

Key findings and recommendations

The context of local government reform in Kazakhstan

- Decentralization is one of the key priorities of the public administration reforms in Kazakhstan. National institutional transformation agenda pays significant attention to decentralisation and development of local governments' autonomy, as well as citizens' representation.
- At the same time, the reforms can be strengthened by further supporting engagement of the national and local stakeholders and local communities in the process of public discussion and decision-making on decentralisation issues.

Legal and institutional frameworks for local government in Kazakhstan

- Since independence, Kazakhstan implemented several sets of large-scale regulatory reforms aimed at delimitation of responsibilities across the level of the governance, unification of the government structures and public services across the regions of the country, and building permanent fiscal resource base for the local administrations. The legal foundations for the work of local governments are set. However, both local and central governments need time to adjust their capacities and adopt to the new set of responsibilities after each change. Thus, too frequent changes do not support effective implementation of the decentralization reforms.
- The status, structure and responsibilities of the local administrations are still defined at the central level, and the local executives (*akims*) are seen as part of the overall executive system and representatives of the President and Government in their administrative units.
- Recently implemented elections of *akims* at the lowest level of governance, though indirect and with certain limitations, represent an important step in strengthening the principle of local communities' representation in decision-making at the local level.

- Decentralization process is supported by the institutions at the national level, though the role of the Parliament and the civil society can be further strengthened.

Capacities and role of local government in Kazakhstan in the context of decentralisation

- The system of fiscal equalization is in place, and the sub-national governments in Kazakhstan have their resource base for implementation of their functions. The principles for distribution of fiscal resources across the levels of government are fixed in the Budget Code and a number of other key laws and acts.
- At the same time, sub-national governments to a significant extent depend on the central level for their fiscal resources, part of which they receive in the form of general and targeted transfers.
- The scope of decision-making of the local governments on revenue issues is very limited, since the taxation issues are prescribed by the Tax Code, and the tax administration system is centralized.
- The human resource capacity of the local governments is also mostly defined at the central level in the form of so called “staff limits” set by the central government for the local and regional administrations.
- Training of the local officials is essential for the capacity building at the local level. Growing autonomy of the sub-national levels will require also effective mechanisms for conflict resolution and coordination of the joint activities of different levels of government.

Key recommendations

To further develop the institutional foundations of the local government:

- The role of local government representatives and local non-governmental stakeholders should be enhanced and formalised in the process of functional review and decision making. This could be achieved by increasing the participation of these actors in the work of the National Modernization Commission.
- Further develop formal mechanisms to enable active and meaningful citizen participation in the decentralisation process and local decision making. These mechanisms should be comprehensive and include requirements on the full-scope information necessary for decision-

making to be provided to the citizens on the regular basis, the feedback mechanisms, development of functions of the government agencies related to increasing responsiveness to citizens (accountability, public communication, transparency of the decision-making).

To streamline, enhance, and support the process of decentralization:

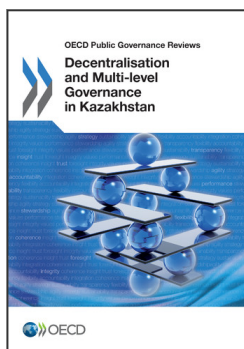
- Ensure ongoing assessments of the necessity and impact of legal and policy changes affecting local governments in Kazakhstan. This assessment should be based on outcomes-based evaluations of functional transfers and their impacts on local governments and citizens. Local governments, civil society and ordinary citizens should be involved as participants in this process not only through opinion surveys, but also through a wide range of mechanisms, such as public discussions, analytical assessments (performed by the civil society organizations), and other forms of communication.
- Deepen the integration of economic, policy and administrative considerations in assigning responsibilities to local governments during the ongoing functional review and decentralisation, which should be delivered closest to citizens.
- Consider refining the process of functional review to ensure that it includes effectiveness and efficiency of service delivery at the local level as a principal consideration.
- Implement the already planned reforms of local representation and bring forward the election of akims up to the level of raions and cities of oblast significance. Establish fixed mandates for akims at all levels of local government and consider establishing term limits for all akims who are to be elected.
- Strengthen capacity of local communities and officials to support the process of participatory budgeting and its implementation.
- Ensure that the information provided by the government agencies and quasi-governmental organizations at all levels, including the local government, is sufficient for the assessment, awareness on key issues, and open decision-making in the local and regional communities, as well as at the national level.
- Consider strengthening guiding and advisory functions at the central-level unit responsible for the local governments' affairs (currently within the Ministry National Economy).

- Consider granting greater autonomy and flexibility in the management of human resources within local executive bodies, for example, in the areas of staffing and performance- and region-based remuneration.
- Establish a dedicated training stream for local government officials. This training stream could be offered by the Academy of Public Administration as a separate programme.
- Support capacity building among local community stakeholders, including through fostering of independent civil society organisations.

To provide the local governments with necessary resources and capacities for fulfilling their newly defined responsibilities:

- Undertake regular review of the fiscal transfer system to ensure stability and predictability of transfers to local executive bodies while still being responsive to economic growth. This could be achieved by basing the transfers on a rolling three-year average of economic activity and government revenues and expenditures. Any changes made should not result in any major change to the amount of the general transfer (i.e. changes should be expenditure neutral).
- Consider undertaking independent evaluations of the effects of local participatory budgeting, which can help ensure that it has met its expected outcomes and resulted in a tangible improvement for citizens and local communities.
- Strengthen mechanisms for active and meaningful civil society participation in the assessment of local executive bodies' performance, including its effectiveness, responsiveness and openness. This should also include transparency in the publication of the results of the assessments of the activities of local bodies, including on the actions to be taken based on the results of these assessments.
- Enhance transparency in the process and methodology used to assess and decide on the transfer of functions. This information should be freely available to all relevant stakeholders, including the public and civil society organisations.
- Strengthen a mechanism to arbitrate any issues that arise between levels of government to facilitate the independent, balanced, open and transparent review of issues brought before it for resolution.

- Strengthen channels to enable participation of a wide range of local and national governmental and non-governmental stakeholders in national discussions on the role of local governments.



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