Public Sector Reform in the Republic of Kazakhstan

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Abstract  
Efforts to make governments more responsive to the needs and demands of citizens have been a global phenomenon for almost three decades. These reform initiatives include restructuring of public institutions, capacity building, and other measures that demonstrate quality improvements and value in the delivery of government services. This paper examines public sector reform in Kazakhstan, which gained independence from the Soviet Union in 1991. Within the framework of its “Kazakhstan 2030”, the country has engaged in the reform of its public sector in order to enhance the quality delivery of public service provision. A civil services reform is currently under way, which is client-focused and deeply anchored in new public management principles. The paper investigates aspects of decentralization, civil service reform, and e-governance as elements of public sector reform in the country. It is suggested that more robust efforts should be directed toward these and similar initiatives in order to enhance the country’s ability to be more responsive to the needs of its citizens, increase the quality of its service delivery at lower costs, and be well positioned to meet its “Kazakhstan 2030” goal.

Key Words: Public Sector Reforms, New Public Management, Good Governance, Public Administration, and Kazakhstan.

1. Introduction  
There seem to be universal agreement on the necessity for good governance through among other things, the reform of the public sector. Public sector reform has thus assumed a global character. Public sectors have embarked on profound change processes to confront the problems of inefficiencies and inadequacies of the state in addressing public problems. These reforms relate to the quality of relationship between the government and the governed. It also involves relationships and cooperation among the public sector, private agencies and civil society organizations in policy processes and the delivery of services (Siddiquee and Mohamed, 2007). Public sector reform processes require a redefinition of the role of the state in society and its relationship with the market alongside efforts for improving the competence of public bureaucracies (Mulgan, 2008). For effective public sector reforms, governments must explore, assess, and engage in opportunities for collaboration both within and outside the public sector. This implies that public administrations cannot escape the changes experienced at the local levels by civil society and business organizations. Indeed, the modernization, growth and transformation of non-profits and social movements, in conjunction with globalization are bringing about challenges for all levels of governments around the world (Mendoza and Vernis, 2008).

The need to respond to various social, political and economic problems requires that public agencies be prepared to work in partnership with other public, civil society and business organizations (Huque, 2005). This is especially true for transitional economies, such as former Soviet states, like the Republic of Kazakhstan. Institutional drivers of efficiency in the public sector include: civil service reform, decentralization, e-government, health reform, privatization, and human resource practices, to mention but a few. The purpose of this paper is to examine public sector reform in Kazakhstan within the contexts of decentralization/devolution of responsibilities, civil service reforms, and e-governance. Kazakhstan is located in Central Asia, and declared its independence from the Soviet Union in December 1991. The country has a unitary form of government and adopted its first post-Soviet constitution in 1993. A popular
referendum approved the introduction of a new constitution in August 1995. Following the 1997 territorial reorganization that merged some provinces (oblasts), the government has been structured along the lines of the national government with sixteen territorial divisions (Perlman and Gleason, 2007). Constitutional amendments were later adopted in October 1998. This paper seeks to investigate whether public sector reform initiatives have helped in making the government of Kazakhstan more responsive to the needs of the citizens. With its administrative structure and recent Soviet past, this study explores the extent to which decentralization, civil service reforms, and e-governance has made the government of Kazakhstan more efficient in the delivery of government services.

2. Literature review on public sector reform
A number of studies have been conducted on reforms of the public sector in several countries. Mulgan (2008) examined public sector reforms in New Zealand and found that the reforms focused mostly on public accountability through the specification of outputs, clarity of contractual agreements, and division of government departments into smaller agencies. While one of the key objectives of the reforms was to improve the efficiency of public service delivery, it failed to give members of the public a greater right to complain about government services, and did not encourage managers to answer directly to the public.

Siddiquee and Mohamed (2007) examined the impacts of public sector reforms in Malaysia. The study concluded that public service reforms in Malaysia produced limited results due to lack of attempts to reform the country’s political and governmental system. Political leadership seemed to be more interested in retaining control over the society rather than weaken it through reforms. On the positive side, the reforms helped to simplify rules and regulations and resulted in less paperwork and timely provision of services. Other reform initiatives, such as privatization and restructuring programs helped to streamline the structure and size of public bureaucracy.

