KAZAKHSTAN



COUNTRY ASSESSMENTS

HIGHLIGHTS

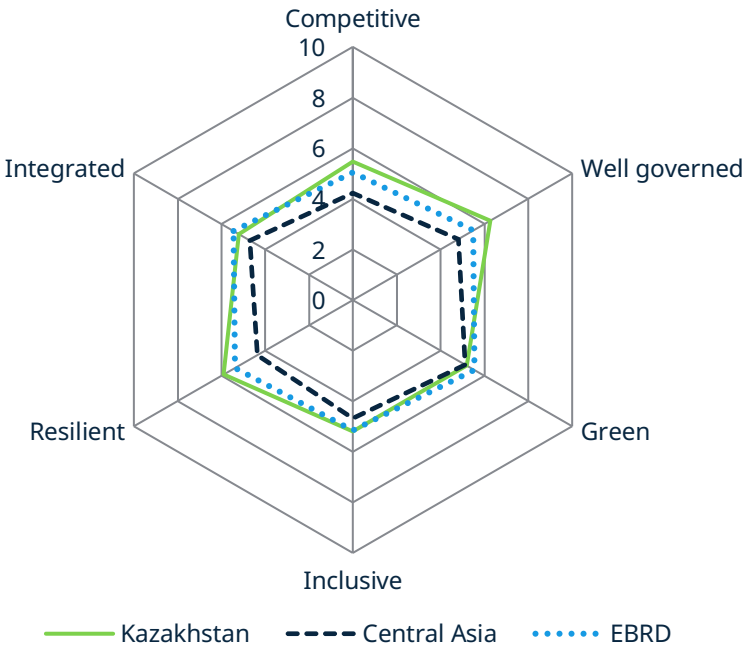
- **Economic growth slowed to 4.1 per cent year on year in the first half of 2026 amid disruptions to the oil sector.** While the non-oil sector continued to support economic activity, temporary production and export disruptions in the hydrocarbon sector weighed on the country's overall growth.
- **Kazakhstan adopted a new constitution following a nationwide referendum.** It restructures the political system, introducing a unicameral parliament and reinstating the position of vice president.
- **The country is taking important steps to translate its energy transition ambitions into investment.** The launch of the Just Energy Transition Investment Platform, with its flagship projects such as the Mirny onshore wind farm and the grid modernisation programme of Alatau Zharyk Company (AZhC), provides a framework for expanding renewable energy and strengthening the country's electricity system.

For more information about country macroeconomic developments, please consult our latest Regional Economic Prospects report.

KEY PRIORITIES FOR 2027

- **Ensure fiscal discipline remains a central policy priority.** Oversight of quasi-fiscal activities should be strengthened, while National Fund withdrawals should remain exceptional and transparent. As the country's financing needs grow, continued tariff liberalisation will be required to attract private investment, improve infrastructure financing, reduce subsidy dependence and ease the fiscal burden on the state.
- **Deepen domestic capital markets to unlock long-term financing.** This requires pension, insurance and investment-fund reforms to expand the institutional investor base, along with initiatives to strengthen market liquidity, corporate governance and investor protection. Efforts should also be made to broaden the range of capital-market instruments available and encourage greater use of bond and equity financing.
- **Strengthen irrigation practices and water management.** Ageing infrastructure and the limited adoption of water-saving technologies are constraining agricultural productivity and increasing pressure on scarce water resources. Priority should be given to modernising irrigation networks, using water more efficiently and expanding water-saving technologies to enhance resilience and sustainability.

ASSESSMENT OF TRANSITION QUALITIES (1-10)



For more on reforms and transition qualities, see Chapter 5 of the Transition Report 2026-27.

KEY REFORMS AND POLICY DEVELOPMENTS[1]

Constitutional reform

- In March 2026 the country adopted a new constitution following a nationwide referendum. The reform brought about a major restructuring of the political system, including the replacement of the bicameral parliament with a unicameral legislative body (Kurultai), the reinstatement of the position of vice president and the establishment of a People's Council (Halyq Kenesi), with powers related to legislative initiatives and referendums.

Renewable energy agenda

- In November 2025 Kazakhstan submitted its updated Nationally Determined Contribution (NDC 3.0), raising the country's climate mitigation target. It is now pursuing a 17 per cent reduction in national net greenhouse gas emissions relative to 1990 levels by 2035 (unconditional) and as much as a 25 per cent reduction with international support.
- In April 2026 the country announced the Just Energy Transition Investment Platform, which aims to mobilise around US$ 20 billion (€17 billion) in investment to deliver 10 GW of new renewable energy capacity by 2035 and support grid modernisation, battery storage, electrification and workforce reskilling.
- The first flagship investments under the platform have advanced. The Mirny project is the country's first industrial-scale wind power plant with battery storage, combining 1 GW of wind capacity with a 300 MW/600 MWh battery energy storage system. Meanwhile, the AZhC investment addresses a key bottleneck in the energy transition by upgrading electricity distribution infrastructure, deploying smart-grid technologies and increasing the network's capacity to integrate additional renewable energy.

Coal industry expansion

- The National Project for the Development of Coal-Fired Generation through 2030, adopted in March 2026, envisages 7.8 GW of new and modernised coal-fired capacity using cleaner technologies. It includes eight new facilities and upgrades to 11 existing plants.
- The project is linked to the country's broader digitalisation agenda, which envisages the growth of the information technology (IT) sector, data centres and artificial intelligence (AI), with a corresponding increase in demand for reliable baseload electricity – something that is already in short supply.

New law on banks and banking activities

- The new law, which came into effect in March 2026, introduces a two-tier licensing regime to promote competition and proportionate regulation, as well as key elements of an effective resolution regime for banks.
- The legislation also allows traditional banks to offer Islamic financial products and services, and establishes a legal framework for the digital tenge and digital financial assets. Enhanced supervision strengthens consumer protection.

1 From the fourth quarter of 2025 to October 2026.

Trans-Caspian Transport Corridor (TCTC) development

- During President Kassym-Jomart Tokayev's visit to Brussels in June 2026, Kazakhstan and the European Union reaffirmed their cooperation on the TCTC, also known as the Middle Corridor. A €150 million agreement was signed with the European Investment Bank to support transport connectivity projects in Kazakhstan.

Critical raw minerals

- In December 2025 the government approved amendments to the Subsoil and Subsoil Use Code, improving conditions for strategic investors and establishing a platform with open access to geological information. It also introduced auction-based mineral licensing and increased local content requirements for works and services from 50 per cent to 70 per cent to support strategic exploration and domestic processing.
- The government has committed around US$ 470 million (€408 million) in public funding for geological exploration in 2026-28 and deepened cooperation with international partners in the critical raw materials sector.