**President of Kazakhstan Kassym-Jomart Tokayev’s State of the Nation Address, September 2, 2019**

**President Kassym-Jomart Tokayev’s State of the Nation Address**

**CONSTRUCTIVE PUBLIC DIALOGUE - THE BASIS OF STABILITY AND PROSPERITY OF KAZAKHSTAN**

**Dear compatriots!**

**Dear members of parliament and government!**

Congratulations on the beginning of the new parliamentary season!

We are approaching the important part in the newest history of our country.

Approximately thirty years ago, we proclaimed our independence thus fulfilling the dream that our ancestors had for centuries.

Since that time, under the leadership of the First President of Kazakhstan – the Leader of the Nation Nursultan Nazarbayev, our country has become a stable and reputable state in the world.

Thanks to the solid unity of our nation, we have strengthened our independence and created opportunities for improving the wellbeing of our people.

It was a time of creation and progress, peace and harmony.

The whole world recognized the way of development of the country and called it the Kazakhstan model or the Nazarbayev model.

Today, we are able to double the achievements of our independence and to bring our country to a qualitatively new stage of development.

We can achieve this by maintaining the continuity of the policy of the Leader of the Nation and through systemic reforms.

As you know, this was the basis of my pre-election programme.

At the moment state bodies are doing the necessary work to implement it.

I will definitely fulfil my promises to the people.

Our work should proceed from the need for the full implementation of the Five Institutional Reforms and the Plan of the Nation developed by Elbasy. The work of the National Modernisation Commission that he created should be resumed.

Furthermore, I would like to express my thoughts on the implementation of our common tasks, in particular, my pre-election platform.

**І. MODERN EFFECTIVE STATE.**

The political transformation I promised will be gradually and steadily carried out taking into account the interests of our state and people.

World experience shows that explosive, unsystematic political liberalisation leads to the destabilisation of the domestic political situation and even to the loss of statehood.

Therefore, we will carry out political reforms without “running ahead of ourselves”, but consistently, persistently and thoughtfully. Our fundamental principle: successful economic reforms are no longer possible without the modernisation of the country’s socio-political life.

“A strong President – an influential Parliament – an accountable Government.” This is not a fait accompli, but a goal towards which we must move at an accelerated pace.

This formula of the political system is the basis of state stability.

Our common task is to implement the concept of the “Listening State”, which quickly and efficiently responds to all constructive citizen requests. Only through a constant dialogue between the Government and society can a harmonious state be built in the context of modern geopolitics.

Therefore, it is necessary to maintain and strengthen civil society, to involve it in the discussion of the most urgent national tasks in order to solve them.

It is for this purpose that the National Council of Public Trust, representative in composition, was created, which will work on a rotational principle.

In the near future, we all have to implement the following measures.

**First. Continue the process of party building.**

The Nur Otan party, thanks to our Leader and its Chairman, Nursultan Abishevich Nazarbayev, is consistently carrying out the difficult and responsible mission of the country’s leading political force.

We must cooperate with other political parties and movements that pursue a constructive policy for the benefit of society.

The main problems that concern our society should be discussed and their solutions should be found in Parliament and in the framework of civil dialogue, but not on the streets.

Deputies can and should use their legal rights, including by sending inquiries to the Government on pressing issues and requiring it to take specific measures.

At the same time, relations between the legislative and executive powers should be mutually respectful, business-like, without artificial confrontation.

As Head of State, I see my task as contributing to the development of a multi-party system, political competition and pluralism of opinions in the country.

This is important for the stability of the political system in the long run.

The upcoming elections to the Mazhilis of Parliament and maslikhats should contribute to the further development of the multi-party system in the country.

**Second. Effective citizen feedback.**

Public dialogue, openness, quick response to the needs of people are the main priorities for the activities of state bodies.

A department has been created in the Presidential Administration that will monitor the quality of reviewing citizens’ requests by state bodies and take prompt measures on them.

Often people are forced to turn to the President because of the “deafness” and closed-off national and local officials.

Repeated complaints about the unfairness of decisions in a particular area mean systemic problems in a particular Government agency or region. Now this should be viewed in this way, and appropriate actions should be taken.

In order to increase the efficiency of the work of civil servants, it is necessary to attract trained young personnel into their ranks.

At the same time, starting in 2020, we will begin to gradually reduce the number of civil servants, and we will use the released funds to provide material incentives for the most useful staff.

By 2024, the number of civil servants and employees of national companies should be reduced by 25 percent.

**Third. Improving the legislation on rallies.**

According to the Constitution, our citizens have the right to freedom of expression.

If peaceful protests do not pursue the goal of violating the law and the peace of citizens, then they should be embraced and given approval for them to be carried out in the manner prescribed by law, to allocate special places for this. And not in the outskirts of cities.