Huque (2005) investigated study public sector reforms in South Asia and categorized the reforms into four areas: creation of new institutions, transformation of organizations, adoption of new strategies, and a reduced role of the state. The study discovered that the reform efforts were not successful for the following reasons: over-dependence of the political leadership on a permanent civil service; viewing administrative reform as the same as public sector reforms; lack of political commitment to implement reforms; refusal of the powerful bureaucracies to allow changes to the existing arrangements; inability of weak political institutions to persuade other institutions to comply with proposed reforms; and frequent change of governments which obstruct the gradual implementation of changes.

Kudo (2008) examined the role of e-government in public sector reform in Italy and Japan. The study found that the use of e-government initiative in Italian taxation system and procurement processes enhanced financial rationalization, transparency, better accountability and improved communication and management among local governments. In Japan the use of information communication technology helped to ensure better sharing of information between the central and local governments. However, the study contends that the problem with e-government in Japan was the lack of legislation especially on privacy of information.

Tobert et al. (2008) investigated the factors that affect the adoption e-government policy in all 50 states of the United States. The study found that institutional capacity was one of the drivers of e-government and continued innovations in government service delivery. There was an association between reinvention in state governments and the institutionalization of information technology, suggesting a more general orientation toward government reform and modernization.
Coggburn (2000) studied the impact of state personnel deregulation on the efficiency of state human resource operations. The study found that many states have moved to deregulate their personnel systems to a significant degree. Kellough and Lu (2003) found significant variation in state implementation of six aspects of personnel reforms: decentralization of personnel authority, contracting out of personnel management functions, reductions in the number of job classes or titles, implementation of broad banding, implementation of labor-management partnerships and the use of strategic workforce planning. The presence of strong employee unions was negatively associated with the implementation of these personnel system elements. Similarly, Bowman, et al. (2006) examined civil service reforms in Florida and found that the reforms focused on decentralization of personnel functions, outsourcing of a number of human resource functions, and an expansion of at-will employment to include all supervisory and management employees. The main purpose of the reforms was the elimination or reduction of employee protections associated with the merit system.

3. Some public sector reform initiatives in Kazakhstan

While there are several elements of public sector reforms, this paper examines three public sector initiatives in Kazakhstan: decentralization/devolution of responsibilities, civil service reform, and e-government. These public sector reform initiatives are discussed below.

3.1 Devolution/decentralization of responsibilities

Among the institutional drivers of efficiency in the public sector are arrangements that increase flexibility and quick response in the delivery of public services. This includes decentralization/devolution of functional and fiscal responsibilities from central to sub-national governments. Functional and political decentralization to sub-national governments have proven to be beneficial for efficiency (Curristine, et al., 2007). In fact, devolution of functional responsibilities, accompanied by appropriate fiscal and political decentralization, provides incentives for sub-national governments to deliver local services more efficiently, since the burden and benefits of public service delivery both are felt more in local communities.

Kazakhstan has sixteen territorial divisions, which consist of fourteen oblasts (regions), and two cities with special status (Almaty and Astana). There are eighty-four cities, thirty-nine of which are of national and oblast subordination; 160 raions (districts); ten city districts; two hundred towns and 2,150 rural counties. The country’s administration is divided into administrative units of equal status. All raion, city and oblast administrations (akimats) have equal powers regardless of their economic potential, population or size. Exceptions to this rule are Almaty and Astana, whose representative and executive bodies are assigned broader powers by specific laws addressing the status of these cities (Makhmutova, 2001). The nation is governed by the president and a bicameral Parliament composed of the Senate and the Majilis. The president appoints the head (akims) of the oblasts, Almaty and Astana upon nomination by the prime minister.

