INCREASING SOCIAL ORIENTATION OF BUDGETS AND EFFICIENCY OF PUBLIC EXPENDITURES AT NATIONAL AND LOCAL LEVELS IN THE BEST INTERESTS OF CHILDREN AND FAMILIES IN KAZAKHSTAN

PRESENTATIONS FROM THE INTERNATIONAL CONFERENCE
Presentations from the International Conference

INCREASING SOCIAL ORIENTATION OF BUDGETS AND EFFICIENCY OF PUBLIC EXPENDITURES AT NATIONAL AND LOCAL LEVELS IN THE BEST INTERESTS OF CHILDREN AND FAMILIES

IN KAZAKHSTAN

9–10 April, 2007, Astana,
Senate of the Republic of Kazakhstan
Increasing Social Orientation of Budgets and Efficiency of Public Expenditures at National and Local Levels in the Best Interests of Children and Families in Kazakhstan.

Presentations from the international conference.

### TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>LIST OF ACRONYMS</td>
<td>7</td>
</tr>
<tr>
<td>FOREWORD</td>
<td>11</td>
</tr>
<tr>
<td>EXECUTIVE SUMMARY</td>
<td>23</td>
</tr>
<tr>
<td>CONFERENCE AGENDA</td>
<td></td>
</tr>
<tr>
<td>WELCOMING REMARKS</td>
<td>43</td>
</tr>
<tr>
<td>Welcoming remarks of Mr. Kassim-Zhomart Tokaev, Chairperson of the Senate of the Republic of Kazakhstan</td>
<td></td>
</tr>
<tr>
<td>Welcoming remarks of Ms. Gulzhana Karagussova, Minister of Labour and Social Protection of the Population of the Republic of Kazakhstan</td>
<td></td>
</tr>
<tr>
<td>Welcoming remarks of Ms. Maria Calivis, United Nations Children’s Fund (UNICEF) Regional Director for CEE/CIS</td>
<td></td>
</tr>
<tr>
<td>Welcoming remarks of Mr. Erzhan Kazykhanov, Vice-Minister of Foreign Affairs of the Republic of Kazakhstan</td>
<td></td>
</tr>
<tr>
<td>KEYNOTE REPORTS</td>
<td></td>
</tr>
<tr>
<td>Prof. Giovanni Andrea Cornia, Professor of Economics, University of Florence and former Director of the United Nations University WIDER (World Institute for Development Economics Research) in Helsinki</td>
<td>59</td>
</tr>
<tr>
<td>A Comparative Perspective of Kazakhstan’s Experience in Social Policy</td>
<td></td>
</tr>
<tr>
<td>Mr. Mussiraly Utebaev, Member of the Senate of the Parliament of the RK, Chairperson of the Committee for Economics, Finances and Budgets</td>
<td>77</td>
</tr>
<tr>
<td>The Role of Parliament of the RK in the Process of Social Budget Appropriations in the Best Interests of Children and Families</td>
<td></td>
</tr>
<tr>
<td>Mr. Paul Martin, UNICEF Representative in Colombia</td>
<td>87</td>
</tr>
<tr>
<td>Putting Children’s Rights at the Centre of Public Policy in Latin America and the Caribbean: Case Studies from Latin America</td>
<td></td>
</tr>
<tr>
<td>Mr. Marat Kussainov, Vice Minister of Economy and Budget Planning of the RK</td>
<td>97</td>
</tr>
<tr>
<td>Social Investments in Children and Families: Budget Policy of the RK</td>
<td></td>
</tr>
<tr>
<td>Ms. Zinaida Zagoskina, Member of the Accounting Committee for Control over Execution of the Republican Budget of the RK</td>
<td>101</td>
</tr>
<tr>
<td>Effective Execution of Social Budget Appropriations in the Best Interests of Children and Families</td>
<td></td>
</tr>
</tbody>
</table>

© UNICEF KAZAKHSTAN, 2008

The designations used in this publication and the presentation of the materials do not imply the expression of any opinion on the part of UNICEF whatsoever concerning the status of authorities in Kazakhstan, the demarcation of the nation’s borders, or the legal status of children in Kazakhstan or of any other country or territory. Any information from this publication may be freely reproduced, but proper acknowledgement of the source must be provided.

The publication is not for sale

UNICEF Astana office
10A Beibitshilik St.
Astana, Republic of Kazakhstan
Tel.: +7 7172 326206, 322878
Fax: +7 7172 321803
www.unicef.org
Ms. Meruert Makhmutova, Director of the Public Policy Research Centre
Kazakhstan’s Budget Expenditures for Education, Healthcare and Social Protection in the Best Interests of Children and Families ........................................ 109

Ms. Irina Unzhakova, President of the ‘Status’ Federation of Women, Member of Commissions for Family and Gender Policy under the Akim of East Kazakhstan oblast and the Akim of Ust-Kamenogorsk city
Review of the Local Budget Process in the Best Interests of Children and Families in Kazakhstan ................................................................. 123

Mr. Sergei Shatalov, World Bank Country Manager for Kazakhstan,
Budget Planning and Financing Programmes for Youth ........................................ 131

Mr. Bakhyt Sultanov, Vice Minister of Finance of the RK
Monitoring the Republican Budget: Challenges and Achievements in meeting Children’s Needs ................................................................. 141

Ms. Damira Sartbayeva, UNIFEM Regional Programme Director for the CIS
Gender Budgeting: Challenges and Perspectives ........................................ 143

QUALITY OF SOCIAL AND ECONOMICS STATISTICS AS A PREREQUISITE FOR SOCIAL POLICY AND BUDGET PLANNING

Mr. Yuri Shokamanov, Deputy Chairperson of the Agency for Statistics of the RK
A Comparative Analysis of International and National Indicators of the Status of Children and Women in Kazakhstan Used by Government and International Agencies in Programme Planning and Budgeting .... 149

Mr. Raimbek Sissemaliev, Programme Officer, Head of the UNICEF Zone Office in Almaty
Using Household Surveys (MICS and DHS) as a Source of Additional Information for Social Policy Planning and Budgeting, Monitoring and Evaluation of Programmes for Children ........................................ 157

Ms. Aliya Ilyassova, Director of the Institute for Monitoring and Evaluation of Social and Economic Development
Improving Methodological Approaches to Determining Levels of Poverty determination in Kazakhstan ........................................ 163

SOCIAL SECTOR BUDGET PLANNING AND FINANCING PROCESSES: HEALTHCARE, EDUCATION AND SOCIAL PROTECTION

Ms. Assem Nussupova, Vice Minister of Healthcare of the RK
New Approaches to Healthcare Financing in Kazakhstan ........................................ 175

Ms. Tatiana Nurgozhayeva, Director of the Budget Department, Ministry of Education and Science of the RK
Budgeting the Education System in Kazakhstan ........................................ 185

Ms. Kaini Manabayeva, Director of the Department for Social Standards and Rehabilitation of Disabled People, Ministry of Labour and Social Protection of the Population of the RK
Social Protection: Planning Budgets and Financing Processes for Social Sector Programmes ................................................................. 191

Mr. Aikan Akanov, Director of the Institute for Public Health of the RK
Factors in Health and Financing ................................................................. 197

Mr. Bauyrzhan Kalzhanov, Head of the Social Protection Unit,
Department for Planning of Social Sector Budget Expenditures,
Ministry of Economy and Budget Planning of the RK
Planning Child- and Family-Oriented Social Expenditures in Kazakhstan ........................................ 205

CHILD-FRIENDLY, GENDER SENSITIVE AND RESULTS-BASED APPROACHES TO SOCIAL EXPENDITURES PLANNING

Ms. Lyudmila Rzhanitsina, Professor of Economics, Institute for Economics of the Russian Federation, Academy for Public Administration under the President of the Russian Federation
The Gender Dimension in Public Policy and its Reflection in the Budget Process ................................................................. 211

Ms. Marziya Burangalieva, Director of the Department for the Budget Process and Functional Analysis, Ministry of Economy and Budget Planning of the RK
Improving the Budget Planning Process to Ensure More Independence for Budget Programme Administrators and their Responsibility for Achievement of Final Results ........................................ 219

Mr. Paul Martin, UNICEF Representative in Colombia
Results-based Programme Planning and Management: Reinforcing Good Practice in Programme ........................................ 223

SOCIAL BUDGET MANAGEMENT AT REPUBLICAN AND LOCAL LEVELS

Ms. Svetlana Ferkho, Deputy Akim of Ust-Kamenogorsk city
The Processes of Budget Planning and Execution: Interaction Between the Republican and Local budgets ........................................ 231

Ms. Gulnar Akhmetova, Acting Director of the Department for Regional Policy and Inter-Budget Affairs, Ministry of the Economy and Budget Planning of the RK
Inter-Regional Disparities in Budget Expenditures and Methods of Closing These Gaps .................................................. 237
Ms. Valentina Svryukova, Civil Society Development Project Coordinator, Information and Analytical Centre for the Study of Public Policy Processes in Post-Soviet Countries, Moscow State University and the Russian State Humanities University
The Role and Forms of Civil Society Participation in the Budget Process at the Local Level ........................................ 241

PLENARY SESSION
Sir Richard Jolly, Honorary Professor, Institute for Development Studies, University of Sussex, UK
Human Development – Priorities for a Sustainable Future in the 21st Century .................................................. 245

CONFERENCE RECOMMENDATIONS .................. 253

CONCLUSION .................................................. 257

LIST OF PARTICIPANTS .................................................. 267

ADDITIONAL REPORTS AND ARTICLES
Ia Svintradze, RIAAS, Program Division, UNICEF, NY and UNICEF Country Office in Kazakhstan
Desk review of UNICEF/Other Stakeholders’ Global/Regional Experience in Promoting the Child Friendly Budget Concept .......... 285
Meruert Makhmutova
Public Expenditures of Kazakhstan to Education, Healthcare, and Social Protection in the Best Interests of Children and Families (central level study)
Irina Unzhakova
Final Report on the Legislative and Practical Aspects of Forming and Using Local Budget Funds to Support the Family and the Child (local level study)
Giovanni Andrea Cornia
Pro-child growth and social policy in the European countries in transition

LIST OF ACRONYMS
ADB Asian Development Bank
ADW Association of Disabled Women and Mothers of Disabled Children
AFB Alternative Federal Budget
BC Budget Code
BIS Budget Information Service
BIAS Budgetary Information and Analysis Services
CB Child Budget
CBA Centre for Budget Advocacy
CEDAW Convention on the Elimination of All Forms of Discrimination against Women
CFBC Child-friendly Budget Concept
CFC Child-friendly City
CIS Commonwealth of Independent States
CO Country office
CRC Convention on the Rights of the Child
CTE Countries with Transitional Economy
CWD Children with Disabilities
DHS Demographic and Health Survey
DISHA Developing Initiatives for Social and Human Action
EBPU/D Economy and Budget Planning Unit/Department
GAD Gender and Development
GDP Gross Domestic Product
HDI Human Development Index
IDASA Institute for Democracy in South Africa
ILO International Labour Organization
INCREASING SOCIAL ORIENTATION OF BUDGETS AND EFFICIENCY OF PUBLIC EXPENDITURES AT NATIONAL AND LOCAL LEVELS IN THE BEST INTERESTS OF CHILDREN AND FAMILIES

REPUBLIC OF KAZAKHSTAN

IMR  Infant Mortality Rate
INEC  Institute for Socio-economic Development
KZT  Kazakhstan Tenge
MCI  Monthly Calculation Index
MDG  Millennium Development Goals
MFP  Medium Term Fiscal Policy
MICS  Multiple Indicator Cluster Survey
MKSS  Movement for the Empowerment of Peasants and Workers
MLSP  Ministry of Labour and Social Protection of the Population
MMI  Monthly Minimum Index
MMR  Maternal Mortality Rate
MoE  Ministry of Education
MoF  Ministry of Finance
MoFA  Ministry of Foreign Affairs
MoH  Ministry of Health
MoI  Ministry of Interior
MPSED  Medium Terms Plans of Social and Economic Development
MTEF  Medium Term Expenditure Frameworks
MTFP  Medium Term Fiscal Policy
MTSP  Medium Term Strategic Plan
NGO  Non-governmental Organization
NOF  National Oil Fund
OECD  Organization for Economic Cooperation and Development
PB  Participatory Budget
RK  Republic of Kazakhstan
PRSP  Poverty Reduction Strategy Paper
SEA  South-East Asia

TSA  Targeted Support Assistance
UDHR  Universal Declaration of Human Rights
UN  United Nations
UNICEF  United Nations Children’s Fund
UNIFEM  United Nations Development Fund for Women
USD  United States Dollar
USA  United States of America
USSR  Union of Soviet Socialist Republics
VAT  Value Added Tax
WB  World Bank
WBI  Women’s Budget Initiative
WDR  World Development Report
WFFC  World Fit for Children
WHO  World Health Organization
WSSD  World Summit for Social Development
The Republic of Kazakhstan is a democratic, secular state which respects the rule of law and social welfare, proclaiming at the core of its highest values the perpetuity of man, life and human rights and freedoms. Along with public consent and political stability, the basic principles of our state include economic development for the benefit of all people, as proclaimed in the very first article of the Constitution of the country.