But any calls for unconstitutional and hooligan actions will be dealt with within the framework of the law.

**Fourth. Strengthening the public consensus.**

The harmony between social and ethnic groups is the result of the joint work of the whole society.

In this regard, it is necessary to analyse political tendencies and take concrete measures to strengthen our unity.

We need, taking into account the role of the Kazakh people as a nation-building people, to continue building inter-ethnic concord and inter-religious understanding

Our position: the unity of the nation is in its diversity!

We will continue to provide conditions for the development of languages and cultures of all ethnic groups in our country.

I believe that the role of the Kazakh language as a state language will grow and the time will come when it becomes a language of interethnic communication.

But, to reach this level, what is needed is not loud statements, but our common work.

In addition, it must be remembered that language is an instrument of big politics.

I believe it is necessary to enhance the image of non-governmental organisations in the creation of an active civil society.

Therefore, in the near future, we need to elaborate and adopt the Concept of Civil Society Development until 2025.

Preparations for important jubilees and significant events that will be celebrated next year have begun.

Next year, all of us will celebrate Al-Farabi’s 1150th anniversary and the 175th anniversary of Abai Kunanbayuly.

During the anniversary celebrations, we should glorify the works of these genial personalities for our people, without allowing squandering of resources.

We also need to implement the most important celebration – the 30th anniversary of our Independence.

I am convinced that such significant events will contribute to the education of the young generation in the spirit of genuine patriotism.

**II. ENSURING RIGHTS AND SECURITY OF CITIZENS.**

A key factor in enhancing the protection of citizens’ rights and their security is the substantial reform of the judicial and law enforcement systems.

A number of serious measures must be taken to improve the quality of court decisions.

The right of a judge to make a decision based on law and internal convictions remains unshakable. However, a thorough analysis of court decisions should be carried out and the uniformity of judicial practice should be ensured.

In public law disputes, when appealing against decisions and actions of authorities, citizens are not on equal footing. Their capabilities are incommensurable with the resources of the state apparatus.

Therefore, it is necessary to introduce administrative justice, as a special dispute resolution mechanism, levelling this difference.

Henceforth, when resolving disputes, the court will have the right to initiate the collection of additional evidence, the responsibility for the collection of which lies with the state body, and not with the citizen or business.

All contradictions and ambiguities of the legislation should be interpreted in favour of citizens.

I would also like to dwell on the following important issue.

We have moved away from excessive repressive measures and harsh punitive justice practices. However, numerous serious crimes still occur in the country.

We got carried away with the humanisation of legislation, while losing sight of the fundamental rights of citizens.

We urgently need to tighten the penalties for sexual violence, paedophilia, drug trafficking, human trafficking, domestic violence against women and other grave crimes against the individual, especially against children. This is my task to Parliament and the Government.

Recent tragic events have also revealed the problem of poaching, as a most dangerous form of organised crime.

Poachers are equipped, armed and feel their impunity. This year alone, two wildlife inspectors died at their hands.

Recently, the criminal activity of a gang of poachers on Lake Markakol in the East Kazakhstan region was stopped.

These are only isolated cases, but poaching has taken deep roots, including with the connivance of law enforcement agencies. Poachers ruthlessly destroy nature – our national wealth.

I instruct the Government to take urgent measures to tighten the relevant legislation within two months.

The issue of a systemic fight against corruption is also on the agenda.

It is necessary to restore anti-corruption expertise of draft regulatory legal acts of national and local authorities with the participation of experts and the public.

It is necessary to use legislative and normative means to regulate the responsibility of the first head of the department where the corruption related crime takes place.

It is also necessary to ensure strict liability of employees of the anti-corruption bodies for any illegal methods of work and provocative actions. They should not have a place in investigative practice.

The principle of the presumption of innocence must be fully respected.

One of the most pressing tasks remains a full-fledged reform of the law enforcement system.

The image of the police, as a power tool of the state, will gradually become a thing of the past; it will become a body providing services to citizens to ensure their safety.

At the first stage, it is necessary to reorganise the work of the Committee of Administrative Police by the end of 2020. This must be done qualitatively and without a gung-ho approach.

The effectiveness of the work of the police depends on the reputation of the police service itself.

Over the next three years, 173 billion tenge will be allocated to reform the Ministry of Internal Affairs.

These funds will be used to increase wages, provide accommodation, and the creation of modern front-line police offices on the principle of public service centres.

Particular attention will be paid to issues of protecting citizens from natural disasters and technological accidents, which, unfortunately, have become a frequent occurrence not only in our country, but throughout the world.

Professional staff should work in this area.

