskemen) | 15 | ↑ 79.16 | 76.33 | 13 | 92.63 | 14 | 73.60 | 15 | 67.99 | 1 | 82.44 |
| Zhambyl (Taraz) | 16 | 78.92 | | 16 | 91.09 | 6 | 75.23 | 14 | 68.59 | 6 | 80.77 |

Source: Doing Business database.

Note: The aggregate ease of doing business rankings are based on the average of each location's ease of doing business scores for the four indicators measured in the report. The score for each indicator shows how far a location is from the best performance achieved by any economy on each Doing Business indicator. The score is normalized to range from 0 to 100, with 100 representing the best regulatory performance (the higher the score, the better). The scores for both 2016 and 2018 are based on the most recent Doing Business methodology. For more details, see the chapter "About Doing Business and Doing Business in Kazakhstan 2019." A green arrow indicates an improvement in the score between 2016 and 2018 for the eight locations benchmarked in Doing Business in Kazakhstan 2017. The complete data set can be found on the Doing Business website at <http://www.doingbusiness.org>.

With good practices to be found within Kazakhstan, locations can learn from one another, especially in two regulatory areas - getting electricity and dealing with construction permits.



Source: Doing Business database.

Note: The average ease of doing business rankings are based on the average performance of the four regulatory areas for the 16 locations benchmarked; the hypothetical rankings are based on the best performances recorded within the country. Those scores are used, along with Almaty city's actual scores for six other regulatory areas measured by Doing Business (enforcing contracts, getting credit, protecting minority investors, paying taxes, trading across borders and resolving insolvency), to calculate the hypothetical best score for the overall ease of doing business and the corresponding global ranking.