

Doing Business in Kazakhstan 2017



Doing Business in Kazakhstan 2017 is a new 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 is the first subnational *Doing Business* study in Kazakhstan. It reports on the business regulation environment for small to medium-size enterprises in 8 locations across Kazakhstan. 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 8 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.

Eight locations are benchmarked: Aktobe, Almaty city, Astana, Karagandy, East Kazakhstan (Oskemen), Pavlodar, Kostanay, and South Kazakhstan (Shymkent).

Main findings

- Where entrepreneurs in Kazakhstan establish their business matters for the regulatory hurdles they face. Regulatory efficiency varies substantially across locations in two of the four areas benchmarked—dealing with construction permits and getting electricity—because of differences in local interpretations of the law and in the level of implementation of recent reforms.
- Almaty city, which tends to be prompter than other locations to implement new reforms, has the most business-friendly regulation. The capital city, Astana, which is often selected to pilot reforms, brings up the rear.
- The efficiency of local regulation drives the aggregate ranking. The top three locations—Almaty city, Aktobe, and Kostanay—do better on indicators sets relating to areas where local authorities have the most autonomy in developing and implementing regulatory rules—dealing with construction permits and getting electricity.
- In the starting a business and registering property areas, there are fewer variations across locations. In starting a business, Kazakhstan lags behind on time, compared globally. On registering property, all locations are globally competitive.
- By global comparison, *Doing Business* remains procedurally complex across Kazakhstan, in all areas measured except registering property.



- Doing Business is nonetheless relatively inexpensive in Kazakhstan. The country ranks 6th for the lowest cost to register property and among the top 30% of economies with the lowest cost to start a business.
- Good practices can be found across Kazakhstan in all four areas of regulation covered. Reform-minded policy makers can make tangible improvements by replicating measures already successfully implemented within the country.
- There is a need for closer coordination across municipal departments, as well as between municipal departments and the other institutions involved in regulatory processes, such as utilities and cadastral authorities. Better coordination would reduce procedural complexity of regulatory processes.
- There is a need to improve the impact of recent regulatory reforms by focusing on implementation across the country. For example, many new companies obtain a company seal even through this requirement was eliminated in 2015.
- There is a need to make better use of online platforms to reduce regulatory burdens.

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 a number of 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 activities 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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Where is doing business easier in Kazakhstan—and where not?

Location	4 indicator average DTF score	Aggregate rank	Starting a business		Dealing with construction permits		Getting electricity		Registering property	
			DTF score	Rank	DTF score	Rank	DTF score	Rank	DTF score	Rank
Almaty city	80.85	1	91.94	5	73.61	1	73.64	1	84.20	1
Aktobe	78.88	2	89.94	8	72.38	5	69.13	2	84.08	7
Kostanay	78.82	3	90.14	6	73.00	2	67.95	3	84.20	1
Pavlodar	76.90	4	91.94	4	71.81	6	59.67	5	84.20	1
East Kazakhstan (Oskemen)	76.33	5	90.10	7	68.54	7	62.49	4	84.20	1
Karagandy	74.00	6	91.94	3	72.48	3	47.38	7	84.20	1
South Kazakhstan (Shymkent)	73.85	7	91.95	2	67.03	8	52.21	6	84.20	1
Astana	72.51	8	92.07	1	72.45	4	41.44	8	84.08	7

Source: Doing Business database.

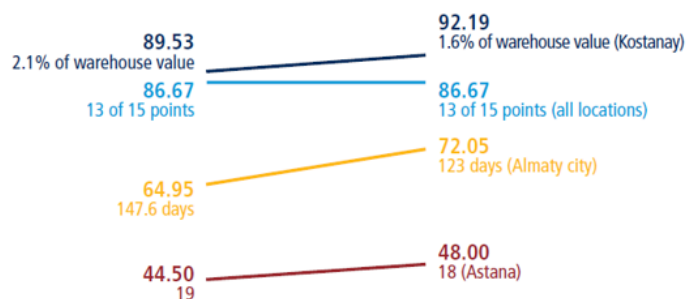
Note: Rankings for the four areas measured are based on the distance to frontier (DTF) score, which shows how far a location is from the best performance achieved by any economy on each *Doing Business* indicator. The aggregate ranking is based on the aggregate distance to frontier score for the four areas. The distance to frontier score is normalized to range from 0 to 100, with 100 representing the frontier of best practices (the higher the score, the better). For more information, see the chapter "About *Doing Business* and *Doing Business in Kazakhstan 2017*" and the data notes.

With good practices to be found within Kazakhstan, locations can learn from one another—especially in two regulatory areas

Dealing with construction permits

Average performance
Average for eight locations
Distance to frontier score (0–100)

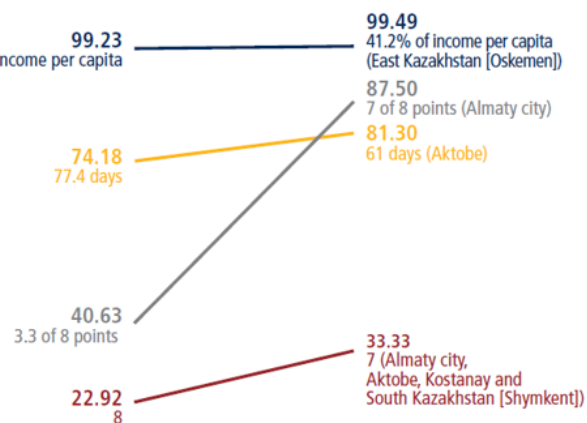
Where are the good practices?
Best performance in Kazakhstan
Distance to frontier score (0–100)



Getting electricity

Average performance
Average for eight locations
Distance to frontier score (0–100)

Where are the good practices?
Best performance in Kazakhstan
Distance to frontier score (0–100)



— Cost — Building quality control index — Time — Procedures — Reliability of supply and transparency of tariffs index

Source: Doing Business database.

Note: The distance to frontier score shows how far a location is from the best performance achieved by any economy on each *Doing Business* indicator. The distance to frontier score is normalized to range from 0 to 100, with 100 representing the frontier of best practices (the higher the score, the better). For more information, see the chapter "About *Doing Business* and *Doing Business in Kazakhstan 2017*" and the data notes.