I instruct the Government to increase the salaries of civil protection employees within the framework of the funds allocated to reform the Ministry of Internal Affairs, and to allocate around 40 billion tenge for these purposes.

We are also faced with the task of establishing a combat-ready army based on a new concept.

The events in Arys showed that serious problems have accumulated in the armed forces.

Finally, it is necessary to streamline all military expenditures and strengthen financial and general discipline in the army. At the same time, it is necessary to increase the prestige of the military service and the material support of the armed forces.

Equipped by professionally trained, loyal officers and military personnel, our army should be prepared to repel threats to the country’s security in new geopolitical realities.

**III. DEVELOPED AND INCLUSIVE ECONOMY.**

Kazakhstan’s economy is moving forward despite the global challenges.

From the start of the year its growth has been higher than the world average.

If necessary structural adjustments can be implemented, by 2025, annual sustainable growth of gross domestic product can reach 5% or higher.

In order to give a new impetus to the development of the economy, the Presidential Administration and the Government should carefully analyse the work of domestic and foreign experts.

We need to implement a number of structural tasks in line with the Long-term Development Strategy 2050 and the Plan of the Nation proposed by Elbasy.

**First. Abandonment of the raw material-based mentality and diversification of the economy.**

The “knowledge economy”, increased labour productivity, innovation development and the introduction of artificial intelligence have become major factors in global progress.

In the course of the third five-year plan of industrialisation, we should take into account the mistakes and shortcomings that have been made earlier.

The Government should take into account all my comments and fully implement the relevant instructions in these matters.

We need to increase real labour productivity by at least 1.7 times.

Raising our reputation in Central Asia as a leader in the region is a strategic task.

This is our political course determined by Elbasy.

**Second. Increased returns from the quasi-public sector.**

Our state-owned companies have become bulky conglomerates whose international competitiveness is in doubt.

In order to reduce the unjustified presence of the state in the economy, I decided to introduce a moratorium on the creation of quasi-state-owned companies.

We need to understand the genuine contribution of the Sovereign Wealth Fund to the growth of the welfare of the people over the past 14 years since its creation.

The Government, together with the Accounts Committee, must conduct an analysis of the effectiveness of state holdings and national companies within three months.

Quasi-state companies often compete with each other on the same field. In the field of housing policy, for example, seven state operators are operating simultaneously, and this is only at the national level!

The number of state-owned companies can and should be reduced.

At the same time, one should carefully approach the activities of state-owned companies operating in strategic sectors.

State control over them should be maintained. Otherwise, instead of state monopolists, we will get private monopolists with all the ensuing consequences.

The Government needs to systematically and substantively deal with pricing and tariff issues. This also applies to the goods and services of natural monopolists. It is no secret that prices in our country are high – from food and clothing to the cost of various services.

For example, there are questions as to why the flights of the main air carrier on the most popular routes are much more expensive, sometimes by up to 30%, than in Europe?! What is the reason for the relatively high cost of services at our airports?

Why is the cost of jet fuel for foreign carriers at Kazakhstan airports higher than for domestic?

As a result, the aviation industry of Kazakhstan is losing its international competitiveness, and the country’s transit potential is decreasing.

With the connivance of the relevant ministry and departments, an artificial shortage of rail tickets has been created.

Order should be restored in these areas urgently.

Our goal is to ensure the full development of market institutions and mechanisms with the stabilising role of the state.

At the same time, one should not forget about the “economy of simple things”. This is a priority area of ​​our work.

**Third. Effective small and medium sized businesses are a solid foundation for the development of cities and villages.**

Small enterprises, especially micro-businesses, play an important role in the socio-economic and political life of the country.

Particularly, first of all, they provide rural residents with stable jobs, thus reducing unemployment. In addition, the tax base is created while the local budget is strengthened.

Furthermore, the development of mass entrepreneurship helps overcome paternalistic attitudes and dependence.

Therefore, the state will continue to support businesses.

Around 100 billion tenge has been allocated from the National Fund for this purpose.

However, according to experts, financial support is only received by the businesses affiliated with local authorities.

In fact, new companies and jobs should have been created within the new projects.

This is directly related to “the economy of simple things.”

However, local akims have not fulfilled the organisational work.

As a consequence, conditions were not created to increase the tax base, pension contributions, and strengthen the local budget.

In this regard, I instruct the Accounts Committee and the Ministry of Finance to take strict control over the expenditure of funds.

There are plenty of examples of entrepreneurship development in our country. Our whole society needs to support small businesses.

I instruct the Government to develop a legislative framework to exempt micro and small business companies from paying income tax for a period of three years.

Corresponding amendments to the legislation should enter into force from 2020.

My decision for a three-year ban on inspections of micro and small business entities will come into force from January 2020.