The crisis that occurred due to the collapse of the Soviet Union was overcome thanks to a proven state economic policy. Now, transition from a planned economy to a market economy has been completed. Successful reforms have enabled our republic to generate its own economic model of sustainable development.

In turn, sustainable economic development allows us to solve social issues and also to conduct political transformation leading to the democratisation of the political system. State revenues have increased greatly, giving Kazakhstan the opportunity to considerably raise budget funding for education and public health services, and to increase wages in the public sector. A network of social support for the population has been created in the country, including social support for vulnerable groups in the population, specifically children and large families. State budgets in recent years can confirm this; they have been increasingly more and more socially focused, a fact is noted by international experts.

In his Address to the People of Kazakhstan, A New Kazakhstan in the New World the President of the Republic, Nursultan Nazarbaev stated: “As was promised, sustainable development of the country’s economy enables us to strengthen the social orientation of reforms. This is the main result of our economic policy”.

At the same time, it is necessary for the state now to improve its social and budget policy, to increase the social orientation of the national and local budgets in the interests of families and children, and to adopt positive world experience. That is why the International Conference which took place in the Senate of the Parliament of the Republic of Kazakhstan on April 9-10, 2007 was devoted to studying world experience in these issues. The resulting material from the conference is collected in the present publication.

Kassim-Zhomart Tokaev
Chairperson of the Senate of the Parliament of the Republic of Kazakhstan
States Parties shall undertake all appropriate legislative, administrative, and other measures for the implementation of the rights recognized in the present Convention. With regard to economic, social and cultural rights, States Parties shall undertake such measures to the maximum extent of their available resources and, where needed, within the framework of international co-operation.

Convention on the Rights of the Child, Article 4

“In all actions related to children, the best interests of the child shall be a primary consideration”\(^1\) for all governments – this is one of the main postulates proclaimed in the World Fit for Children Declaration and Action Plan. In addition, it is necessary to remember that the observance and guarantee of children’s rights and interests is the legal and moral responsibility of the state and requires corresponding development in state social and economic policy.

For the effective implementation of such policy, the state must allocate sufficient resources to social programmes for the support of children and families and accordingly to give the needs and requirements of children the focus of attention in budget policy planning. This is the best key indicator to show that children’s rights and interests are the most important priorities of the state. After all, investments in children are the most productive investments for the future; they are the basis for a fair society, a strong economy and a world free from poverty and injustice.

The United Nations Children’s Fund (UNICEF) has already been successfully working with the Government of the Republic of Kazakhstan (hereafter RK) for many years in various public areas including the allocation of larger and more targeted funds/budget allocations for the social needs of children and families, as indicated in the 20/20 Initiative.\(^3\)

---

\(^1\) Convention on the Rights of the Child, Adopted and opened for signatures, ratification and accession by General Assembly Resolution 44/25 of 20 November 1989, entry into force 2 September, 1990


\(^3\) 20/20 Initiative, World Summit for Social Development, March 6-12, 1995
It is encouraging to note that in Kazakhstan the social support of vulnerable public groups such as children and the family has always been, and still remains, one of the main priorities of public policy. This was confirmed by the last Address to the People of Kazakhstan of the President of the Republic of Kazakhstan, Nursultan Abishevich Nazarbaev, which began with confirmation of these principles of public policy and their paramount and exclusive significance. In particular, the speech proposed that starting from 2008, the size of the one-time welfare payment in connection with the birth of a child will increase two times in Kazakhstan and monthly allowances for maternity leave will also increase. Obligatory medical insurance during pregnancy, the delivery and motherhood for working women will be introduced. Furthermore within three years more than one hundred schools and hospitals will be built and thus promote development of the social infrastructure in the country.

Now, due to the successful development of the state and its economy and, Kazakhstan can more efficiently address many social issues related to maternity and child protection, which is important for introducing new approaches to state planning and management, including the performance-based budget.

These issues were considered at the international conference Increasing Social Orientation of Budgets and Efficiency of Public Expenditures at National and Local Levels in the Best Interests of Children and Families in Kazakhstan, which took place in the Senate of the Parliament of RK on April 9-10, 2007. The present publication contains the presentations from this conference. ‘Child-friendly budgeting’ is quite a new area for Kazakhstan and it is a positive step that Kazakhstan has become the first country in the region of Eastern and Central Europe and Central Asia to consider the issue.

The present publication includes speeches and research from leading international and Kazakh economists and represents not only the theoretical but also the practical side of the initiative of the social orientation of the state budget. As is the case with any initiative, at the current stage of introduction and in line with the recommendations of the conference, Kazakhstan needs to develop a corresponding strategy and mechanisms for its introduction but also adapt in reaction to current challenges when new aspects of such issues arise. The country also must take into consideration the experience of other countries. Therefore, the organizers of the international conference hope that this publication will be an important resource promoting improvement in the budget process and policy in the best interests of the child and the family at all levels in the RK.

In conclusion, I would like to express my sincere gratitude to and special appreciation for all partners of UNICEF who promoted and contributed to the successful implementation of the given project in 2007 and to the success of the international conference as a whole, in particular, Mr. Tokaev K.K., the Chairperson of the Senate of the Parliament of the RK; Mr. Utebaev M.S., the Chairperson of Committee for Finances and Budget of the Senate of the Parliament of the RK; Mrs. Samakova A.B., Adviser to the President of the RK, the Chairperson of Commission for Family and Gender Policy under the auspices of the President of the RK; Mrs. Karagusova G.D., Minister of Labour and Social Protection of the Population of the RK; Mr. Kussainov M.A., Vice Minister of Economy and Budget Planning of the RK; Mr. Kazykhanov E.Kh., First Vice Minister of Foreign Affairs of the RK; and also to all speakers and participants of the conference among them the well-known international experts, Sir Richard Jolly (UK) and Professor Andrea Cornia (Italy).

Alexandre Zouev
Representative of the United Nations Children’s Fund (UNICEF) in the Republic of Kazakhstan
WELCOMING REMARKS

Welcoming remarks of Mr. Kassim-Zhomart Tokaev, Chairperson of the Senate of the Republic of Kazakhstan

Welcoming remarks of Ms. Gulzhana Karagussova, Minister of Labour and Social Protection of the Population of the Republic of Kazakhstan

Welcoming remarks of Ms. Maria Calivis, United Nations Children’s Fund (UNICEF) Regional Director for CEE/CIS

Welcoming remarks of Mr. Erzhan Kazykhanov, Vice-Minister of Foreign Affairs of the Republic of Kazakhstan

KEYNOTE REPORTS

Prof. Giovanni Andrea Cornia, Professor of Economics, University of Florence and former Director of the United Nations University WIDER (World Institute for Development Economics Research) in Helsinki
A Comparative Perspective of Kazakhstan’s Experience in Social Policy

Mr. Mussiraly Utebaev, Member of the Senate of the Parliament of the RK, Chairperson of the Committee for Economics, Finances and Budgets
The Role of Parliament of the RK in the Process of Social Budget Appropriations in the Best Interests of Children and Families

Mr. Paul Martin, UNICEF Representative in Colombia
Putting Children’s Rights at the Centre of Public Policy in Latin America and the Caribbean: Case Studies from Latin America

Mr. Marat Kussainov, Vice Minister of Economy and Budget Planning of the RK
Social Investments in Children and Families: Budget Policy of the RK

Ms. Zinaida Zagoskina, Member of the Accounting Committee for Control over Execution of the Republic Budget of the RK
Effective Execution of Social Budget Appropriations in the Best Interests of Children and Families
Ms. Meruert Makhmutova, Director of the Public Policy Research Centre
Kazakhstan’s Budget Expenditures for Education, Healthcare and Social Protection in the Best Interests of Children and Families

Ms. Irina Unzhakova, President of the ‘Status’ Federation of Women, Member of Commissions for Family and Gender Policy under the Akim of East Kazakhstan oblast and the Akim of Ust-Kamenogorsk city
Review of the Local Budget Process in the Best Interests of Children and Families in Kazakhstan

Mr. Sergei Shatalov, World Bank Country Manager for Kazakhstan,
Budget Planning and Financing Programmes for Youth

Mr. Bakhyt Sultanov, Vice Minister of Finance of the RK
Monitoring the Republican Budget: Challenges and Achievements in Meeting Children’s Needs

Ms. Damira Sartbayeva, UNIFEM Regional Programme Director for the CIS
Gender Budgeting: Challenges and Perspectives

QUALITY OF SOCIAL AND ECONOMICS STATISTICS AS A PREREQUISITE FOR SOCIAL POLICY AND BUDGET PLANNING

Mr. Yuri Shokamanov, Deputy Chairperson of the Agency for Statistics of the RK
A Comparative Analysis of International and National Indicators of the Status of Children and Women in Kazakhstan Used by Government and International Agencies in Programme Planning and Budgeting

Mr. Raimbek Sissemaliev, Programme Officer, Head of the UNICEF Zone Office in Almaty
Using Household Surveys (MICS and DHS) as a Source of Additional Information for Social Policy Planning and Budgeting, Monitoring and Evaluation of Programmes for Children

Ms. Aliya Ilyassova, Director of the Institute for Monitoring and Evaluation of Social and Economic Development
Improving Methodological Approaches to Determining Levels of Poverty Determination in Kazakhstan

SOCIAL SECTOR BUDGET PLANNING AND FINANCING PROCESSES: HEALTHCARE, EDUCATION AND SOCIAL PROTECTION

Ms. Assem Nussupova, Vice Minister of Healthcare of the RK
New Approaches to Healthcare Financing in Kazakhstan

Ms. Tatiana Nurgozhayeva, Director of the Budget Department, Ministry of Education and Science of the RK
Budgeting the Education System in Kazakhstan

Ms. Kaini Manabayeva, Director of the Department for Social Standards and Rehabilitation of Disabled People, Ministry of Labour and Social Protection of the Population of the RK
Social Protection: Planning Budgets and Financing Processes for Social Sector Programmes
Mr. Aikan Akanov, Director of the Institute for Public Health of the RK
Factors in Health and Financing

Mr. Bauyrzhan Kalzhanov, Head of the Social Protection Unit, Department for Planning of Social Sector Budget Expenditures, Ministry of Economy and Budget Planning of the RK
Planning Child- and Family-Oriented Social Expenditures in Kazakhstan

CHILD-FRIENDLY, GENDER SENSITIVE AND RESULTS-BASED APPROACHES TO SOCIAL EXPENDITURES PLANNING

Ms. Lyudmila Rzhanitsina, Professor of Economics, Institute for Economics of the Russian Federation, Academy for Public Administration under the President of the Russian Federation
The Gender Dimension in Public Policy and its Reflection in the Budget Process

Ms. Marziya Burangalieva, Director of the Department for the Budget Process and Functional Analysis, Ministry of Economy and Budget Planning of the RK
Improving the Budget Planning Process to Ensure More Independence for Budget Programme Administrators and their Responsibility for Achievement of Final Results

Mr. Paul Martin, UNICEF Representative in Colombia
Results-based Programme Planning and Management: Reinforcing Good Practice in Programme

SOCIAL BUDGET MANAGEMENT AT REPUBLICAN AND LOCAL LEVELS

Ms. Svetlana Ferkho, Deputy Akim of Ust-Kamenogorsk city
The Processes of Budget Planning and Execution: Interaction Between the Republican and Local budgets

Ms. Gulnar Akhmetova, Acting Director of the Department for Regional Policy and Inter-Budget Affairs, Ministry of the Economy and Budget Planning of the RK
Inter-Regional Disparities in Budget Expenditures and Methods of Closing These Gaps

Ms. Valentina Sivryukova, Civil Society Development Project Coordinator, Information and Analytical Centre for the Study of Public Policy Processes in Post-Soviet Countries, Moscow State University and the Russian State Humanities University
The Role and Forms of Civil Society Participation in the Budget Process at the Local Level

PLENARY SESSION

Sir Richard Jolly, Honorary Professor, Institute for Development Studies, University of Sussex, UK
Human Development – Priorities for a Sustainable Future in the 21st Century

CONFERENCE RECOMMENDATIONS

CONCLUSION

LIST OF PARTICIPANTS

ADDITIONAL REPORTS AND ARTICLES
The development of Kazakhstan in the 21st century is aimed at increasing economic efficiency and the competitiveness of the economy, at the same time upholding the principles of a social-oriented state. To create such an economy it is necessary to clearly define its principles by choosing from a range of theories those standards and institutions that will construct a national model of a social-oriented economy.

The President of the RK, Mr. Nursultan Nazarbayev, in his annual Address to the People of Kazakhstan in 2006 charged the Government and the people of RK with contributing to making the country one of the 50 most competitive economies in the world; He set out specific indicators to achieve the goal were set out: “We shall increase the GDP per capita two and a half times – from three – four thousand dollars in 2005 to eight – nine thousand dollars in 2012. In this period, we will double the population’s income, including salaries, social benefits, stipends and retirement payments.” In his Address to the People of Kazakhstan in 2007, the President paid special attention to the issues of social and economic support to families and children.

