On the activity of the Agency of the Republic of Kazakhstan for Informatization and Communication in 2008 and its goals for 2009-2010

Strategic directions of the Agency’s activities for 2009-2011

1. Electronic government services delivery to public and organizations
2. Providing public and organizations with available services of high quality
3. Involvement of public and organizations to wider use of information and communication technologies in everyday life

http://WWW.AIC.GOV.KZ
The progress of e-Government projects implementation

2008
- G-G – 9 services
- G-B – 14 services

2009
+ 10 services

2010
+ 10 services

Readiness of e-Government infrastructure

Development of information and communication technologies by means of public and private sectors interaction

Agency of the RK for Informatization and Communication:
Market volume in 2008 amounted to 379 bln. tenge (~3,1bln US$), that is equal to ~3% of GDP.
The growth rates are high running ahead the GDP growth rates (+18% in 2007).

In accordance with update data of communications operators for 2008, the Agency made an analysis of telecommunications services income gained by major operators of the Republic of Kazakhstan. The results of the analysis show rapid growth of mobile operators income as compared with a decline in growth of income of operators, providing established services.

### Telecommunications development
**Income of the telecommunications market**

<table>
<thead>
<tr>
<th>Name of the operator</th>
<th>Income in 2007 (mln. tenge)</th>
<th>Income in 2008 (mln. tenge)</th>
<th>% Income growth in 2008 as compared with 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>JSC “Kazakhtelecom”</td>
<td>118 057</td>
<td>126 124</td>
<td>107%</td>
</tr>
<tr>
<td>“KCell” LLP</td>
<td>105 228</td>
<td>123 900</td>
<td>117%</td>
</tr>
<tr>
<td>“Kartel” LLP</td>
<td>81 642</td>
<td>87 983</td>
<td>108%</td>
</tr>
<tr>
<td>“Altel” JSC</td>
<td>8 448</td>
<td>9 000</td>
<td>107%</td>
</tr>
<tr>
<td>“Transtelecom” JSC</td>
<td>6 858</td>
<td>8 969</td>
<td>131%</td>
</tr>
<tr>
<td>Total</td>
<td>314 000</td>
<td>379 000</td>
<td>121%</td>
</tr>
</tbody>
</table>

**Telecommunications development**
**Key indicators of telecommunications branch**

As of December 31, 2008:
- the number of mobile subscribers exceeded 15 million people;
- the number of fixed-line subscribers exceeded 3 million people;

<table>
<thead>
<tr>
<th>Name of indicators</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telephone density: (per 100 inhabitants)</td>
<td>18.5</td>
<td>20</td>
<td>23</td>
</tr>
<tr>
<td>Density of mobile subscribers (per 100 inhabitants)</td>
<td>45</td>
<td>78</td>
<td>98</td>
</tr>
<tr>
<td>Number of Internet users (per 100 inhabitants)</td>
<td>4</td>
<td>11</td>
<td>14</td>
</tr>
<tr>
<td>The level of digital telecommunications networks</td>
<td>76.8 %</td>
<td>81.52 %</td>
<td>86%</td>
</tr>
</tbody>
</table>
According to data of JSC “Kazakhtelecom”, 80 rural settlements were provided with telephone connection in 2008 of which 70 rustic units with population of less than 50 people. Thus, in the Republic of Kazakhstan 7 008 rural settlements from 7 008 rural settlements or 100% have been provided with telephone connection.

However, there are systemic problems of rural communications:
- Imperfection of infrastructure in rural areas (rural connecting lines which total length is equal to 61770 km, among them 15 500 km are analog lines and 16330 km of aerial lines of communication);
- Low level of digitalization of rural networks – 37.7% of the total number of automatic telephone exchanges;
- Internet connection low speed or even lack of such opportunity at all;
- The number of people waiting for telephone installation is about 100 000 inhabitants;

Objectives for 2009:
- Increasing the telephone density in rural areas up to 13%;
- Providing Internet access services in rural areas with population more than 1000 people.
The number of mobile operators (as of December 31, 2007) is equal to:

- "GSM Kazakhstan “Kazakhtelecom” JSC - 013 987 subscribers;
- "Kartel” LLP - 7 241 601 subscribers;
- "Altel” JSC - 700 571 subscribers;
- "Mobile Telecom Service” LLP - 737 641 subscribers.