We believe in the integrity and law-abiding nature of our businesses, which should have responsibility towards consumers and citizens. During the moratorium, it is necessary to activate the tools of self-regulation and public control.

In cases of violation by business entities of the prescribed norms and rules, especially in the sanitation and contagious diseases sphere, such companies will be closed, their owners will be held accountable.

We are thus reducing the burden on businesses.

At the same time, there are still numerous problems associated with the actions of law enforcement and regulatory authorities.

Cases of raiding against SMEs have become more frequent.

My position on this issue is well known: any attempts to hinder the development of business, especially small and medium-sized ones, should be considered crimes against the state.

In this regard, additional legislative measures are needed. Parliament and the Government should propose a solution to this problem.

At the same time, it is necessary to strengthen opposition to the shadow economy, to tighten the fight against the capital flight and tax evasion.

Furthermore, the system of state financial support for SMEs needs to be “rebooted”, giving priority to new projects.

I instruct the Government to allocate an additional 250 billion tenge for the next three years under the new “Business Roadmap”.

It is necessary to actively introduce new forms of business support with an emphasis on social aspects – the creation of family businesses, primarily for large and low-income families.

Particular attention should be paid to the development of tourism, especially eco- and ethno-tourism, as an important area of ​​the economy.

The 750th anniversary of the Golden Horde should be commemorated in terms of attracting the attention of tourists to our history, culture and nature.

For the development of tourism, it is important to ensure the construction of the necessary infrastructure, primarily roads, as well as the training of qualified specialists.

**Fourth. Support for national businesses in international markets.**

It is necessary to drastically increase the effectiveness of state support for exporting companies.

I speak, first of all, about medium-sized business.

Meanwhile, we do not have effective state support measures for this particular segment of entrepreneurs, especially regarding the sale of products. We need to support our SMEs.

I instruct the Government, within the framework of the State Programme for Industrial and Innovative Development, to develop a set of measures to support high-performance medium-sized businesses, including through tax, financial, and administrative incentives.

It is necessary to seriously intensify efforts to attract foreign direct investment, without which the potential for further economic growth will be limited. This is one of the priority tasks of the executive branch.

Within the framework of the Strategic Plan for the Development of Kazakhstan until 2025, appropriate targets are set for each industry and region.

Their achievement is the direct responsibility of the heads of state bodies, especially regional akims.

Kazakhstan has embarked on developing a digital economy.

There is a lot of work to do. Our task is to strengthen our leadership in the region in terms of the development of info-communication infrastructure.

The Government will have to adapt the legislation to new technological innovations: 5G, Smart Cities, Big Data, blockchain, digital assets, and new digital financial instruments.

Kazakhstan should have the reputation as an open jurisdiction for technological partnership, construction and placement of data centres, development of data transit, participation in the global digital services market.

The Government should continue to support the activities of the Astana International Financial Centre (AIFC), which, in essence, has acquired constitutional status. The AIFC could become a platform for the development of the latest digital technologies together with the Nazarbayev University.

**Fifth. Developed agricultural industry.**

Agriculture is our main resource, but it is far from being fully utilised.

We have significant potential for the production of organic and environmentally friendly products that are in demand not only in the country, but also abroad.

We must gradually increase the amount of irrigated land to 3 million hectares by 2030.

This will ensure growth in agricultural production by 4.5 times.

The Ministry of Trade and Integration and the Ministry of Agriculture should strongly support farmers with the marketing of their products in foreign markets.

The Government has already been tasked in this regard. This is a priority.

Furthermore, we need to move away from only exporting raw materials, which reached 70%, while the load of processing enterprises is only 40%.

An urgent task is to attract foreign investors to the agricultural sector. Discussions are already underway; the Government needs to achieve concrete results.

I would like to specifically address an issue that is of public concern.

As Head of State I repeat: our land is not for sale to foreigners. This is not allowed.

All insinuations on this issue must end. At the same time, our task is to ensure the effective use of land.

The issue of inefficient use of land resources is becoming increasingly relevant.

The situation is compounded by the low level of direct taxes on land.

Many of those who received land leases for free from the state keep the land for future use without working on it. A whole layer of so-called “latifundistas” has developed in the country. They behave like a “dog in a manger.”

It is time to begin the seizure of unused agricultural land.

Land is our common wealth and must belong to those who work on it.

The Government and Parliament should propose appropriate mechanisms.

This is all the more important because without a solution to this issue, it is already impossible to have a qualitative development of domestic agribusiness.

Today, the increase in meat production rests not so much on the problem of breeding stock but on the problem of the lack of land for farmers to grow fodder crops. Feed availability is less than 60%.

Improving agricultural productivity is impossible without ensuring appropriate conditions for a quality rural life.

