

TACKLING CORONAVIRUS (COVID-19)
CONTRIBUTING TO A GLOBAL EFFORT

IMPLEMENTATION SUPPORT WEBINAR

*Improving the Legal Environment for Business in Central Asia:
Focus on Kazakhstan*

COVID-19 and Digitalisation

Wednesday, 9 June 2021

10:30 – 12:30 (GMT+2: France)

14:30 – 16:30 (GMT+6: Kazakhstan)

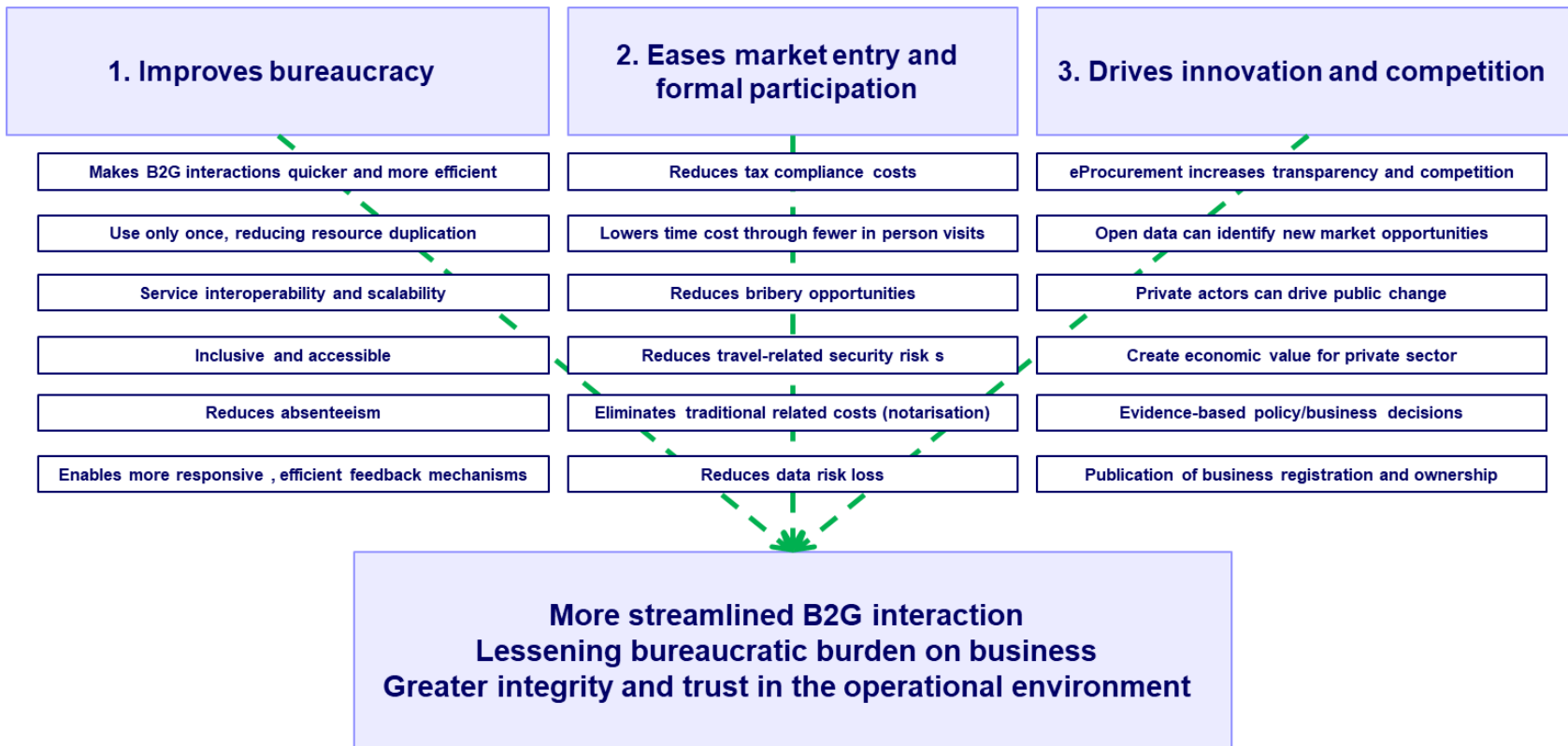
OECD Eurasia Competitiveness Programme



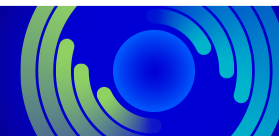
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Digitalisation and improving the business environment in Kazakhstan