Currently, 4 mobile operators are working in Kazakhstan (with population more than 15 400 000 inhabitants).

Telecommunications development
Mobile communications sector development in Kazakhstan

- insufficient growth of Internet users;
- Number of broadband Internet access subscribers falls behind the indicators of developed countries;
- Slow pace of broadband Internet access development by communications operators;
- Speed of Internet access should conform to international standards.
Telecommunications development
Postal service

Key priorities for postal sector development in 2009:

- Improving the legislation in the area of post, housing relations and natural monopolies regulation;
- Improving tariff regulation of postal service market;
- Building and equipping of standardized post offices having Public Internet Access Points (PIAP);
- Modernization of corporate and postal network of “Kazpost” JSC;
- Providing transportation of mail in regions up to 4 times a week to every rural post office;
- Developing and expanding of product lines:
  - on postal services: expanding EMS-post services, catalog trade and electronic commerce, distance selling, access to e-government (opening of Public Service Centers in rural post offices);
  - on financial services: payments and postal transfers acceptance by means of payment gateways;
  - on agency: Internet-banking, expanding the list of card products by Visa system;
  - on agency: expanding transfer agency for the development of the stock market combining the functions of Public Service Centers in rural areas;
  - operating of the subsidiary broker dealer company to work at the site of RFCA;
  - providing transportation of mail in regions up to 4 times a week to every rural post office.

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Telecommunications development
Goal indicators of telecommunications development in 2009:

<table>
<thead>
<tr>
<th>Strategic direction: Making telecommunications and postal services more available to public and business.</th>
<th>Goal indicators: 2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The density of fixed-line subscribers, including that of in rural areas</td>
<td>24 per 100 inhabitants</td>
<td>25 per 100 inhabitants</td>
<td>27 per 100 inhabitants</td>
</tr>
<tr>
<td>2. The level of digital telecommunications networks, including that of in rural areas</td>
<td>88%, 78%</td>
<td>92%, 82%</td>
<td>95%, 85%</td>
</tr>
<tr>
<td>3. The density of mobile subscribers</td>
<td>105 per 100 inhabitants</td>
<td>110 per 100 inhabitants</td>
<td>115 per 100 inhabitants</td>
</tr>
<tr>
<td>4. The density of subscribers having access to the Internet, including Broadband Internet subscribers</td>
<td>20 per 100 inhabitants</td>
<td>23 per 100 inhabitants</td>
<td>27 per 100 inhabitants</td>
</tr>
<tr>
<td>5. Increasing the number of standard post offices including those in rural areas</td>
<td>88</td>
<td>82</td>
<td>82</td>
</tr>
</tbody>
</table>
### Telecommunications development

**The objectives of the telecommunications and postal services development for 2009**

<table>
<thead>
<tr>
<th>Goal</th>
<th>Indicators</th>
</tr>
</thead>
</table>
| 1. Development of fixed-line telephony                              | 1. Improving the regulatory and legal framework:  
- introduction of amendments and additions to regulatory legal acts governing the issues of connection telecommunication networks of carriers to telecommunication networks of general use (2009)  
- introduction of amendments and additions to the Rules for the Provision of Universal Telecommunication Services (2010)  
- developing normative and technical documentation and harmonization of regulations in compliance with standardization of telecommunication services and facilities:  
  - in 2009 – 3 items; in 2010 – 3 items; in 2011 – 2 items  
2. Building and transferring telecommunications technology to Next Generation Network (NGN) as well as modernization and developing rural telecommunications networks using CDMA technology. |
| 3. Development of Data Transmission and Internet Access network      | 1. Improving the regulatory and legal framework:  
- adoption of regulations for providing data transmission services (2009);  
2. Building and transferring telecommunications technology to Next Generation Network (NGN).                                                                                                         |
| 4. Competition development in the telecommunications market           | - Reduction in tariffs of dominant operators to pass the phone traffic by 30% in 2009 and then by 30% in 2010.                                                                                               |