We will continue to implement Elbasy’s special project “Auyl – El Besіgі”.

We have to solve the extremely difficult problem of maintaining small villages. Regional standards have been developed, which should now be implemented in more than 3,000 rural settlements.

I instruct the Government to allocate 90 billion tenge in the next three years in addition to the 30 billion tenge allocated this year for the implementation of Auyl – El Besіgі.

These funds will be used both for solving infrastructure issues – transport, water supply, gasification, – and for the repair and construction of schools, hospitals and sports facilities.

The expenditure of these funds should be under the strict control of all Government agencies.

**Sixth. Fair taxation and sound financial regulation.**

Despite the growth of GDP and incomes of the population, inequality within Kazakhstan society still remains and is even increasing.

This is an alarming factor that requires special attention.

I believe it is necessary to modernize the tax system with a focus on a more equitable distribution of the national income.

The Government should also pay attention to the growing volume of social contributions.

On the one hand, they ensure the stability of social and pension systems.

However, there are risks that employers will lose incentives to creating jobs and increasing wages. Businesses will go into the shadow.

Therefore, I instruct the Government to postpone the introduction of additional pension contributions in the amount of 5% until 2023. We will then return to this question.

During this time, the Government, business representatives and experts should calculate the options and come to an agreed decision taking into account the interests of both future pensioners and employers.

The Government must impose a ban on all payments and fees that are not provided for by the Tax Code. These are, in fact, additional taxes.

A separate problem is improving the quality of the current tax system.

It should stimulate companies to invest in human capital, in raising labour productivity, technical re-equipment and exports.

Non-cash payments should be introduced everywhere, eliminating the constraining factor – a high banking commission. To achieve this, it is necessary to actively develop non-banking payment systems with relevant regulatory rules. With the obvious simplicity and attractiveness of this segment, it should not become a channel for money laundering and capital flight from the country. The National Bank should establish effective control in this area.

The next issue is the support for the export of non-oil products. The issue of applying simpler and faster VAT refund procedures needs to be considered.

One of the most problematic issues in our economy is the insufficient volume of lending. Over the past five years, the total volume of lending to legal entities, as well as small and medium-sized businesses, has decreased by more than 13%.

Second-tier banks cite a shortage of good borrowers and make provisions for excessive risks in the cost of credit.

The problem of quality borrowers, of course, exists. But you can’t just pass on your responsibility and take only the easy route.

I expect the well-coordinated and effective work of the Government and the National Bank on this issue.

Another problem – debt load, especially of socially vulnerable segments of the population, – has led to the need for emergency measures. You are aware of this.

This problem has gained social and political urgency.

Therefore, I entrust the Government and the National Bank to prepare within two months for the implementation of mechanisms that are guaranteed to prevent the repetition of this situation.

The lack of effectiveness of monetary policy is becoming one of the obstacles to the country’s economic development.

Lending to businesses should be ensured by second-tier banks on acceptable and long-term terms. By the end of the year, the National Bank needs to complete an independent assessment of the quality of assets of second-tier banks.

**Seventh. Effective use of the National Fund.**

It is necessary to reduce expenditures from the National Fund on solving current issues.

These are the resources of future generations.

The use of the National Fund should be allocated only for the implementation of programmes and projects aimed at the formation of a competitive economy.

The amount of guaranteed transfers used should gradually decrease to 2 trillion tenge from 2022.

It is necessary to significantly increase the effectiveness of the Fund’s investment.

I task the Government, together with the National Bank, to elaborate concrete proposals to improve the mechanism of the use of the National Fund by the end of the year.

**Eighth. Increase of salaries.**

As the success of large mining companies increases, we see that the wages of our citizens have not significantly grown.

As this concerns the social welfare of the population, the Government must remain persistent in this regard.

I instruct the Government to consider the issue of incentives for employers to increase wages.

**IV. NEW STAGE OF SOCIAL MODERNISATION**

The country’s budget should be focused on two main objectives – the development of the economy and solving social problems.

The social sphere should focus on the following areas.

**First. Improving the quality of education.**

The effective methodology of accounting for the balance of labour resources has not yet been developed in our country.

In fact, the domestic training system is out of touch with the real labour market.

Around 21,000 school graduates annually do not have access to vocational and higher education.

This group of young people is the basis of the unemployed and marginalised. Many of them are exposed to criminal and extremist movements’ influence.

We need to identify the pupils’ abilities and move towards a career guidance policy.

This policy should be the basis of the national standard of secondary education.

Demand for technicians in our economy is very high, but capabilities of the national education system are low. Enterprises have to invite relevant professionals from abroad. We need to correct this situation quickly.

The difference in quality of secondary education is growing between urban and rural schools.

The main problem is the deficit of qualified teachers in rural areas.