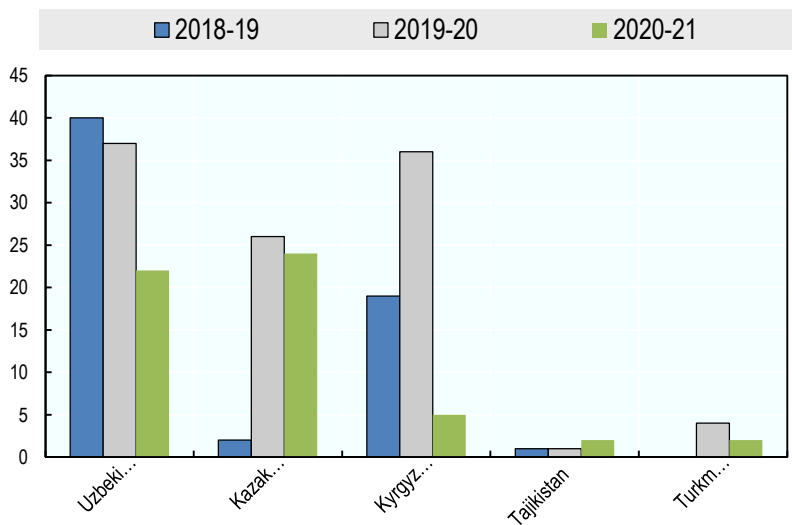
Sources: [EU](#) (2016), [World Bank](#) (2017)



Governments in Central Asia continued their digitalisation programmes as the pandemic hit

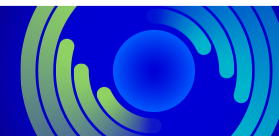
Number of new laws concerning digitalisation 2018-20 (March-March)

New digitalisation legislation in Central Asia: Kazakhstan's legislators continued to develop their legal base in 2020-21



- Kazakhstan has one of the most **advanced digitalisation programmes in Central Asia**, and the digitalisation agenda has accelerated since the pandemic hit.
- Like its regional peers, Kazakhstan has been actively **legislating and improving the legal base for its digital transformation**; COVID-19 did not markedly change the pace of this legislative process, but did lead to new policies and modifications of existing ones.
- Like Kyrgyzstan and Uzbekistan, the government made use of its **existing platforms** (eGov.kz) to significantly expand the scope of digitally delivered services, with 80% G2B services moved online.
- In addition, the government made use of **popular communication channels** such as Telegram, vKontakte and Facebook to expand awareness of services amongst businesses and citizens.
- The government should ensure that digitalisation policy addresses **access inequality**, and that the expansion of digitalisation addresses **regional inequalities** rather than aggravate them.

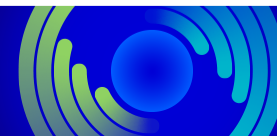
Sources: National legislative platforms of ECP Central Asia countries



Kazakhstan must improve its legal framework and digital infrastructure to ensure its digitalisation programme is effective