As promised, steady economic growth allows us to continue improving the welfare of the people of Kazakhstan. These are the social results of our policy.

Today, I instruct the Government to continue its work in improving the welfare of our people. For these purposes, we will:

First, giving the first priority to the social security of maternity and childhood, double the amount of the state allowance paid for birth of a child up to 34,740 tenge starting on January 1, 2008;

Increase monthly childcare benefits for a child less than one year of age:

  for the first child – up to 5,790 tenge, an increase of 177%;
  for the second child – up to 6,369 tenge, an increase of 167%;
  for the third child – up to 6,948 tenge, an increase of 159%;
for the fourth child and any following children – up to 7,527 tenge, an increase of 153%.

The additional budget expenditures to support families with children will amount to 9.5 billion tenge.

Previously taken measures have allowed us to secure stable population growth in our country. While in 2000, 220,000 new children were born, in 2006 this number was 290,000. Just in 2005, natural population growth due to new births amounted to 121,000 people. I am confident the measures outlined will result in still greater positive demographic changes.

... Second, introduce obligatory social insurance for the period of pregnancy, childbirth, and maternity for employed women. In addition, payments to working women’s pension funds should be made during the period of maternity leave until the child reaches the age of one year.

This will require an additional 9.2 billion tenge from the national budget.

... Ninth, I charge that 100 schools and 100 hospitals be built within three years in the regions of the country that need them the most. We must consider social infrastructure development to be a task of strategic importance.

I think we are at the point in which it is necessary to construct a mechanism for the development of social infrastructure with the help of public-private partnerships.

(extracts from the Address of the President of the RK, Mr. Nursultan Nazarbaev, to the People of Kazakhstan, Astana, 2007)

Today the growth of Kazakhstan’s economy is to a considerable extent supported by favourable external factors, namely the high price of oil and other mineral resources exported by Kazakhstan on the world markets. In turn, these favourable economic conditions allow the country to significantly increase gains to the state budget, and therefore government spending. In 2005, for the first time, revenues to the budget were higher than expenditures. Because state revenues significantly increased increasing budget spending on education and healthcare, social payments, and salaries of public sector employees was possible. However, the current social and economic development of Kazakhstan, while visibly stable, does not always ensure a high standard of living of access to social services, which must be available to all people without exception, and especially to women and children.

In the framework of this issue, the UNICEF Office in Kazakhstan initiated the international conference, Increasing Social Orientation of Budgets and Efficiency of Public Expenditures at National and Local Levels in the Best Interests of Children and Families in Kazakhstan, which took place in the Senate of RK in Astana on 9-10 April 2007. The Senate, the Ministry of the Economy and Budget Planning, the Ministry of Labour and Social Protection of the People of Kazakhstan, and the National Commission for Family and Gender Policy under the President of the RK also assisted in organizing this conference.

The major goal of the conference was to propose and discuss measures for improving the effectiveness of budget policy in Kazakhstan to promote the best interests of children and protect their rights, as well as to increase sustainability of the socio-economic situation of families.

Taking into account advanced international experience, and the latest research and practice in Kazakhstan, representatives of key ministries and government agencies, embers of Parliament, the staff of regional government bodies, representatives of national and international scientific and research institutions, as well as staff of non-governmental and international organizations were invited to participate in the conference. In addition, the leading international experts in the area of economic and social policy were present. Representatives of UNICEF offices from six countries participated in the event. In total, there were more than 180 people participating in the conference.

Most importantly, the conference was the first forum of this kind in Eastern Europe and Central Asia. For Kazakhstan, it was an important stage and a vital step towards the improvement of planning social policy and budget financing, as well as the monitoring and evaluation of programmes which address the needs of children, women and families.

The conference was structured so that discussion of issues supporting the main goal were considered phase-by-phase. Thus, the conference was divided into four plenary sessions and four panel discussions on the following topics: The Quality of Social and Economic Statistics as a Prerequisite for Social Policy and Budget Planning; Social Sector Budget Planning;
A broad range of opinions on the topics were expressed in extensive and multidisciplinary discussions. The need for increasing social orientation of budgets and efficiency of public expenditures in Kazakhstan is indisputable. Well-known experts Professor Giovanni Andrea Cornia, Sir Richard Jolly, and the UNICEF Representative in Colombia, Mr. Paul Martin provided international perspectives, which was useful for all participants. In fact, it was decided to summarize international experience in this area and adapt it to the conditions within Kazakhstan.

Following the findings and results of the conference, the participants adopted a set of recommendations addressed to the Parliament and the Government of RK, regional government bodies, and to UNICEF. These recommendations included a range of key measures to improve the process of budgeting for the benefit of children and families in Kazakhstan.

The international participants also recommended publication of the materials of the conference. While preparing this publication, it was decided to expand it by adding not only those reports presented during the conference, but also additional reports and researches, which directly relate to the discussion, including those earlier prepared by experts in social and economic policy.

In summary, this publication of presentations from the conference sets forth the opinions of all roundtable participants, which certainly will be useful to a wide range of readers, interested in issues related to improving budget policy for the benefit of children and families. The range of issues raised by the authors are becoming more relevant in regard to changes in approaches to social budgeting in Kazakhstan and its re-orientation to specific results-based planning.

The compliers hope that the published presentations will enhance further informative and comprehensive discussion on the topic. Meaningful debates, in turn, will lead to an increased social orientation in the republican and local budgets, and more efficient expenditures to the benefit of children and families in the RK. This can only positively impact the life of every single child in the country.
AGENDA

Conference Goal:
The conference is aimed at proposing and discussing measures for improving the effectiveness of budget policy in Kazakhstan to promote the best interests of children and protect their rights, as well as to increase the sustainability of the socio-economic situation of families.

9 April 2007
09.30-10.00 Registration of participants

PLENARY SESSION

PLENARY SESSION – PART I

Objectives:
1. To brief the participants of the conference about the key results and priority objectives of current social and economic development of the RK and the roles of state run public authorities at different stages of social budgets planning, approval and execution.
2. To discuss, within the context of the established national priorities and strategies of the social and economic development of RK, the social component of Kazakhstan budget policy and measures for planning and execution of budgets targeting issues of children and families.
3. To learn from international experience in planning and executing budgets focused on the needs of children and families as an important constituent of combining dynamic economic development with strengthened attention to the protection of rights and comprehensive support of children and the most socially vulnerable populations.

Co-Chairperson: Mr. Kassim-Zhomart TOKAEV, Chairperson of the Senate of the Republic of Kazakhstan
Mr. Alexandre Zouev, United Nations Children’s Fund (UNICEF) Representative in the Republic of Kazakhstan

10.00-10.40 Welcoming remarks
Ms. Gulzhana KARAGUSSOVA, Minister of Labour and Social Protection of the Population of the Republic of Kazakhstan
Ms. Maria CALIVIS, United Nations Children’s Fund (UNICEF) Regional Director for CEE/CIS
Mr. Erzhan KAZYKHANOV, First Vice-Minister of Foreign Affairs of the Republic of Kazakhstan
Keynote reports:
A Comparative Perspective of Kazakhstan’s Experience in Social Policy – **Prof. Giovanni Andrea CORNIA**, Professor of Economics, University of Florence and former Director of the United Nations University WIDER (World Institute for Development Economics Research) in Helsinki

The Role of Parliament of the RK in the Process of Social Budget Appropriations in the Best Interests of Children and Families – **Mr. Mussiraly UTEBAEV**, Member of the Senate of the Parliament of the RK, Chairperson of the Committee for Economics, Finances and Budgets

Putting Children’s Rights at the Centre of Public Policy in Latin America and the Caribbean: Case Studies from Latin America – **Mr. Paul MARTIN**, UNICEF Representative in Colombia

Discussions

Coffee break and Press-Conference

PLENARY SESSION – PART II
Co-chairperson: **Mr. Mussiraly UTEBAEV**, Member of the Senate of the Parliament of the RK, Chairperson of the Committee for Economics, Finances and Budgets

**Mr. Alexandre ZOUEV**, UNICEF Representative in the RK

Objectives:
1. To learn about the principles of budgeting at national and local levels in RK for the benefit of children and families and to identify budgetary gaps between regions.
2. To discuss problems affecting the effectiveness of the combined force of regional and national budgets.
3. To discuss the question of social budget control with a focus on the execution of social programmes aimed at protecting the rights and interests of children, families with many children and other vulnerable populations.

Social Investments in Children and Families: Budget Policy of the RK – **Mr. Marat KUSSAINOV**, Vice Minister of Economy and Budget Planning of the RK

Effective Execution of Social Budget Appropriations in the Best Interests of Children and Families – **Ms. Zinaida ZAGOSKINA**, Member of the Accounting Committee for Control over Execution of the Republican Budget of the RK

Kazakhstan’s Budget Expenditures for Education, Healthcare and Social Protection in the Best Interests of Children and Families – **Ms. Meruert MAKHUMUTOVA**, Director of the Public Policy Research Centre

Review of the Local Budget Process in the Best Interests of Children and Family in Kazakhstan – **Ms. Irina UNZHAKOVA**, President of the ‘Status’ Federation of Women, Member of Commissions for Family and Gender Policy under the Akim of East Kazakhstan oblast and the Akim of Ust-Kamenogorsk city

Discussions

Lunch break
PLENARY SESSION – PART III

Co-chairperson: Mr. Mussiraly UTEBAEV, Member of the Senate of the Parliament of the RK, Chairperson of the Committee for Economics, Finances and Budgets
Mr. Alexandre ZOUEV, UNICEF Representative in the RK

Objectives:
1. To learn from the experience of international organizations in budgeting targeted to vulnerable groups of the population.
2. To discuss how the special needs of vulnerable groups could be better accounted for in the budgeting process and in the execution and monitoring of budgets.

15.00-15.15 Budget Planning and Financing Programmes for Youth – Mr. Sergei SHATALOV, World Bank Country Manager for Kazakhstan

15.15-15.30 Monitoring the Republican Budget: Challenges and Achievements in meeting Children’s Needs – Mr. Bakhyt SULTANOV, Vice Minister of Finance of the RK

15.30-15.45 15.30-15.45 Gender Budgeting: Challenges and Perspectives – Ms. Damira SARTBAYEVA, UNIFEM Regional Programme Director for the CIS

15.45-16.00 Discussions
16.00-16.30 Coffee break

Working Group I

Committees Enlarged Meetings Room, 2nd floor
Quality of Social and Economics Statistics as a Prerequisite for Social Policy and Budget Planning

Additional references materials:
♦ Multi-indicator cluster survey (MICS), 2006;
♦ TRANS MONEE database on CEE/CIS
♦ DevInfo database;
♦ Pratolino Papers I-II;
♦ 20/20 Initiative

Chairperson: Mr. Bakbergen DOSMANBETOV, Member of the Senate of the Parliament of RK, Secretary of the Committee for Economics, Finances and Budgets

Moderators: Mr. Evgeny AMAN, Member of the Senate of the Parliament of RK, Member of the Committee for Economics, Finances and Budgets
Prof. Giovanni Andrea CORNIA, Professor of Economics, University of Florence and the former Director of the United Nations University WIDER (World Institute for Development Economics Research) in Helsinki

Rapporteur: Mr. Raimbek SISSEMALIEV, Programme Officer, Head of the UNICEF Zone Office in Almaty

Objectives:
1. To discuss the interconnectedness of standards of living, in particular those of children, women and families, and to discuss setting goals for budget policy.
2. To develop proposals for increasing the quality of national statistics and the use of internationally recognized alternative methods of collecting social data (e.g. multiple indicator cluster surveys, demographic and health surveys) in order to optimise decision making in planning and monitoring the execution and effectiveness of national and local budgets.
3. To review the extent that national statistical indicators conform with advanced methodologies and standards.
Following the group discussion, a set of practical recommendations will be elaborated and presented by the WG at the Closing Plenary Section.

16.30-16.45  A Comparative Analysis of International and National Indicators of the Status of Children and Women in Kazakhstan Used by Government and International Agencies in Programme Planning and Budgeting – Mr. Yuri SHOKAMANOV, Deputy Chairperson of the Agency for Statistics of the RK

16.45-17.00 Using Household Surveys (MICS and DHS) as a Source of Additional Information for Social Policy Planning and Budgeting, Monitoring and Evaluating Programmes for Children – Mr. Raimbek SISSEMALIEV, Programme Officer, Head of the UNICEF Zone Office in Almaty

17.00-17.15 Discussions

17.15-17.30 Improving Methodological Approaches to Determining Levels of Poverty in Kazakhstan – Ms. Aliya ILYASSOVA, Director of the Institute for Monitoring and Evaluation of Social and Economic Development

17.30-18.00 Discussions and elaboration of recommendations of the working group

18.15 Cocktail Reception provided by UNICEF Kazakhstan

**Working Group II**

**Senate of the Parliament Sitting Room**

**Social Sector Budget Planning and Financing Programmes: Healthcare, Education and Social Protection**

**Additional reference materials:**

- Law on State Budget, 2007
- Desk review of Child Friendly Budget Practices, 2006 (UNICEF)
- Social Protection and Living Standards Report, 2005-06 (UNDP)
- Review of Public Expenditures, 2000 (WB)

**Chairperson:** Mr. Mussiraly UTEBAEV, Member of the Senate of the Parliament of the RK, Chairperson of the Committee for Economics, Finances and Budgets

**Moderators:** Mr. Kairat ISCHANOV, Member of the Senate of the Parliament of the RK, Member of the Committee for Economics, Finances and Budgets

Ms. Raissa SHER, Deputy Chairperson of the Committee for Child Protection under the Ministry of Education and Science of the RK

**Rapporteur:** Mr. Evgeny STANISLALOV, Regional Programme Officer, UNICEF Regional Office for CEE/CIS

**Objectives:**

1. To discuss the interconnections between economic growth and increased social expenditure on health, education and social protection.