Therefore, we need to expand the scope of the program “With diploma to the village” and continue the work on a new level. I task the Government to finance the programme with up to $20 billion tenge next year.

It is necessary to select talented rural youth and prepare them for domestic and foreign higher education institutions.

I task the Government to develop a roadmap to support gifted children from less well off and large families.

Governments and akims should have the opportunity to make such children attend youth clubs and centres and summer camps.

Now I want to focus on the quality of the higher education.

Only half of the country’s higher education institutions ensure a 60 per cent employment rate for their graduates.

Therefore, it is necessary to consider the reduction of their number.

It is no secret that there are universities that are engaged in selling diplomas instead of quality education.

By banning them, we should strive to improve the quality of the teaching in educational institutions.

Another problem with education is the uneven financing and the inefficiency of the modern regional governance system.

It is necessary to transfer the functions of managing the education departments and administration of budgetary funds from the district level to the regional level.

It is necessary to introduce a special financing order at all levels of education.

The poor quality of textbooks is another urgent problem.

Providing students with quality textbooks is a direct responsibility of the relevant ministry.

These measures are not going to have an effect if we do not improve the social standing of teachers.

That’s why I have instructed, at the August conference, the doubling of teachers’ salaries over the next four years. This means that next year salaries of teachers will grow by 25%.

The situation in science requires special attention. Without it, we cannot ensure the progress of the nation. Another question is to what extent is our science high quality and effective?

The Government should consider this problem from the point of view of increasing the level of scientific research and its practical application.

**Second. Support for the institution of family and childhood, the creation of an inclusive society.**

Protecting the rights of children and combating domestic violence should be our priority.

It is necessary to deliberately address the problem of high suicide rates among adolescents.

We have to create a holistic programme to protect children affected by violence, as well as their families.

Particular attention should be given to families with children with disabilities. According to official statistics, over 80,000 children are registered as having a disability.

The Government should develop measures to improve the medical and social support of children with cerebral palsy.

It is necessary to expand the network of small and medium-sized rehabilitation centres for children within walking distance.

We must create equal opportunities for people with special needs.

I talked about this during my election campaign. Now I instruct the Government to allocate at least 58 billion tenge for these purposes over three years.

Particular attention is required to strengthen the health of the nation. It is important to develop and promote sport among all age groups.

It is necessary to ensure the maximum availability of sports infrastructure for children.

The development of a mass sporting culture needs a pyramid structure. On top there will be new champions, and at its base a healthy and active youth and, ultimately, a strong nation.

Legislative support for this course is required, as well as the adoption of a Comprehensive Plan for the Development of Mass Sports.

2020 is declared the Year of the Volunteer. The urgent task is to expand the participation of citizens, especially youth and students in volunteer activities, to instil in them the skills for an active life. This is an important part of our work to strengthen civil society.

**Third. Ensuring the quality and accessibility of medical services**.

We are still seeing regional imbalances in the health of our population, especially in maternal and infant mortality.

Yes, these gaps are decreasing, but they remain large and significantly exceed those in developed countries.

The Government must create a list of health priorities for each region and introduce a budget based on such a list.

On January 1, 2020, Kazakhstan will launch a system of compulsory social health insurance.

I want to re-assure everyone: the state will maintain a guaranteed amount of free medical care. More than 2.8 trillion tenge will be allocated for its financing over the next three years.

The implementation of the compulsory social medical insurance is designed to improve the quality and accessibility of medical services.

Under the three-year budget, an additional $2.3 trillion tenge will be allocated for the development of our healthcare system.

The Government needs to be extremely responsive in implementing the social health insurance scheme to prevent its further discrediting.

We no longer have room for mistake.

**Fourth. Support for those who work in culture and the arts.**

We have not paid sufficient attention to those working in the field of culture including library, museum and theatre staff.

Their salaries have not increased in recent years.

As a consequence, workers in this field, especially young professionals, cannot participate in affordable housing programmes.

Such a situation is undermining the reputation of the profession, the lack of relevant staff has become obvious.

Next year, the Government should increase the salary of those working in the cultural sector.

Besides, social benefits that apply in the fields of education and health should also be provided to the workers of the cultural sector.

**Fifth. Further development of the social support system.**

The state is taking measures to support citizens in need.

But a number of decisions were not fully thought through.

As a result, we face a serious increase in dependency attitudes. Over the past 5 years, the number of recipients of targeted social assistance in Kazakhstan has grown from 77,000 to more than 1.4 million.

The amount of funds allocated from the budget for social support since 2017 has increased more than 17 times.

In other words, more and more people choose not to work or, even worse, hide their income to receive social assistance. Cases of wealthy families receiving social assistance have been covered in the media.