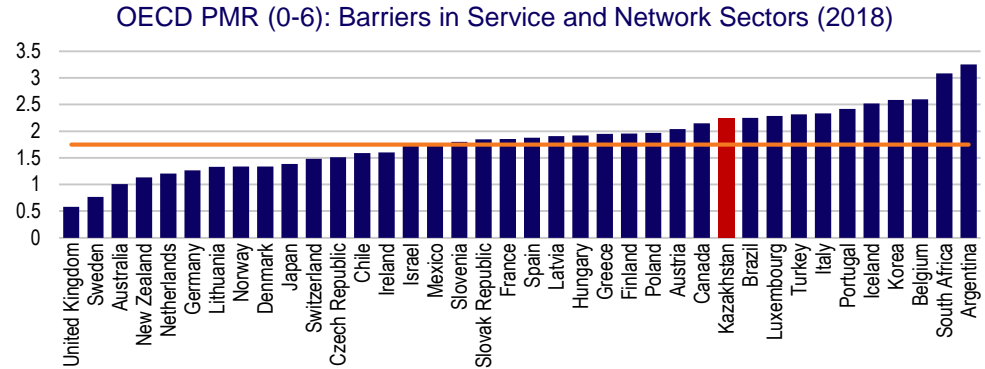
- Significantly **higher levels of investment** in Kazakhstan's digital infrastructure will be necessary if the country is to reap the benefits of its digitalisation agenda; public and private sector training, increased ICT capacity of firms, better interoperability of government platforms, fibre optic, 5G, identity management, data storage, and cloud computing are just some of the areas that will need greater development in the years ahead.
- While investment in **ICT increased 35% in 2020**, the total amount remains relatively low (1.1% total investment vs. a 2017 OECD average of 12%). The overwhelming majority of investment comes from firms' own resources; the role of credit and public investment is minimal.
- Pre-COVID, the national digital platform processed around 600k connections per hour/5 million per day, on one day alone in 2020 connections hit 15 million per hour/102 million in one day; the processing of the government's policy of **42500 tenge grant** for each citizen placed the country's digital infrastructure under its greatest strain.
- Attacks on a number of government platforms (eGov.kz and the electronic licensing platform) highlighted the need to increase the **security and predictability of the government's digital platforms**; this need will only grow as the range of services and number of users increases.
- The acceleration of digitalisation also drew attention to **legislative shortcomings**: while it is not necessarily desirable to have a proliferation of new regulation, certain additional laws may be necessary to ensure that firms can make use of new digital solutions (identity management, electronic signatures, banking, cloud computing).

Sources: [OECD](#) (2017), [Cabar](#) (2020)

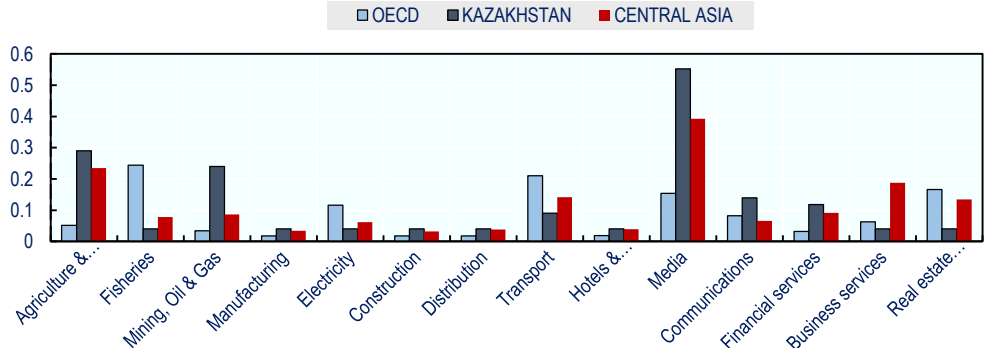


A number of significant investment barriers to a successful digital transformation remain in Kazakhstan

- The legal and regulatory base for digitalisation in Kazakhstan is relatively strong, but the crisis highlighted a need for increased investment in the **country's digital infrastructure**.
- Like other network sectors, **telecommunications is an area where firms face significant competition barriers**, lowering its attractiveness for foreign investors.
- Statutory openness in telecommunications is **relatively low**. However, statutory openness is a necessary but **not sufficient condition for FDI**; the low level of investment indicates the presence of **indirect barriers** to investment and **low attractiveness** of Kazakhstan as an investment destination.



KAZAKHSTAN - 2018 FDI RR Index - Sector Benchmark



Sources: [OECD](#) (2018), [OECD](#) (2021), [Kazakhstan National Statistical Committee](#) (2021)



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Thank you

For more information

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