2. To discuss measures to prioritise the social component in national and local budgets, as well as proposals to take better account of the needs of families and children in budgeting and executing budgets in the social sector.

3. To discuss measures to increase the effectiveness of planning, monitoring of expenditures, and managing the social impact of sector budgets with a focus on programmes targeting the protection of the rights and interests of children, families with many children, children with special needs and other socially vulnerable populations.
Following the group discussion, a set of practical recommendations will be elaborated and presented by the WG at the Closing Plenary Section.

**10 April 2007**

**Working Group III**

**Senate of the Parliament Sitting Room**

**Child Friendly, Gender Sensitive and Results-Based Approaches to Social Expenditures Planning**

Additional reference materials:

♦ Results-Based Management: Guidelines and Tools
♦ Human Rights-Based Approach in Programming: UNICEF publications

**Chairperson:**  Mr. Alexandre ZOUEV, UNICEF Representative in the RK

**Moderators:** Mr. Rashit AKHMETOV, Member of the Senate of the Parliament of the RK, Member of the Committee for Economics, Finances and Budgets

Prof., Sir Richard JOLLY, Honorary Professor, Institute for Development Studies, University of Sussex, UK

**Rapporteur:** Ms. Alena SIALCHONAK, UNICEF Deputy Representative in the RK

**Objectives:**

1. To discuss principles for and methodologies of planning social expenditures in social support and the protection of the rights of children and families in RK, taking into account the experience of UNICEF, the World Bank, UNIFEM and other international organizations.

2. To learn from international practice and innovative approaches that enhance the effectiveness of social programming and investment in the development of “human capital”.

3. To discuss measures to promote and improve the quality of results-focused planning, budgeting and the implementation of social programmes that will better address the needs of families and protect the rights of children and women rights.

Following the group discussion, a set of practical recommendations will be elaborated and presented by the WG at the Closing Plenary Section.
10.00-10.15 The Gender Dimension in Public Policy and its Reflection in the Budget Process – Prof. Lyudmila RZHANITSINA, Professor of Economics, Institute for Economics of the Russian Federation, Academy for Public Administration under the President of the Russian Federation

10.15-10.30 Discussions

10.30-10.45 Improving the Budget Planning Process to Ensure More Independence for Budget Programme Administrators and their Responsibility for Achievement of Final Results – Ms. Marziya BURANGALIEVA, Director of the Department for the Budget Process and Functional Analysis, Ministry of Economy and Budget Planning of the RK

10.45-11.20 Discussions

11.20-12.00 Coffee break

12.00-12.15 Results-Based Programme Planning and Management: Reinforcing Good Programme Practice in Programme – Mr. Paul MARTIN, UNICEF Representative in Colombia

12.15-12.40 Discussions and elaboration of recommendations of the working group

12.40-14.0 Lunch

Working Group IV

Senate of the Parliament Sitting Room
Social Budget Management at Republican and Local Levels

Additional reference materials:
- Public Expenditures for Education, Healthcare, and Social Protection in the Best Interests of Children and Families (Public Policy Research Centre)
- Findings on Legislative and Practical Aspects of Local Budgets Expenditures Planning and Execution in the Best Interests of Children and Families (‘Status’ Federation of Women)

Chairperson: Mr. Marat KHUSSAINOV, Vice Minister of Economy and Budget Planning of the RK

Moderators: Mr. Jakay NURGALIEV, Member of the Senate of the Parliament of the RK, Member of the Committee for Economics, Finances and Budgets

Ms. Elena TARASSENKO, Member of the Majilis of the Parliament of the RK, Member of the Committee for Economic Reform and Regional Development

Rapporteur: Ms. Faniya MUSSAYEVA, UNICEF Social Policy and Participatory Governance Programme Officer, UNICEF in the RK

Objectives:
1. To identify and discuss problems interactions between the national and local budgets.
2. To discuss proposals on enhancing the effectiveness of social expenditure budgeting, including the distribution and complementarity of roles, powers and responsibilities of both national and local levels of management.
3. To consider the possible role of civil society, NGOs and beneficiaries of social programmes (i.e. children and families) in increasing the effectiveness and transparency of the budget process.

Following the group discussion, a set of practical recommendations will be elaborated and presented by the WG at the Closing Plenary Section.
14.00-14.15 The Processes of Budget Planning and Execution: Interaction between the Republican and Local budgets – Ms. Svetlana FERKHO, Deputy Akim of Ust-Kamenogorsk city

14.15-14.30 Inter-Regional Disparities in Budget Expenditures and Methods of Closing These Gaps – Ms. Gulnar AKHMETZHANOVA, Acting Director of the Department for Regional Policy and Inter-Budget Affairs, Ministry of Economy and Budget Planning of the RK

14.30-14.45 The Role and Forms of Civil Society Participation in the Budget Process at the Local Level – Ms. Valentina SIVRYUKOVA, Civil Society Development Project Coordinator, Information and Analytical Centre for the Study of Public Policy Processes in Post-Soviet Countries, Moscow State University and the Russian State Humanities University

14.45-15.30 Panel Discussions: Challenges of, and Opportunities for, Social Budget Planning, Implementation and Monitoring at the Local Level: Regulations and Flexibility of Allocations

15.30-16.0 Coffee break

---

**CLOSING PLENARY SESSION**

**PLENARY SESSION – PART IV**

Co-chairpersons: Mr. Mussiraly UTABAEV, Member of the Senate of the Parliament of the RK, Chairperson of the Committee for Economics, Finances and Budgets

Mr. Alexandre ZOUEV, UNICEF Representative in the RK

**Objectives:**

1. To summarize international experience relating to investment in human capital in order to ensure economic growth and sustainable development, and to discuss opportunities of applying international experience in the particular state of the country’s current socio-economic stage of development.

2. To discuss recommendations developed by conference working groups, and mechanisms of the elaboration and implementation of these recommendations either by a working group of conference co-organizers established for this purpose, or by any other means.

3. To agree upon the development of a joint plan of action for public agencies, international organizations and Kazakh NGOs aimed at enhancing the effectiveness of budget policy in the RK, in addressing the protection of the rights and interests of children, families with many children, children with special needs and other vulnerable populations.
16.00-16.40 Human Development – Priorities for a Sustainable Future in the 21st century – **Sir Richard JOLLY**, Honorary Professor, Institute for Development Studies, University of Sussex, UK

16.40-17.10 Feedbacks from Working Groups and Presentation of Recommendations

17.10-18.00 Closing remarks and Adoption of Recommendations

**Mr. Mussiraly UTEBAEV**, Member of the Senate of the Parliament of the RK, Chairperson of the Committee for Economics, Finances and Budgets

**Prof. Giovanni Andrea CORNIA**, Professor of Economics, University of Florence and former Director of the United Nations University WIDER (World Institute for Development Economics Research) in Helsinki

**Mr. Marat KUSSAINOV**, Vice Minister of Economy and Budget Planning of the RK

**Mr. Alexandre ZOUEV**, UNICEF Representative in the RK

---

**WELCOMING REMARKS**

**Kassim-Zhomart TOKAEV**
Chairperson of the Senate of Republic of Kazakhstan

Dear Participants, I would like to express my respect to the participants of today’s forum being held in the Senate of the Parliament. Let me also express special gratitude to the organizers of the conference and especially to the UNICEF Office in Kazakhstan, which contributed a lot of work to make today’s event happen. I think that this Forum will have a significant impact in ensuring the stable development of Kazakhstan. The interests of children and families should be the basis of public policy in all countries. Fortunately, Kazakhstan is one of these countries, as overall, our country is making some sound progress in focusing on this significant issue. The recent Address to the People of Kazakhstan of the President, Mr. Nursultan Nazarbayev fully supports this idea. Kazakhstan promotes strongly socially oriented state policy. Otherwise, without adequate and timely assistance, it would be impossible to focus on the issues of motherhood and childhood, and the corresponding stable development of the nation.

Speaking about the social component of the state policy, it is important, first of all, to keep in mind of the necessity of efficient implementation of programmes that benefit children and families. Without prominent and timely state support of motherhood and childhood, it will not be possible to face challenges to the stable development of Kazakhstan and its competitiveness within the world economic community.

In the recent Address to the People of Kazakhstan, A New Kazakhstan in the New World, the Head of the State charged the Government with continuing work on improving wealth of the people, taking into account the growth of our economy and the financial capabilities of the country.

In the Address, special attention was paid to vital issues related to significantly strengthening some measures to protect families, motherhood, and childhood.

In 2008, some 108 KZT billion will be additionally allocated to increase all social payments, as stated by the President in his Address. This is a vast
and unprecedented amount of money per capita compared to other post-
Soviet countries.

An agreed upon social policy secures the most vulnerable parts of the
population and is a guarantee of stability, safety and prosperity in our
country.

The question of improving support for families and children should be
considered within the framework of ongoing reforms in the country
aimed at enhancing public management to support the interests, rights
and freedoms of our country’s citizens, and at strengthening Kazakhstan’s
competitiveness on a global scale.

Delegation of some authority to local governments necessitates the trans-
fer of some public financing to the regions. Who but the local executive
bodies knows the needs of families living in smaller districts and villages?
It is the direct responsibility of local authorities to deal with demographic
problems including issues related to large families and children. This can,
furthermore, promote social orientation of budgets to benefit children
and families.

While doing this work, we, of course, must learn and use the experience
of some developed counties. We will face the need to bring our national
legislation into compliance with the norms of international law. But this
must be done not to the detriment of Kazakhstan legislation but of its
improvement.

It is known, that in olden times, the Kazakhs never ever abandoned chil-
dren, unprotected women, or the elderly without support. There is a very
well-known proverb coming from those times “Жетімін жасытпаған,
жесірін жылатпаған” (“Do not allow orphans to be hurt or widows to
cry”).

Society and the country as a whole should think about reviving these high-
minded national traditions.

Here, the material support of the large families must be of high
importance.

It is known that our country is among the group of countries with an un-
favourable demographic climate. Although the population of our country
is growing, it is growing not as quickly as in neighbouring countries. We
already face a deficit of human resources, which is hindering our dynami-
cally developing economy.

Population growth is impossible without reverently promoting the fam-
ily. A child acquires all the rights of a citizen at the time of birth, and his
birth must be supported through material assistance. In other words, we
must undertake all efforts to keep our children socially protected in every
aspect. This task is of primary importance to Kazakhstan.

Tangible results of this task of national importance can only be achieved
through coordinated efforts of the government and civil society. That is
why it is important that members of the Parliament, the heads of state
agencies and representatives of non-government organizations, includ-
ing the management of UNICEF, well-known international experts, and
leading domestic specialists contribute to the upcoming discussions.

I am sure that the recommendations of the conference will make a consid-
erable contribution to the implementation of social policy of the state in
regard to improving conditions for children and families in our country.

Dear conference participants, let me wish you good luck in your work.
I would like to cordially welcome you, those who are gathered in this room for an interesting discussion on the issue of social support of families and children in the Republic of Kazakhstan!

I am truly grateful for the opportunity to address this meeting and to share common concerns on these issues and on measures to ensure the welfare of children.

Establishing a world that is fit for children including the realization of their right to grow, is the reflection of a degree of humanity and maturity in a society. By protecting childhood and creating conditions for the raising of a healthy, educated, highly moral and spiritually rich generation, we define the future of a new Kazakhstan and its place in the new world.

The world of childhood is simultaneously bright and fragile – children themselves can do very little for their own welfare and growth, and, hence, only we, the parents and members of society in general are responsible for how our children grow and thus the future of the country. That is why dealing with the challenges that children face is an integral part of a number of objectives of national priority.

The concentration of efforts and distribution of resources to realize those objectives are defined today within the development goals identified in the Millennium Declaration and in our strategic programme documents.

Now the time has come when, following the words of Strategy Kazakhstan-2030, we have received “the means for state support of mothers and children in the form, comprehensive both for the state, and for effective demographic policy in support of families”.

Teady economic development both makes possible and limits to what extent children can take advantage of the results of economic growth and how wealth returns as benefits to children.

As both international experience and the practice of our country’s social development shows, the presence of public wealth itself does not yet mean welfare of children. Decisions on distribution of resources are important.