The Constitution of the Republic of Kazakhstan, adopted in August 30, 1995 established the general principles and directions of public administration reform in the country. Local government functions and powers were first subject to change in 1998 when the president issued two decrees which defined the powers, duties, rights and responsibilities of elected local authorities and their administrations (Makhmutova, 2001). The oblast and city are the primary authorities in their areas. There are also auls (villages) in rural areas. The raions and auls also have defined powers and duties. Each locality elects a local representative body or maslikhat (council) known as (kenes in the case of auls), and the elected members (known as deputies) elect a chair. The akim or chief executive of each oblast establishes an administration or akimat to manage the delivery of local services. One of the main aims of
public sector reforms in Kazakhstan is to transform the delivery of government services at the local level by allowing the local population to reform the service they receive according to their own priorities. Such goals can only be realized by granting more powers and responsibilities to the local governments. In fact, such local empowerment allows citizens to participate in, and help drive, governmental decision making (Wilson et al., 2002).

The Law on Local Public Administration in Kazakhstan was passed in January 2001, and defines local public administration as activities carried out by local representative and executive bodies in order to implement or develop state policies on local territories as determined by the legislation of the country (Makhmutova, 2001). Local representative and executive bodies may not make decisions that contradict the foreign, internal, financial, and investment policies of the country. They must support the interests of national security in Kazakhstan and must adhere to established national standards for activities of national importance. They must also observe the rights and legal interests of citizens. Development plans of the localities passed by the maslikhats or akimats should correspond to national strategic development plans.

The responsibilities of the maslikhats (legislative body) include among other things, approving plans, local economic and social development programs and local budgets: cost estimates for the maintenance of districts within cities of central subordination, towns, villages, and rural counties; approving programs for environmental protection and management of natural resources; and solving other issues of environmental protection according to legislation; approving the management structure of the administrative-territorial units (Makhmutova, 2001; Wilson, 2002).

Local programs and sub-programs are financed from the local budget. The programs/sub-programs that can be financed from the local budget include: maintenance of local government bodies; repayable loans from the local budget (generally through state-owned banks), to implementation of regional programs, and redemption of local debt and payment of interest on loans. Local administration functions also include environmental protection, public sanitation, fire protection, maintenance of public order, local libraries, water supply and sewage. Local governments in Kazakhstan derive their revenues from a number of sources, such as: taxes, duties and other obligatory payments to the local budget (such as fifty percent of excise tax on alcoholic beverages, excise tax on gambling, etc.); non-tax earnings (such as dividends from shares owned by the local government, share in profits from local government owned companies, interest on loans from the local budget, etc.); and revenues from capital transactions (such as proceeds from the sale of land, proceeds from the privatization of local property; transfers from higher budgets, etc.).

3.2 Civil service reform
It is a fact that Kazakhstan inherited the Soviet bureaucratic and administrative machinery. As one of the Soviet republics, the country had a hierarchically organized republican ministerial structure that largely paralleled the central bureaucratic institutions of the USSR (Olcott, 2002 cited in Duvanova, 2008). Bureaucratic hierarchy was organized on the territorial principles with oblast (region), raion (district), and local administrations reporting to the higher-level authorities, ministries, and central agencies. In the first years following its independence (in 1991), Kazakhstan heavily relied on the pre-existing bureaucratic apparatus, making only minor (from the purely administrative perspective) adjustments, such as the introduction of Kazakh as the state language and the redrawing of administrative lines to reduce the number of oblasts (Duvanova, 2008).

A strategy for comprehensive administrative reform for development entitled “Kazakhstan-2030: Prosperity, security and improved living standards for all Kazakhs” was introduced by the President of the Republic and adopted in 1997. The proposed administrative reforms are:
• To increase the effectiveness of the government working collectively as a state organ and individually through the role of each minister.
• To implement modern information technology and eliminate bureaucracy in government bodies.
• To create an effective and optimal structure of state bodies.
• To restrict state interventions in the economy.

(Knox 2008, pp. 488).

However, the strategy declares that to build a professional state the new civil service should be organized in the principles of corporate governance, goal-oriented, transparency, and accountability to the society (UNESC, 2008).