Once again, I note. As set out in our Constitution, the state is focused on social welfare and must fulfil its obligations to citizens.

The Government is obliged to proceed from this principle in its work, and additional funds must be found by eradicating wasteful expenditure and by increasing revenues.

Reserves for this, of course, are available. The Ministry of Finance is working to increase revenue. But more effort is needed including in areas such as customs.

Elbasy at a meeting of the Nur Otan political council drew special attention to streamlining the public procurement process. The Ministry of Finance has begun improving procurement, but legislative measures are also needed.

Public procurement is a field where money is wasted – according to some estimates, up to 400 billion tenge per year – which could go towards finding the solution of acute social issues.

In 2018, 4.4 trillion tenge was spent on public procurement, of which 3.3 trillion tenge or 75% took place in a non-competitive way with only one supplier.

It is time to end this “feeding trough” for officials and “clingers-on” of various kinds.

Returning to targeted social assistance, the Government should adjust the way it is allocated so that it becomes transparent, fair and encourages people to seek work rather than pursue an idle lifestyle.

Assistance should mainly be given to those who work.

At the same time, we need to take care of children from low-income families.

They require the introduction of a guaranteed social package. This should include help for preschool children, free hot meals for all schoolchildren, the provision of school supplies and uniforms, payment of medical, including dental care and reimbursement of public transport travel expenses.

All these measures should come into effect on January 1, 2020.

The Government, together with the Atameken National Chamber of Entrepreneurs, is required within a month to develop a special programme for the participation of mothers of large families in micro and small businesses, including through home working.

**Sixth.** I would also like to draw attention to the development of our domestic pension system where serious problems have accumulated.

At the moment, the funding of pensions is sufficient. But in 10 years, this situation may change.

The number of working citizens making pension savings will decrease significantly while the number of pensioners will increase.

At the same time, the amount of investment income received from pension assets remains low.

Therefore, the Government, together with the National Bank, should carry out substantial work to increase the effectiveness of the pension system.

Currently, a working person can only access his pension savings on retirement. But the desire of people to use these funds during their working lives is understandable.

I instruct the Government by the end of the year to consider how the targeted use by working citizens of part of their pension savings, for example, for buying a house or getting an education might be achieved.

In order to reduce costs and improve the quality of investment asset management, I instruct the Government to look at consolidating the extra-budgetary social security system by creating a unified social fund and introducing one social payment.

**V. STRONG REGIONS – STRONG COUNTRY.**

In this area, we need to focus on the following tasks.

**First. Improving the efficiency of local authorities.**

People should always have access to local authorities. This is an axiom but not a reality.

I consider it possible to introduce, as a pilot project, a system for assessing the effectiveness of local authorities.

For example, if, as a result of a survey or online voting, more than 30% of residents believe that the akim of a city or a village is ineffective, this could be the basis for the creation of a special commission by the Presidential Administration to study the problem and make relevant recommendations.

**Second. Reform of the system of interbudgetary relations.**

The current system of interbudgetary relations clearly is not stimulating akimats of all levels to create their own development base of small and medium-sized businesses. The regions are poorly motivated to search for additional sources of income.

Starting next year, additional tax revenues from SMEs will be transferred to the regions.

But this is not enough. The time has come to review the organisation of the budget process at all levels. A major role should be played by the genuine involvement of the population in the formation of local budgets.

District, city and rural levels of Government should become economically more independent in solving problems of local importance. Their rights, duties and responsibilities should be clearly regulated in legislative acts.

**Third. Managed urbanisation and a unified housing policy.**

The previously adopted laws “On the status of the capital” and “On the special status of the city of Almaty” played a positive role, but today they need improvement.

It is necessary to expand the competencies of the akimats of the three largest cities, including in the field of urban development policy, transport infrastructure, and the formation of an architectural vision.

The large population of a number of cities is no longer a matter of pride, but a reason for concern in terms of meeting fully the socio-economic needs of residents.

We can see the pressures of overpopulation on our largest cities and at the same time a lack of human and labour resources in cities such as, for example, Pavlodar and Petropavlovsk, where proper conditions are created to welcome new residents.

The Government must take effective measures to manage migration processes.

In my election programme, I noted the need to develop a unified housing policy.

The basic principle is to increase housing affordability, especially for socially vulnerable segments of the population.

The Government needs to develop a unified model of housing development in the country to move away from the practice of adopting disparate programmes.

For example, within the framework of the “7-20-25” programme which was originally supposed to be based on social security, the average level of the borrower’s family income is expected to be around 320,000 tenge per month. People with low incomes could not afford to participate in it.

Therefore, this year, on the initiative of Elbasy, a new programme “Baqytty Otbasy” was launched with a preferential rate of 2% and an initial payment of 10%. These are very favourable conditions.