Regarding public policy, this means the need to ensure appropriate measures for addressing social support to families in need, providing necessary conditions for the growth and development of children, achieving equality, and providing access to high-quality social services

For this purpose it was necessary to define and make decisions on a broad range of challenges:

- How shall one measure the degree of the needs of families with children? How, in addition to income, to measure various deprivations, in non-monetary form?
- How many resources can the Government allocate to deal with the issues of families and children? Can additional sources of financing be contributed to solve this problem?
- How to correlate the problem of coverage of children with social support with the size of that support?
- Which mechanism of support should be chosen, universal or targeted?
- What should be the proportion of financing solutions to these challenges and problems at the national and local levels?
- How can we avoid the dependence of recipients on social support and its use for the needs of children?

Taking into account international experience and using the support of international organizations, first of all UNICEF, we could create a system of social support of families with children that appropriate to the market economy.

1) Needs assessment of social support is mainly done through surveying household incomes and assets which is carried out by local commissions. The Agency for Statistics of RK applies its own methodology for a similar surveys. The Information and Research Centre of the Ministry of Labour and Social Protection of the Population (MLSP) monitors poverty and the rendering of targeted social aid (TSA).

The analysis of the dynamics of income of the populations confirms not only the steady growth of average per capita incomes (in 2006 they exceeded 18 thousand KZT, which is 2.9 times more than in 2000) but also the decrease in the level of poverty. Unfortunately however, a significant share of children are found among the low-income population (among TSA recipients in 2006, the share of children was more than 60%).

2) Funding of social programs is increasing, including payments of benefits to children and families. According to our statistics, in 2002 more than 1.1 million people received such payments and the total sum of payments equalled 24.36 billion KZT. In 2003, with introduction of the one time payment of social benefits for the birth of a child, the number of recipients increased by more than 150 thousand, and...
In this regard, we believe that for the long term, it is necessary to increase the share of social expenditures as envisaged by the Head of the State’s objectives for 2008, in which 108 billion KZT should be allocated for financing programmes to realize social assignments given by the President only.

3) With the creation of a multi-level social support system in 2005 and the introduction of obligatory social insurance, the realization of state social guarantees for children, including payment of social allowances due to the loss of the primary wage earner, payments upon the birth of a child, support for caring for a child under one year old, is carried out fundamentally by means of the state budget. Financing social guarantees at the secondary and tertiary levels is carried out through social insurance and through employers as well as workers themselves. For example, insurance against the loss of the primary wage earner, disability insurance, and since 2008 pregnancy and delivery insurance as well as support for raising a child aged under one year old.

4) The presently existing system of support for families with children is has a complex nature and includes the following kinds of social benefits:

- Lump-sum one time state payments for the birth of a child (at a rate of 15 times the monthly minimum index) paid from the republican budget irrespective of the income of the family;
- Allowances for children under 18 years, which are paid to families with an average per capita income below the cost of a standard food basket of goods at a rate of one MMI from the local budget;
- Payments for taking care of children under one year, paid from the republican budget. The amount is dependent on how many children the family has and ranges from 3 to 4.5 MMIs.

Mothers with four or more children also receive a special payment from the budget, and families from needy families receive targeted social help, which therefore assists needy children.

As to the size of social payments for children, they are rather low at the moment and, in our opinion, insufficient for the protection of children against poverty as well as the necessary conditions for self-development.

Additional improvement is required by because of the decentralization of responsibility for the dealing with problems of childhood to ensure that there is equal opportunity for children in every region.

5) The resolution of the question of social support of children is not limited only to social payments. Reform of the grant system to raise children is only a part of a package of reforms in social protection. The most important component of these reforms is granting high-quality social services such as education, public health services and social services. Creation of conditions for physical development, as well as spiritual and moral education is also important.

Among the positive changes in recent years in this direction, I would like to note the introduction of social standards and the expansion and improvement of the system of social services for disabled children and children with limited abilities.

There are 18 medical and social organizations for children and 90 departments of social assistance in rehabilitation centres for children with disabilities related to locomotion.

I should also note the efforts of civil society in this area. The “KENES” Center and “SATR” Center have both accumulated wide experience in work with children with developmental. Playgrounds for children with limited abilities, open during the day, have been created in Astana.

Despite the measures that have been taken with regard to social support, a significant part of large families remain in poverty in the country. The impact of social payments for children on the level of family income per capita is rather limited. These payments are not distributed in a sufficient targeted way and therefore cannot significantly impact family budgets.

It the high level of infant and child mortality is of special concern, as is the...
unsatisfactory state of children's health and, consequently, a high occurrence of disability in children. Children's development is also hindered by limited access to preschool education and training. The number of orphans is growing. Children who are without the care of parents for whatever reasons are still brought up mainly in children's homes and boarding schools, whereas in the civilized world placement in the boarding school is considered only in extreme cases. Homeless children and neglect leading to juvenile criminals is an acute social problem. As a result, there is a threat to the nation's genetic pool, and to national security which demand immediate measures on improving state policy to the benefit of children.

In regard to social support, the solution to our current challenges is the realization of the tasks of the Head of State as given in the 2007 Address to the People of Kazakhstan.

In view of new opportunities, the Government was charged, starting with 1 January 2008, to:

• To increase the lump-sum payment at the birth of a child from KZT 16,380 KZT to KZT 34,740 KZT, which is an increase of 100%;

• To increase monthly payments for raising children aged under one:
  - At the birth of the first child – from KZT 3,276 KZT to KZT 5,790 KZT;
  - At the birth of the second child – from KZT 3,822 KZT to KZT 6,369 KZT;
  - At the birth of the third child – from KZT 4,914 KZT to KZT 7,527 KZT.

The total additional material aid to support families with children will be KZT 9.5 billion KZT.

Obligatory social insurance for pregnancy, delivery and raising a child until the age of one year, will be introduced simultaneously with these increases in social payments.

The Government was instructed to take concrete measures to decrease indicators the maternal mortality rate and the mortality rate for children. The Head of State also ordered the creation of infrastructure necessary for the development of education and public health. These measures, introduced by the Head of State will improve the material welfare of families with children, and, we hope, lead to positive demographic changes.

The ministry continues to work on issues of the further improvement of social support of families with children and issues of deliberate investment in human potential. Questions of stage-by-stage distribution of social guarantees to temporarily unemployed families, to self-employed women, and to women employed in the informal sector, are under consideration. We are studying opportunities for the further decentralization of functions and financing of social support for families with children. We also are looking at extending the list of social services and improving their quality and also better targeting of social support.

I hope that during constructive discussion and the exchange of opinions on these and other problems of family and children, the answers to many current challenges will be found. This will also be our contribution to the solution of the problems related to the establishment of a healthy competitive society based on knowledge. In this society, each child will be able to become such person that he wants and is able to be.
Maria CALIVIS
UNICEF Regional Director for CEE/CIS

Excellency, Chairman of the Senate, Mr. Tokaev,
Your Excellencies, Ministers, Senators and members of the Majlis,
Distinguished guests and colleagues,
Friends,

I am delighted and honoured to be here in Astana in this imposing and beautiful chamber of the Senate. It is indeed a momentous occasion, and at the outset, I would like to thank the Senate and the Government of Kazakhstan for organizing this ‘milestone’ Conference on ‘Budgets for Children’.

I would like to warmly greet the delegations present here, the UN agencies, the World Bank and development partners, as well as our team of ‘experts’ and Representatives from the Russian Federation, Uzbekistan, Azerbaijan, Belarus, Bulgaria, and Columbia, - who are here to participate in the discussions and working groups over the coming two days.

This conference is premised on the global and historical evidence that investing in children and young people makes strong economic sense, in both good times and bad, and ensures long term stability and security.

It is therefore most fitting that this Conference – the first on such a theme to be held in East Europe and Central Asia – is held in Kazakhstan, a nation poised to become one of the 50 most competitive economies in the world, and where the potential to make significant improvements in the well-being of children and young people is assured.

In his recent ‘Address to the People, His Excellency President Nazarbaev outlined an ambitious and visionary plan to make this a ‘smart economy’ where human capital potential is optimized. And where investment in the social domains, in families, women and children is one of the cornerstones of this plan.

This conference on Budgets for Children is to help define the process to ensure that investments in children and young people are at the heart of this national plan.

Let me pause for a moment with a reflection: My colleague and friend Maud de Bouer-Bouquiccio, the Deputy Secretary General of the Council of Europe, and a strong advocate of child rights, often says in public gatherings at the European Parliament that, and here I quote, ‘Children are not mini-people. They have rights – not mini-rights’.

She says this because of the tendency to treat children’s issues as a second or third priority and to relegate their discussion to a ‘welfare approach’, subject to the goodwill of many actors in society.

Using this same phraseology, I would like to say that there should not be ‘mini-budgets’ for children. Budgets for children should not be separate, nor should the process for determining the needs of children be of any lesser importance.

The fact that you, Mr. Tokaev, are chairing this meeting in the presence of so many cabinet ministers is confirmation of the importance that the Government of Kazakhstan is giving to making children an investment priority for the country. This is a first ingredient of success in Budgeting for Children.

Global evidence – some guiding principles.

Today and tomorrow, we will be hearing, from our experts present here, some of the recent evidence of the importance of investing in children.

In addition to the ‘Why’, this conference will contribute to the ‘How’. There is much experience from across the world from countries that have made rapid and successful transitions: from low to high income, and from low to high indicators of human development. Sweden in the 1960s, Norway and Spain in the 1970s, East Asia in the 1980s..We can draw on these lessons, adapting them to the special circumstances and opportunities of Kazakhstan.

I am not going to talk about these lessons. Instead I will focus my brief introductory remarks on some of the ‘building blocks’ that should guide the process to ensure that priorities for children are costed and integrated into the national budget plan at national and decentralized level.

I will talk about 7 such building blocks:

1. Securing investments in the critical periods of a child’s and adolescent’s life. Children differ from adults in important ways. In particular, in the way that interventions are needed at critical moments of each child’s development cycle. If that moment is missed, it is much more difficult and costly to catch up with compensatory actions.

   • Across industrialized countries evidence is emerging that the young child (0-5 yrs) is perhaps the most important developmental stage of the child. And where investments in nutrition, early child stimulation and cognitive development provide among the greatest economic and social returns: in educational achievement, earnings from employment, health, reducing crime and violence.
Early child development is also a powerful intervention with children of disadvantaged groups, contributing to break the intergenerational transmission of deprivation and poverty.

- Returns to primary education are as high as 15%, higher than secondary education which are in turn higher than tertiary education. Patterns of resource allocation in education are often paradoxically in exactly the opposite direction!
- Young people need a different set of approaches. Ensuring young people are included in development processes pays high dividends. The costs of not investing, are very high. Investment is needed in the link between school and jobs, and in prevention of risk behaviours that have high social costs.

2. Adopting an approach that combines ‘universal’ interventions – reaching all children with a minimum package of services of quality education, health and protection- with well targeted interventions for the most vulnerable.

There is evidence from many countries that child allowances are a crucial contribution to the reduction of child poverty and its intergenerational transmission. It is very symbolic that in his recent Address to the Nation, President Nazarbaev began with a strong message on additional social safety net measures for children, mothers and families.

3. A shift in the process of costing inputs, line items, to one of costing priority interventions critical to achieving ‘outcomes’ for children. We need to move the basis of resource allocation from the number of beds in a hospital, or the number of children in an institution, to a costing of interventions needed to achieve impact on ‘outcomes’ for children. Such ‘outcomes’ are often intersectoral and require the inputs of many different ministries. It requires a process of negotiation between different parties and effective co-ordination.

4. Increasing the use and quality of data and findings of evaluations on programme interventions to inform the budget process. An iterative process with choice of priority interventions guided by data and evaluation. This is where data often points out where not enough attention is paid to quality.

5. An explicit effort to integrate priorities for children in macro-economy wide policies and Medium Term Expenditure Frameworks. This is what Professor Andrea Cornia is calling ‘pro-child’ economic growth.

6. Opening space for the participation of children and young people and listening to children on their priorities and aspirations.

7. Finally, we need to think of budgets in terms of a continuum linking policies, budgets, and governance together. Policies that are not linked to budgets do not become priorities in implementation. Budgets that are not supported by a good system of governance will not lead to desired impact. An open, transparent process is required that reviews results, reports on results and makes adjustment in the light of new data.

What do we want to achieve from the conference? And how will we measure its success?

Ladies and Gentlemen,

I was heartened to hear about the field visit that took place on Saturday and Sunday by many of the participants to Akmola Oblast. The purpose was to get first hand experience on the present budget process at the subnational level. Participants interacted with Senators and local officials. One of the highlights of the visit was an exchange between the Deputy Akim and young people. In my view, this is an excellent first step, for building that ‘Social Compact’ needed to make budgets for children a reality.

Excellencies, let me conclude with a quote that has inspired me and all of us in UNICEF in our mission for children.

‘The day will come when the greatness of nations will be judged not by the strength of their military, nor by the splendour of their cities and bridges, but by the priority that they give to the most vulnerable members of society – its children and the opportunity to each and every child to develop to its full potential.’