The primary steps to overhaul the Kazakh Civil Service were rather cosmetic. Apart from the passage of the ‘Decree on Civil Service Law’ in 1995, the President by decree established the Civil Service Affairs Agency (CSA) in 1998. The main objective of CSA is to oversee implementation of a unified civil service policy (Bakenova, 2008). The Law on Fighting Corruption enacted in 1998 enforces government’s intention to reform the civil service. In 1999, the special committee on administrative reform introduced a bill that soon was passed by the Senate. The new law on civil service established a gradation of administrative positions. Different categories required differential levels of education and experience. The Law split bureaucratic offices into political (to be nominated by the political authorities) and professional (career bureaucrats to be promoted on meritocratic basis) classifications. The Law focused on regulating internal bureaucratic issues, including recruitment and promotion criteria, principles of subordination and appointment, and legal rights of career bureaucrats vis-à-vis their political masters and the public (Duvanova, 2008). In practice, the principle of merit-based promotion existed on paper until 2003, when the competitive examination was introduced to fill available civil service positions. A 2005 revisions of the decree on ‘Rules of Civil Service Ethics’ introduced Bureaucratic Honor Code that demanded certain standards of ethical behavior and stricter penalties/disciplinary procedures for officials found guilty of corruption (Knox, 2008).

One of the most recent and significant reforms to take place in Kazakhstan is the introduction of performance standards for public services. Performance measurement is a central plank in their reform strategy aimed at improving the quality of public service. In January 2007, a Presidential decree entitled ‘Measures aimed at Modernizing the Public Administration system in the Republic of Kazakhstan’, set out the central priorities as follows (cited in Knox, 2008):

• To improve the quality of public administration processes, procedures and public service provision.
• To improve professional skills, efficiency and coordination of the state apparatus.

A legislative framework was established to achieve these goals through amendments to the existing law on ‘administrative procedure’. This resulted in government decisions to implement public service provision model standards and reglaments (public service charters) for all government bodies. According to the decree, the introduction of service standards will be implemented alongside measures to improve the structure the government, the development of annual reporting systems, audit of the efficiency of the activity of government organizations at central and local levels, introduction of a performance rating system and regular surveys of the public to evaluate public service quality (Shirokova, 2007 cited in Knox, 2008).
3.3 E-governance

Kazakhstan has envisioned joining the top 50 most competitive countries in the world by 2030. To achieve this goal, information communication technology (ICT) plays a critical role in enhancing the readiness of the country to enter this forum of the world’s most competitive economies. In doing so, Kazakhstan’s accomplishments in fostering e-government include (World Bank, 2006):

- Recognition of e-government as a priority at the highest political level and the elaboration of an e-government strategy;
- Establishment of the Agency for Informatization and Communications (AIC) as an independent regulatory authority empowered to implement state ICT policy;
- Creation of government agency Web sites (32 out of 42 government agencies have their own Web sites);
- Development of a number of corporate networks and databases (e.g., integrated taxation, customs, pension information systems) by individual government agencies; and
- Enacting important legislations such as the laws on e-documents and e-signatures.

An e-government program has been in place since 2006 to provide citizens with fast and reliable access to public services on-line. This has included the creation of a network of public electronic centers where people without direct access to the internet can avail themselves of on-line services, examples of which are: filing tax returns and making tax payments, pension fund deductions, property registration, and setting up a business (Knox, 2008). This means that Kazakhstan has made substantial progress in introducing ICT in the public sector. In terms of e-readiness, the United Nations Report on the e-Governance Survey 2008 recognizes Kazakhstan as the leader in Central Asia, while the Central Asian region is shown to have regressed the most since a 2005 survey. This global survey report ranked the country 81 among 189 countries with an index value 0.4743 as compared with 65 among 179 in 2005 (UN, 2008). Table 1 shows e-government readiness in Central Asian countries.

The table indicates that Kazakhstan slips from its 2005 position partly because 2008’s Survey had more focus on the interactive and transactional stages, which largely remain unachievable, and thus the scores were lower (UN, 2008). Another potential reason is its weak telecommunications facility. A 2004 International Telecommunication Union (ITU) data shows that effective teledensity in the country was quite low, 17.91 (ITU, 2004). However, this number continues to improve. The e-Government Survey 2008 data shows that both mainline telephone and cellular user further increased to 19.77 and 52.86 respectively (UN, 2008).

<table>
<thead>
<tr>
<th>Country</th>
<th>2008 Index</th>
<th>2005 Index</th>
<th>2008 Ranking</th>
<th>2005 Ranking</th>
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<td>Kazakhstan</td>
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<td>0.3346</td>
<td>132</td>
<td>117</td>
</tr>
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| World         | 0.4514     | 0.4267     |              |              |

Source: UN, 2008, pp. 32.