By the end of the year, at least 6,000 families will purchase housing under this programme, primarily large families and those raising children with disabilities. As of 2020, 10,000 such families will be provided with housing annually.

The Government should define clear criteria for participating in the programme and ensure its strict administration. Support should be provided exclusively to those who need it.

My instruction to the Government is to resolve within three years the backlog of low-income large families that are currently waiting for housing. Their number is around 30,000.

Citizens who do not have an income for the purchase of housing must be given the opportunity to live on a social benefit lease.

For these purposes, by 2022, the state will allocate more than 240 billion tenge.

New measures should be developed to involve the private sector in this work and to use the mechanisms of the public-private partnership.

People are dissatisfied with the opaque way akimats decide priority for social housing.

By the end of the year, the Government should create a unified national accounting system for waiting lists for rental housing, as well as for obtaining preferential housing loans under the “Baqytty Otbasy” programme.

Despite the reduced wear on utility mains from 65% to 57%, this indicator remains high.

In addition, out of 78,000 apartment buildings, more than 18,000 require repairs.

It is necessary to allocate at least 30 billion tenge to the regions over two years in the form of budget loans for the modernisation and repair of housing.

I instruct the Government to provide for this mechanism and tightly control the effectiveness of the development of these funds.

Regional development budgets by 2022 will exceed 800 billion tenge.

I instruct the akims, together with local maslikhats, to provide half of these funds for co-financing the modernisation of housing and communal services and solving urgent social problems of residents from the regions.

**Fourth. Infrastructure development.**

Obviously, residents of different regions of the country have different levels of access to clean drinking water, natural gas and transport infrastructure.

It is necessary to intensify the work on levelling this inequality.

At the instruction of Elbasy, the construction of the first phase of the Saryarka gas trunk pipeline network is nearing completion.

From next year, work will begin on the construction of distribution networks in the cities of Nur-Sultan and Karaganda, and later in the Akmola and North Kazakhstan, regions.

For these purposes, the state will allocate 56 billion tenge. As a result, more than 2.7 million people will have access to natural gas.

Over the next three years, around 250 billion tenge will be allocated to provide our citizens with clean drinking water and sanitation.

The full and high-quality implementation of the Nurly Zhol programme should be monitored closely by the executive branch.

This is a strategic project whose effective modernisation will improve the entire transport infrastructure.

For these purposes, until 2022, the state will invest more than 1.2 trillion tenge.

The Government had allocated huge amounts of money before. But these funds overwhelmingly disappeared into the air, or rather, into the pockets of officials, which is why there is still not enough clean water or modern roads and other infrastructure.

This time, the Government and Parliament, together with the Accounts Committee, must ensure the absolute efficient use of budget funds.

The Government needs to intensify efforts to improve the environment, expand the use of renewable energy sources, and cultivate a respect for nature. In this regard, the campaign “Birge – Taza Kazakhstan!” deserves approval and must be continued.

Parliament is to discuss and adopt a new version of the Environmental Code.

In general, the Government in the coming period should increase the efficiency of its activities. The people of Kazakhstan are waiting for concrete results.

**Dear compatriots!**

We have entered a new stage in reforming the country. We must fulfil these important tasks to a high standard.

Every citizen of the country should feel positive changes.

I demand Government agencies work rapidly and achieve real results.

It is unacceptable to carry out reforms for the sake of reforms.

Each minister and akim should have a list of key performance indicators.

It determines the level of their achievement.

Government ministers, heads of state bodies and regions, state-owned companies and institutions are personally responsible for the relevant reforms.

To ensure accountability for progress, I have recently signed a decree to gauge the situation in the country, including in each region through regular surveys.

Government agencies responsible for social and economic policy should work to meet the needs of society now and in the future. For this purpose, it is necessary to strengthen the system of monitoring, analysis and forecasting.

Therefore, I ask Parliament to establish the Institute of Legislative Research and Expertise at the request of our deputies.

This new institute should help improve the quality of our laws.

**Dear people of Kazakhstan!**

We know well the issues that worry our people.

We are developing an action plan to tackle each of these areas.

We have a great responsibility.

I have great confidence in every citizen of the country and know they are concerned about the destiny of our country.

Kazakhstan is our common home!

I invite all of you to contribute to our national prosperity.

A constructive public dialogue is the basis of peace and stability.

In the words of the great Abai, “Unity must be in minds.”

Elbasy’s message “The unity of the people is our most valuable treasure” remains our guiding principle.

Harmony and unity, wisdom and mutual understanding help our nation move forward.

Our destination is clear, and our way is open.

I hope that together, the country will achieve even greater success!

I wish all of you wellbeing and success.