As Kazakhstan is poised to become among the 50 most competitive economies, it is now the time to reflect on those priority investments that will ensure that Kazakhstan is among the top countries with the best indicators for children!

Thank you.
Erzhan KAZYKHANOV
First Vice Minister of Foreign Affairs of the Republic of Kazakhstan

Let me thank the organizers for the opportunity to speak at today’s conference, and first of all, the Senate of the Parliament of Kazakhstan.

I think that the United Nations (UNICEF) and the representatives of UNICEF in Kazakhstan have played a special role in arranging this event.

At the opening of the representative office in 1992, UNICEF became the first institution of the United Nations in our country. This year marks the 15th anniversary of fruitful cooperation between Kazakhstan and UNICEF.

The work of UNICEF in Kazakhstan began with granting expert, technical and financial help in the field of public health services. Today the cooperation of our country with UNICEF has widened and covers many spheres of development in Kazakhstan’s society. These include education, public health services, participation in development and realization of social reforms, realization of national programs of the United Nations. The Ministry for Foreign Affairs of RK highly appreciates the assistance rendered by UNICEF in dealing with many social and humanitarian problems that the government of Kazakhstan must solve in order to build a socially-focused state.

Speaking of the cooperation between the Government of RK and UNICEF, I would like to note the joint activity on the realization of various projects in the field of the protection of the rights of children and families within the framework of the national programs for Kazakhstan for 2005-2009, which were approved in 2004.

At present stage, in our opinion, primary forms of cooperation should include activities to strengthen the potential of the family and society, improvement of the system of social protection and the development of social policy and management.

It is rather important that the basic purpose of national programs carried out by UNICEF is to support the Government in the realization of the rights of all children in terms of survival, development, protection and participation, and also the creation of an appropriate favourable environment, which would strengthen responsibility for the destiny of children. The Ministry for Foreign Affairs of the RK supports efforts aimed at the realization of projects of this program, which, in particular, makes the timely and effective achievement of the Millennium Development Goals possible for Kazakhstan.

The topic of this conference Increasing Social Orientation of Budgets and Efficiency of Public Expenditures at National and Local Levels in the Best Interests of Children in Kazakhstan has a special meaning for our country in view of the recent Address to the People of Kazakhstan of the President of the RK Nursultan Nazarbaev “A New Kazakhstan in the New World”. As mentioned in the reports of the previous speakers, the purposes and goals of this conference fully correspond with those steps on social protection of motherhood and childhood that the Head of State has assigned the Government of Kazakhstan to undertake. These steps include the increase in size of state payments upon the birth of a child and obligatory medical insurance for pregnancy, delivery, and motherhood for working women in addition to many other social measures aimed at strengthening families and improving the demographic situation in the country.

The participation of the UNICEF delegation in the work of this conference demonstrates a high level of cooperation between Kazakhstan and UNICEF and provides a good opportunity to share experience and to study the best practices of foreign countries in this sphere of social policy of the state.

The member states of the United Nations and UNICEF, including Kazakhstan, at various times and at different levels have accepted obligations to protect effectively the rights of motherhood and the childhood. Our country, being a party to the United Nations Convention on the Rights of the Child and its Optional Protocols, follows strictly the obligations of this Convention and conducts successive work on fulfilling the terms of these documents. In this regard, I would like to note that a delegation of RK, consisting of the representatives from the ministries and various departments, plans to take part in presenting the Second and Third Consolidated Periodic Reports on Measures of the Fulfilment of the Terms of the United Nations Convention on the Rights of the Child, which will take place in Geneva in the end of next May.

I hope, that results of this Conference will form a basis for subsequent effective measures by the Kazakhstan Government for the social protection of motherhood and childhood according to the tasks put forth by the Head of State. The results can also, hopefully confirm the determination of our country to follow international obligations in this issue.

To conclude, I would like to note, that cooperation between Kazakhstan and UNICEF is moving in a well-considered direction. Both parties see a common purpose to provide children of Kazakhstan with the wealthy present and future, and are willing to reach it by the use of the same methods.
I express confidence that the professional exchange of opinions during the conference will promote the realization of the planned purposes and the optimisation of decisions made concerning the protection of motherhood and the childhood in RK. Thank you for your attention.

KEYNOTE REPORTS

Kazakhstan’s social policy experience in comparative perspective

Prof. Giovanni Andrea Cornia
Professor of Economics, University of Florence and former Director of the United Nations University WIDER (World Institute for Development Economics Research) in Helsinki

Kazakhstan at the current stage of its historical development represents a country that, among the countries located in this region of the world, has gained a certain experience in the field of social policy. To achieve the goals set by the country within the framework of the further growth of the welfare of country’s population and especially of children, consideration of Kazakhstan’s experience compared to other countries with various levels of economic development is important. This analysis is carried out on the basis of the comparison of social indicators of Kazakhstan and similar indicators of 26 countries with a transitional economy (CTE), 14 countries with an “oil economy”, and also with some countries with an economy subordinated to known models of social and economic development.

The basic purpose of the given analytical research is to find opportunities for upgrading the social policy of Kazakhstan aimed at improvement of children’s status. Social indicators have been structured by spheres directly influencing the welfare of the population, namely: public health services, education, children’s poverty and social protection.

Within the framework of the offered review, the social and economic development of Kazakhstan is traced in two time periods:


Following this structure of research of social indicators, first of all, it is necessary to consider the parameter of children’s mortality, in which Kazakhstan is approximately 25 percent above the average level of CTE.
countries. This tendency can be traced to 2005 as well. The review shows that pneumonia is one of the principal causes of children’s mortality, as well as lack of vitamin A. That is, among the principal causes of children’s mortality, for example in Kostanai Region, is absence of appropriate access to antibiotics.

If we consider how the situation developed during the two aforementioned periods of social and economic development, the analysis shows that the mortality rate has decreased (for the last four to five years) very quickly. Also a positive fact is that an increase in Gross Domestic Product (GDP) by 1 percent corresponded to a decrease in the level of children’s mortality rate by 1 percent. This means, in the case of Kazakhstan, that the current situation is significantly impacted by residual factors of economic development in the 90s, rather than the processes occurring at the current time.

The problem of orphaned children is common in a transitional economy, and the number of orphaned children increases. Only Russia has a lower birth rate than Kazakhstan. Certainly, authorities are well informed about this, but it is probably a problem that is necessary to deal with in before others.

If we continue to compare indicators of mortality in Kazakhstan with those in other countries, namely with the countries with “oil economies” Kazakhstan proves to have its own unique features. We shall make a comparison with such countries as Indonesia, Azerbaijan, Mexico, Saudi Arabia and so on. Kazakhstan continues to have a higher level of expected mortality of the male population. This is a problem because children should be raised in full families. May we ask: why this is happening? Certainly, the development of public health services depends on a number of factors, but may we ask whether this is happening due to a low level of budget expenditures (in proportion to GDP) on public health services? Here we can review expenditures (in proportion to GDP) of the different countries, and see that Kazakhstan spends funds by approximately 1 percent of GDP less than the countries of the Eastern Europe.

In his Address to the People of Kazakhstan, President Nursultan Nazarbaev has declared substantial growth of expenditures in the social sphere in proportion to the GDP in 2008 to cause greater benefits. We can make a comparison with the Latin American countries; there, with the development of democracy by the year 2000, there was a substantial growth of spending of budget funds on public health services, education and other spheres; in parallel however, a decrease in the life expectancy of men was observed.
In reviewing various examples, it is impossible to ignore the situation which occurred in China. The economy of China is usually mentioned as the most successful model in the world. Certainly, there are objective reasons for that – the reserves of China today exceed USD 1 trillion. The Chinese economy, as predicted, will become the leading economy in the world by 2000. But in China, this fast economic growth is not accompanied by a parallel growth of life expectancy. From 1949 to 1981, the value of this parameter grew by only 50 points, and only after 1981 did a serious increase begin – every year a growth of three – four years is observed. This increase is observed in a period when growth of GDP per capita is 500 percent. Why is this happening? First, there are serious regional differences in incomes, and also a huge difference between financing of public health services in cities and in rural areas. Computer modelling with regards to the expected lifetime shows that in China the situation could be better, if there were no economic reforms. And probably, the lesson which should be taken from this example is that the success in economic sphere does not necessarily cause success in social sphere.

Now let’s move to the following sphere, education, which differs essentially from public health services. It is necessary to note a reservation, that Kazakhstan has managed to preserve its system of elementary education, and even in the very difficult years of the transition period (1994-1997)
elementary education remained universal. The same can be said about other levels of education. For the education system of Kazakhstan today, the issue of quality of education is vital. It is a problem for many countries in the world. But Kazakhstan represents a country which has the necessary resources to deal with this issue.

One of the questions of improvement of the education system in Kazakhstan within the framework of further development of such sectors of economy as petroleum industry and agriculture is: what will occur regarding professional and technical education? If we compare Latin America with Korea we can see that the educational level in Korea, and also the number of the students entering technical and professional educational institutions, is much higher.

Today technical professional training is still in place in Kazakhstan. However, even faster economic growth is expected in Kazakhstan in the near future. In connection with this, more experts in technical spheres will be required and thus, the educational sector will experience much greater pressure. Taking into account this fact, it is already necessary to undertake serious steps to escalate the technical potential of the country.

If we review university education, in Kazakhstan indicators in this sphere are 15 percent higher than indicators in other countries with a transitional economy. This shows that the government undertakes necessary measures for education of children and youth in the country (including the training of young people abroad at the expense of the state). Certainly, it is very important for the future of the country, a nation with a competitive economy.

However, here it is important to note that education in higher educational institutions is unequally distributed among the social classes. In addition, the development of private higher education in the country requires improvements in quality of education, which also should be provided by the state.

In socialist countries, the system of preschool education has been developed well enough; however transition to the market economy has caused decay in this area and Kazakhstan is not an exception. While indicators of the scope of children’s preschool training have decreased in all CTE countries, in Kazakhstan this decrease was especially significant. With regards to this parameter, in 2004 Kazakhstan lagged behind other CTE countries by 20 points.
Why it is necessary to pay special attention to preschool education? The answer to this question is simple: the more the state invests in a child at the initial stage of development, the less expenses it bears in the future. Elementary education renders the greatest impact on the future development of a person.

If we consider empirical analysis in this sphere in the USA, we can note that an increase in the number of children under five attending establishments of preschool education has led to better indicators of their graduation from high school. This, in turn, was the reason for better vocational training of young people in the future, and that has led to an economic feedback. The economic parity is 17 to 1. This is a very high parameter.

We can raise a question: how much state money in Kazakhstan is spent on education? Data here vary. There are data prepared within the framework of the report on human development where science is included as one of indicators. Also there is data given by the World Bank. In both cases, there is an obvious gap in expenditures on education in proportion to GDP, which is one percent of GDP.

Kazakhstan has a precise plan for development and its own strategy, which is aimed at the development of an economy based on knowledge. If we consider expenditures on education in some developed countries, for example, in Spain, we can note that expenditures on education started to increase only in the 70s, when serious reforms began in the country.
Today education in Spain is at a sufficiently high level, as well as in other countries. For example, in New Zealand, Hong Kong, Switzerland, Sweden which spend 5-7% of their countries’ GDP for this sector.

Why is it necessary to invest money in education? Unquestionable evidence of significant dividends from investing in education exists. For example, as a result of research, it has been proven, that the “return” of investments in the 1980s equalled three percent. In the following years (until 2000) the return was 3-5%, and even more than that after 2000. As a result, countries which invested significant amounts in education experienced higher labour productivity, quality of life, and other benefits.

Raising education expenditure leads to high market and wage returns: wage increase due to an extra year of education over last 15 years in TE

<table>
<thead>
<tr>
<th>Country</th>
<th>Before the reforms (1980s)</th>
<th>5 years after the onset of reforms (1995)</th>
<th>Late reform Period (early 2000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Czech Republic</td>
<td>3.9</td>
<td>2.5</td>
<td>6.1</td>
</tr>
<tr>
<td>Hungary</td>
<td>6.7</td>
<td>7.4</td>
<td>9.8</td>
</tr>
<tr>
<td>Poland</td>
<td>4.6</td>
<td>6.7</td>
<td>7.2</td>
</tr>
<tr>
<td>Slovakia</td>
<td>3.8</td>
<td>6.1</td>
<td>9.7</td>
</tr>
<tr>
<td>Slovenia</td>
<td>4.3</td>
<td>6.3</td>
<td>7.0</td>
</tr>
<tr>
<td>Ukraine</td>
<td>3.3</td>
<td>4.4</td>
<td>5.5</td>
</tr>
<tr>
<td>Russia</td>
<td>3.9</td>
<td>7.5</td>
<td>9.2</td>
</tr>
<tr>
<td>China</td>
<td>1.5</td>
<td>2.5</td>
<td>6.1</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>2.3 est.</td>
<td>7.4</td>
<td>7.8 - 11.2</td>
</tr>
</tbody>
</table>

When considering issues of social policy, it is necessary to speak about the problems of children’s poverty. Here it is very important to emphasize some improvement in indicators of children’s poverty from 2001 to 2003. According to household surveys conducted in Kazakhstan the percent of children living in poor families, with a daily income of less than USD 2.15 per person, was reduced from 35% to 28% in the specified period and continues to decrease. At the same time, in 2003 children’s poverty in Kazakhstan was higher than in CTE countries with a similar level of income per capita. This was due to greater inequality in incomes, although the general level of children’s poverty was nevertheless lower than in neighbouring countries of Central Asia such as Uzbekistan (50%), Tajikistan (76%) and Kyrgyzstan (80%). Furthermore, the level of poverty among children in Kazakhstan in 2003 (28%) was higher than the level of poverty in the general population (21%).