1 This section is partly drawn from Bhuiyan, ‘E-government in Kazakhstan: Challenges and Its Role to Development,’ which is currently under review with the Public Organization Review: A Global Journal.
3.3.1 E-government Program Objectives and Implementation

Kazakhstan’s e-government program incorporates a three-stage approach (World Bank, 2006):

- **1st stage**: creation of the basic components of e-government infrastructure, such as the governmental portal, a “payment gateway” providing a linkage with the banking system, national identification system, government-wide ICT network backbone infrastructure, creation of cross-agency information systems, provision of mainly informational and transactional e-government services, promoting Internet use among the citizens and bridging the digital divide.

- **2nd stage**: expansion of the scope and depth of e-government services (predominantly of transactional nature) and comprehensive ICT-enabled re-engineering of government administrative procedures.

- **3rd stage**: ICT-based transformation of government agencies’ operation, building a fully-fledged information society, provision of e-health, e-education, e-culture, e-democracy and other services.

Some tasks related to the first stage were implemented in 2006. On the April 12, 2006, e-government web-portal ([www.e.gov.kz](http://www.e.gov.kz)) was launched which provides more than 900 information services (egov magazine, 2007). This portal is tri-lingual: Kazakh, Russian and English. Laws ‘On Informatization’ and ‘On Amending Certain Legal acts of the Republic of Kazakhstan in the Sphere of Informatization’ were developed and enacted. Interagency electronic workflow with digital signature has been implemented in 39 state bodies. A pilot model of National Authentication Center for physical and legal entities has been developed, and a pilot project on integrated transportation medium of state bodies has been implemented in Astana, the capital of Kazakhstan. In an interview with the egov magazine in July 2007, Kuanishbek Esekeev, the Chairman of AIC, reported that government had implemented, on an experimental basis, government databases on ‘Physical Bodies’ and ‘Legal Entities’, in six oblasts. Moreover, 15 interactive services such as land register and address register software were developed and tested in two pilot zones: Citizens’ Service Centers (CSC) of Almatinskiy and Saryarkinskiy regions, Astana (egov magazine, 2007).

Since 2006, in order to connect citizens with the web, 460 public access points were kicked off. 11 classrooms for providing computer literacy were opened in several regions as a part of capacity development of public sector employees, where more than 1500 civil servants have been trained (egov magazine, 2007). In 1997, a state program was adopted to incorporate information technology (IT) into the general education system, so as to create IT network within the international education space. In 2007, the provision of computers to schools had reached 1 computer for every 21 pupils compared with 1 for every 62 in 2001 (UNESC, 2008). Besides, online instruction has been introduced into the teaching process, comparing a set of 5 subject schemas, and work has been progressing to connect the education system to the Internet (UNESC, 2008).

The AIC is currently working to develop interactive services delivery through national e-government portal. In recent days, the Agency has been successful in delivering limited e-services. For example, it is possible to submit tax statements to the authorities as well as to clear mutual payments with the state budget through electronic channels in real time using digital signatures, which distinguishes Kazakhstan from other CIS countries (World Bank, 2006). In March 2006, a service was launched, which enables citizens to submit applications to five ministries (e.g., Ministry of Economic Affairs and Budget Planning) and get answers to question in 3 to 5 working days. Almost all Akimats (city government) and ministries have launched their

4. Conclusion
This paper investigates three public sector reform initiatives in the Republic of Kazakhstan: decentralization of functions and responsibilities, civil service reforms, and e-governance. These reform efforts are aimed at ensuring that the government is more responsive to the needs of the citizens. The reforms are also meant to facilitate the country’s economic development and enhance the achievement of its goal of being one of the top fifty competitive economies in the world by 2030. While there are several elements of public sector reforms (such as privatization, health reforms, education reforms, the role of civil society, etc.), the reform efforts examined in this study are a first step in helping the country achieve these goals. It is suggested that more efforts should directed towards similar public sector reform initiatives in order to make the country well grounded in good governance and enhance its competitiveness on the global stage.

References