While in Kazakhstan children’s poverty was equal to 28 percent, in Romania it was 21 percent, in Russia it was a little bit less – 13 percent, in Bulgaria, where GDP per capita is the same as in Kazakhstan – 8 percent.

We can ask a question: is there children’s poverty in Kazakhstan; is it connected somehow to the problems of the transitional period? The answers to these questions partly depend on whether the parents have a job, whether they receive a good salary, and related factors. Therefore there is a set of factors, including the transitional period, which impact the existence and indicators of children’s poverty in the country.

The processes of improvement of the system of social guarantees to the population in Kazakhstan are actively occurring. They are represented by reforms and especially in part directly related to the social protection of children and their mothers, for example the introduction of 140 days of maternity leave. Comparing the growth of expenditures for the social needs of children from 2001 to 2007, in Kazakhstan, 0.13 percent of GDP was spent in this sphere while in Romania this figure was 0.93 percent and in Bulgaria 0.46 percent. Speaking about western countries, we can note that in France a constant growth of the population is observed, while expenditures for allowances for children add up to approximately 1.14 percent of GDP.

![Diagram showing education expenditure in relation to GDP](image_url)
The last issue I would like to mention is the problem of protection of youth and their social integration. There are plenty of indicators which can be used, but in the given analysis only two are used:

- First – high mortality among youth aged from 15 to 19. In regard to this parameter, the situation in Kazakhstan is very problematic. The reasons for high mortality among the youth are primarily related to external factors. Only Russia has a worse value in this indicator. In 2004, the parameter of mortality among youth exceeded by two times the same average parameter in CTE.

- Second is the parameter of percentage of children staying in boarding schools, which has grown in all CTE countries, including Kazakhstan. This situation tells us about an increase in expenditures on children who have remained without the care of parents, as well as those in specialized establishments for disabled children. In fact, this parameter is equal to 2 percent of the total number of children of this age.

A number of research projects were conducted which show the following. Firstly, children should not remain without the care of parents even if the reason for depriving them of parental care is a family crisis. Secondly, if children are left by their own parents, i.e. children are orphaned, it is necessary to use available methods of integration of children into society so that they are not deprived of social contact. One year spent by a child in a boarding school leads to three months of emotional deterioration.

As has already been said, significant economic growth has been observed in Kazakhstan since 2000. However, Kazakhstan still lags behind in terms of the social and economic indices of the 90s.
Reasonable enough to use means from the oil fund to invest in children so that in 15-20 years these children will bring higher incomes to the country.

In Kazakhstan there are clear directions of policy which have already been developed: “Our strategy should be based on principles of reasonable consumption... Only a part of the money received from the sales of oil will be spent on the creation of a modern socially-engineered infrastructure inside the country – in such spheres as public health services, education, potable water and construction of roads. These are the spheres that exhibit what is called “market failure” and where, really, the intervention of the state is necessary... These things may not be neglected under any conditions” (N.A.Nazarbaev "The Kazakhstan Way", p.45).

Analysing investments in education for the poorest families, it is necessary to realize that this sort of expenditure bring benefits to the top layers of a society. There should be mechanisms to correct this situation.

Is it possible to raise the efficiency of state expenditures? A budget is a complex object and distribution among salaries, investments and purchase of materials is not always balanced. We can have trained teachers without having textbooks. To contrary, if there is no training for teachers or nurses there will be a lack of professional competence and other qualities. That is there are various types of elements, types of expenditures, which should be in harmony.

The second basic problem relates to the coherence of expenditures. The problem of budgets worldwide is that they are planned for the following year. But there are certain mid-term frameworks that are used to pay attention to the target indicators established in the budget, for example, the Millennium Development Goals (MDG), vaccination, or other kinds of activity. It is very important that annual allocations correspond to intermediate term plans.

2. The second measure is to increase the efficiency of the spending of public funds. It is difficult to evaluate what share of expenditures is consumed by different social classes, from the poorest to the richest categories of the population.

The greatest part of expenditures for elementary and preschool education is consumed by the poorest families. Elementary education impacts not only social development but also affects the economic development of the country. The situation is clearly traced in this relation.
3. The third important point is decentralization of state expenditures. Expenditures at the local level will also provide certain stimulus for those who use this budget properly. If a politician is not using these allocations properly, he will not be re-elected. For example, in Uzbekistan, funds can be used at the level of local communities while there also can be mistakes in defining the objectives and targeted distribution.

4. There is also a clear problem in the process of development of the budget. The budget is a precise political statement, but there is also a technical factor. International experience shows that in many countries budgets are based on certain trends. Expenditures of last year are considered and increased by 10 percent, without knowing whether 10, 20 or 30 percent is acceptable, without considering where an initial allocation made sense or not. When the budget is allocated in lump-sum payments, it creates difficulties. It will be difficult to carry out, for example, the MDG or any other material objectives. For example, the budget on social purposes is often residual. This means that after core spending is allocated to defence and the development of economy, the rest goes to social needs. There are various types of budgets: local, central, and regional budgets. All of them are considered the same way, if distribution is not properly coordinated.

So, what is a rational approach? The rational approach is what is necessary. And what is necessary is what was agreed upon: those national economic priorities, those plans of Kazakhstan, which the country is facing. So, what is desirable? First of all, it is necessary to decide what is realistic. Then it is possible to consult with social partners, for example with trade unions, businesses, and NGOs, to develop a sequence that establishes various priorities and then defines expenditures. If one simply defines expenditures, it is unlikely that this will allow for reaching any social physical purposes that have been approved.

A necessity for transition to a budget philosophy has already arisen. There should be corresponding resource management. It should be done the same way as budgets are done in large corporations. Examples can be found in Great Britain, New Zealand and other countries that already apply similar approaches. To act like this, it very important to have budget organization and not just a budgeting process. These are the offices, whose structure will allow carrying out all these processes. There are rules of distribution, there are traditional approaches, and there should be special stimulus for that system of the bureaucracy which carries out those elements.

In universities across Europe these principles are applied more and more. Research institutes that carry out more research receive a larger budget. It is possible to apply this philosophy in Kazakhstan. In the past the focus was on investments at the time of introduction; now it is possible to focus on results. The distribution of budgets should be based not on the number of children in this or that area but on specific results. Many countries publish their budgets on the Internet. The most important point is that it is necessary to have a constant valuation of spending of a certain amount of money because it has been connected to a specific goal. Was a goal achieved? No. Why it wasn’t achieved? This is the approach which is ideal, but depends on specific circumstances.

Further let me move directly to my conclusions:
• The social policy of Kazakhstan to the benefit of children experienced serious difficulties in the first years of a transition period;
• The welfare of children has started to improve with the start of economic growth in 1999;
• At the same time, there are opportunities to improve social policy to the benefit of the welfare of children by means of fiscal policy; There are also opportunities to improve spending, introduction of new rules and policies ensuring economic growth favourable for children;
• The experience of the SEA countries in Europe shows that expenditures on public health services, education, and social protection should “lead to economic development”, but not “follow it”;
• With political leadership, Kazakhstan, without doubt, is capable not only of being among the 50 most economically competitive countries, but also of becoming the first Central Asian “economic and social snow leopard”.
Basic indicators defining the degree and depth of the development of the economy of each country are also the indicators describing the level of development of the welfare of the population, including the development of motherhood and childhood. This in practice covers all the steps in the social and economic formation of the state.

For this reason, the objectives of development on the threshold of the millennium defined in the Millennium Declaration signed by the leaders of all states, represent a complex of quantitative tasks corresponding with indicators, accepted by the international community. They include the following tasks: to halve the occurrence of poverty by 2015, to lower children’s and maternal mortality, to expand opportunities for receiving education, to provide environmental soundness, to stop the spread of HIV/AIDS and other diseases, and also to encourage gender equality.

The steady growth of the economy achieved by Kazakhstan during the last six years, has allowed the country to highlight the social orientation of economic policy and the beginning of the realization of complex programs to overcome poverty, ensure the employment of the population and improvement of the quality of life.

In the Address to the People of Kazakhstan dated February 28th, 2007 the Head of State noted: “As was promised, the stable development of the economy allows us to strengthen the social focus of reforms. It is the major result of our economic policy.”

It is necessary to note that in regard to the growth of GDP, Kazakhstan has held the leading position among CIS countries since the end of the 90s. In 2006 alone, the growth of GDP was 10.6 percent, and GDP per capita was USD 5,100, which means we can call Kazakhstan a medium income country. This is especially important because according to the data provided at the World Economic Forum, a 1 percent increase in GDP per
Increasing social orientation of budgets and efficiency of public expenditures at national and local levels in the best interests of children and families

Republic of Kazakhstan

Capita leads to a 1 percent increase in the incomes of the poorest 20 percent of the population.

Stabilization and a high economic growth rate have allowed Kazakhstan to significantly lower the level of poverty in all of its three aspects: distribution, intensity and sharpness. The proportion of the population with incomes below a living wage has decreased from 28.4 percent in 2001 to 9.8 percent in 2005, or 2.9 times. The sharpness of poverty, which is defined as the level of deviation from the living wage of income of people living below the living wage, has decreased from 3.1 percent to 0.5 percent.

The steady decrease in poverty in Kazakhstan was promoted by the following measures:

In the past seven years, including 2007, the total expenditure of Kazakhstan on social sphere will be KZT 5.8b, or USD 4.9m, including KZT 1.6b on education, KZT 1.1b on public health services, KZT 2.6b on social security and social protection, KZT 259m on culture, sports, tourism and information resources, and KZT 566m on housing and communal services. If in 2001 the proportion of social spending per person was KZT 7,1 or USD 186, in 2006 this indicator came to KZT 77,5 or USD 608, and in the current year it will be KZT 94,5 or USD 808.

The new economy, along with globalisation, erases national borders of competition and makes the potential of intellectuality and education a key source for economic growth and the increase of the welfare of the country. In the Address to the People the Head of State noted: “Practically all successful modern states that are actively integrated into the world economic network have parlayed on a smart economy”. And for its creation, it is necessary first of all to develop human capital.

Human resources in the form of creative, business and labour activity is a renewable asset and the realization of this resource depends on how the state, the family, and social institutions support the development of the creative abilities of a person by establishing the necessary conditions and environment for this purpose.

Despite the achievements of Kazakhstan in increasing the standard of living of the population, the problem of poverty still remains real and multidimensional, especially in rural areas where about 40 percent of the population resides. Moreover, if in 2001 the proportion of the rural population with incomes below the living wage was 1.9 times more than the
proportion of the poor in a similar urban community, in 2006 this gap increased 2.9 times. There is an excessive variation in the level of poverty between the regions. The least poor population lives in the city of Astana and the greatest share of the population with low incomes is concentrated in the Southern and Western regions of the country.

The level of sufficient feeding of the population, which had existed earlier, is now a problem. For example, in 2005 an average Kazakh consumed 31kg of meat, 114 eggs, and 118kg of dairy products. This level of nutrition is much less than it was in 1990.

A popular proverb says that until the age of three, a child is a god, the age of four, a child is a slave, and after the age of 11 a child is a friend. The truth of the statement is proven by the research of scientists, who established in the late 80s, that the money spent for the development of children in the first four years of their life are the most efficient national capital investment, which returns fivefold for each unit of investment. It has been discovered that by the age of 11, a child acquires creative or routine thinking and half of his future knowledge, including social knowledge as a whole. It is obvious that the countries which do not invest in children, cultivate poverty. Therefore, despite the available opportunities in the state budget of Kazakhstan to solve a lot of issues of social nature, it is impossible to say that the condition of this sphere is favorable.

As an example, optimisation of the network of social and cultural organizations and massive privatisation of the buildings of preschool establishments conducted in the 90s, has led to the fact that on January 1st, 2007, coverage of children by preschool education was only 27.6 percent against 47.9 percent in 1990. For comparison, in Japan this indicator is equal to 97 percent, in the USA – to 61 percent, in Russia, 87.2 percent.

In total, more than one-third of children in the republic are not ready to attend elementary school. About 80 percent of children of preschool age with limited abilities do not have the opportunity to complete physical and mental development during the most important period of their lives. Only in the city of Astana, more than 2.5 thousand children are put on a waiting list to be admitted to preschool organizations. According to the Ministry of Education and Science, to provide all children in Kazakhstan with kindergartens, it is necessary to construct 1,284 kindergartens with a designed capacity of 280 persons each. This requires about KZT 514m. A similar situation exists in regard to comprehensive schools. The reduction has occurred basically within rural schools. The proportion of children trained during the second shift increased from 30.9 percent in 1995 to 35.6 percent in 2006. The proportion of children trained during the third shift increased from 0.46 percent to 0.8 percent.

In total, the country lacks more than 153 thousand places for students. The worst regions in this respect are South-Kazakhstan, Kyzylorda and Mangistau regions. There are 1 schools in emergency condition and 115 schools are working in three shifts.

In connection with this, the Head of State charged the Government, in due time, to construct 100 schools and 100 hospitals in three of the most needy regions of the country within the next three years.

According to the Ministry of Labour and Social Protection of the Population, there are 22,258 disabled children aged under 16, including 3,515 children less than 3 years old; 4,727 children aged between 3 and 7. Primary and secondary examinations of children aged under 16 testify to the growth of and high proportion of, problems with internal organs, such as congenital pathologies, nervous illnesses and mental frustration. In 2006 KZT 961m was allocated from the state budget to 330 branches of home-based social support for the disabled and the elderly.
In the republic there were 11,682 children-orphans at the end of 2006. They are under state care with a budget allocation of KZT 3.7b, or KZT 871 per child per day. And in our opinion, it is necessary to increase the average daily size of budget expenditures for orphaned children to provide them with an adequate life and development. The number of adopted children has increased from 2,877 in 2000 to 3,461 in 2006, including – 2,691 children adopted by citizens of the Republic Kazakhstan, 41 children by foreign relatives, and 729 by unrelated foreigners.

According to official statistics, the level of infant and child mortality is steadily decreasing. In particular, infant mortality has decreased from 26.4 cases per 1,000 newborns in 1990 to 14.1 cases in 2006. However, even these indicators of infant mortality in Kazakhstan are considered by the WHO to be one of the highest among countries of the European region of the WHO. The current level of parental death in Kazakhstan corresponds to the indicators experienced by the countries of Western Europe, the USA and Japan in the mid 1970s.

A negative impact on the health of children and women is caused by limited access to vital infrastructure, in particular, to pure potable water, heating systems and roads.

To lower the mortality of children aged under 5 by 65 percent and maternal mortality by three quarters by 2015, reforming efforts on decreasing neonatal mortality, improvement of an efficient prenatal assistance system and further improvement of the system of public health services and improvement of the social welfare of the population of the republic is necessary. The Parliament of the Republic of Kazakhstan yields significant influence on the processes of state budgeting, including in the stages of planning, execution and control, paying special attention to social programs of the state and social indicators describing the quality of life of the population.

During the drafting of the republican budget for the fiscal year, Parliament participates in the work of the budget commissions appointed by deputies of both chambers. At the stage of applications from program managers for funds, they propose the viability of the introduction of a budgetary program, an estimation of investment projects or programs, and the observance of social programs and obligations accepted by the state.

It is necessary to note, that the list of construction and reconstruction of social, cultural and life-supporting facilities, offered to be financed by the means of the republican budget in 2007, is generated with recommendations of the Parliament deputies. In total, 312 investment projects will be financed this year, including 92 objects of education, 42 objects of public health services, 166 objects of water supply, 10 objects of hydraulic engineering constructions, and 2 sports facilities.

At the stage of consideration of the draft budget in Parliament, the draft bill on the draft republican budget for the fiscal year, the mid-term plan of social and economic development and the mid-term fiscal policy for the forthcoming three-year period are discussed at plenary sessions of the Majilis and the Senate. At the stage of discussion in the chambers of Parliament, current committees hold hearings with all managers, such as ministers and department heads. First in line are those representing the social block. Then the draft of the basic financial document of the country is considered at a joint session of the Chambers of Parliament. There are ardent discussions over the revenues and expenditures of the draft budget at all stages of its consideration by Parliament. Members of the Parliament...
show the Government the severe problems of the regions and the republic as a whole and make proposals on efficient execution of budgeted indicators. However, it would be wrong to think that the consideration of the draft of the republican budget is limited only to coarse discussions. At the stage of consideration of the draft in the Parliament, Members make essential changes both in revenues and expenditures of the draft budget. For example, the analysis shows, that in 2005-2007 alone deputies have increased expenditures of the republican budget for social and life-supporting sectors by KZT 73b, or by USD 575m, including for education- KZT 9.5b, for public health services- KZT 8.7b, for social purposes- KZT 3.1b, for the supply of potable water- KZT 6.8b, for culture- KZT 5.6b.

This was primarily achieved by finding reserves in a profitable part of the budget and also decreasing administrative expenditures for the maintenance of the central agencies, as well as reducing the volumes of capitalization for development institutes, because the Government was not able to convince the Parliament of the necessity of increasing them. For example, many of Parliament’s recommendations with regard to social problems, approved in November of last year in the Law “On the Republican Budget for 2007”, have found practical reflection in this year’s Address of the Head of State and in the program documents of the Government. The Parliament has played a significant role in providing legislative support to the complex social and economic reforms conducted in Kazakhstan. The legislative branch of authority has passed the most important and systematic laws in the field of regulation of public relationships, including the protection of motherhood and childhood.

The dynamics of legislative activity testifies to how efficient the law-making process was. According to the results of activity of the Parliament of the Republic of Kazakhstan, from 1996 to 2006, more than 230 laws were accepted. They include the Budget Code, laws on the republican budget for each fiscal year, laws on the ratification of human rights conventions. These pieces of legislation directly and indirectly impact the social sphere of the economy. Also, the following laws on the protection of motherhood and childhood were ratified: “On the Rights of Children in the Republic of Kazakhstan”, “On Marriage and Family”, “On Social Protection of the Disabled in the Republic of Kazakhstan”, “On Measures to Prevent Offences by Minors and, Neglect of Children and Homelessness”, “On targeted Social Assistance”, “On Social and Medical and Pedagogical Correctional Support for Children with Limited Abilities”, Conventions on the Rights of Children, on liquidation of all forms of discrimination of women and so on.
It is necessary to mention the Labour Code Project, which is now being considered by the Parliament. It is developed according to the requirements of the International Labour Organization and the World Trade Organization and is aimed first of all at achieving a balance of interests between workers and employers at all stages of the labour processes.

In the current year, the Parliament is expected to adopt more than 15 legislative documents with a social focus, including new editions of the laws “On Education”, “On Science”, “On Household Violence”, codes about the health of people and the system of public health services and about marriage and the family. Parliament is also expected to make changes and additions to the current laws “On State Social Assistance” and “On Pension Coverage in the Republic of Kazakhstan”.

Putting Children’s Rights at the Centre of Public Policy in Latin America and the Caribbean: Case Studies from Latin America

Mr. Paul MARTIN
UNICEF Representative in Colombia

A child-friendly budget is not a separate budget for children. More likely, it is a state budget developed on the basis of fair procedures and distribution, and also integration of a set of the purposes of development and policy. This budget is called upon to promote the realization of the rights of children. In particular, a state budget that adequately reflects the problems of children, for example, poverty, malnutrition, illiteracy, protection of children, can be considered as a fair budget to the benefit of children. The various countries in various regions today have already gained experience of development of the budget to the benefit of children, which can be useful to Kazakhstan. Though conditions of social and economic development are not equal, the result of research is the same – budgetary initiatives for children require the analysis of the budget’s contents, its process and consequences for children.

In Latin America there are a lot of social regional problems, which directly impact families, and especially children. Some of them include chronic malnutrition, social expulsion, in particular, of the indigenous population, low or insufficient social investment, the spread of HIV/AIDS, violence and growing inequality. These problems can be present in some regions of Kazakhstan. Also there are certain general threats to the region, including economic threats, financial and political crisis, social and economic instability and environmental problems. Many of these problems are happening together.

Latin America has passed through a period of serious economic crisis in the 80s, which was referred as a “lost decade”. In 1990s the region improved its situation. Despite this restoration, indicators of unemployment and partial employment in the whole region are still very high. The region seriously suffers from corruption. Today many people say that in Latin America there is a democratisation of process of corruption, which earlier was in hands of militaries.
Despite economic growth, poverty remains a widespread phenomenon: 41 percent of the population of Latin America is poor. The total number of poor people in the region stood at 213 million in 2005. Poverty here is proportional, meaning that it is higher at a national level and in the countryside. Economic growth has not provided a serious impact on indicators of public health services, nutrition, education and protection. All the countries of the region have joined the Millennium Development Goals, which became a part of a national policy and, as a rule, they are a part of national laws and plans of country development. Although all countries orally and rhetorically support these purposes, budgets not always have been tools to support their realization.

Speaking about budgets to the benefit of children, we mean the world in which children are at the centre of attention. It is necessary to have laws, a policy of partnership and participation of children, interaction, and social mobilization to contribute to the creation of the protective environment. But when there is a social threat, all these factors are put at risk, including violence, malnutrition, distribution of HIV/AIDS, extreme situations and inequality.

In the context of the aforesaid the offered report will consider the experience of four various countries which, most likely, can be useful for Kazakhstan.

The first example is Brazil. In Brazil there is a national law “On children”. In the semi-desert regions of Brazil the investment of the UNICEF was USD 1,642 per municipality. Each municipality has developed a budgetary policy, and this process was reviewed by “magnifying glass” - it was under the attention of the public. As a result, there was an increase in financing of children’s programs from the state budget. For example, it was possible to lower malnutrition practically by half; the children’s death rate has been lowered practically by half.
We should note that there are 13 million children living in the region. More than 60 thousand die annually without having survived to their first birthday because they had not received due medical aid in time. However UNICEF and “Alliance”, which was created for the purpose of improvement of the system of local management, were able to create the necessary conditions to change situation in the most depressed regions of the country.

As a result of a change in budgetary policy at the local level, municipalities have received a “seal of approval” from UNICEF – a document that certifies the fact that the municipalities carry out an adequate social and economic policy, bear responsibility for children in the district, and distribute budgetary funds properly.

The next example is that of Ecuador where a completely different approach was applied. UNICEF has undertaken the following in Ecuador: a precise index which included an average parameter on some key indicators, for example children’s malnutrition, infant mortality, physical punishments and number of suicides among children and youth. As a result, we were able to obtain the necessary data and some questions were raised: Why did some regions of the country have a parameter of 1 (based on a ten-point scale) and in other regions the parameter was 8? Why is the situation in some areas better than in others? So we have started to consider budgets. In particular, we have tried to analyse and compare expenditures with revenues. We have tried to study existing problems and gaps in the budgets that cause a deficit. We have studied how the deficit can be eliminated, in particular, within the framework of granting external loans.

During analysis of the incomes the sources of those incomes was also considered. For example, the income tax totals less than 10 percent from national revenue, while other incomes, for example the Value Added Tax (VAT), is 44 percent. Also it was revealed that in the structure of state expenditures, spending on social sphere was 27.5 percent of the state budget. The proportion of general expenditures of the state budget equalled 66 percent and 33 percent was spent on payment of the external debt of the state. This means that from each dollar that the state received, only 66 percent is in treasury of the state. From the remained amount, only a small share goes to the social needs of the population.

This type of analysis:
- has helped to reveal that only 19 percent of revenue is spent on social needs. In this connection, there is a question: what are the real priorities of the state budgetary policy? Not political priorities, but the priorities expressed in the real figures.
has allowed us to focus the attention of the Government on the fact that the problem is not in lack of the resources but in choosing priorities. If not for this reason, how is it possible to explain, that in the budget of 2004, for example, there was no item for the USD 5 million sufficient necessary for the vaccination of children, but this amount was spent on the “Miss Universe” competition. The problem is what resources are spent for what priorities.

Also a very important point in Ecuador was building social consensus in regard to budget indicators. UNICEF has conducted an analysis of budget indicators and has tried to create indices for children. Data from the budget analysis, and also the necessity to observe the right of children, became the subject of work of civil society observing committees, which informed the public on the situation in this area through the mass-media.

The primary goal of the work of the mass media consists of conveying these problems to the Congress, to draw attention to executive authority on the necessity to form a budgetary policy that would be focused on children. All this has allowed Ecuador to reach definite success in forming a culture of observing human rights, in particular, children’s rights, and also in constructing a social state.

The third interesting experience is the experience of Colombia. Attention has been primarily focused on local management and the creation of “alliances” with 32 directors of departments. As a result, the interests of children have been placed at the centre of attention in planning and developing the budget at the local level. The results of this initiative have been used as the basis of a project of the National Plan for Development. This approach has allowed the government to give wider attention to the problems of children.

The primary goal of UNICEF within the framework of the given project was to raise the problems of childhood during meetings with the country’s leaders. As a result, representatives of various departments have reached a consensus and have defined eight priority spheres demanding the special attention of authorities. That is why these spheres were very close to the Millennium Development Goals. After achieving a consensus on eight basic priorities, the estimation of local programs and plans for development to see how they reflect these prioritised spheres in practice was carried out. This included budgetary programs. As a result of the analysis, it has been revealed that they do not reflect the designated priorities.

Then, UNICEF has started to conduct work with governors of regions on introducing measurements into their programs and plans for the development of strategy at a local level. Monitoring of amendments of programs
and plans was done in parallel, and also we began to involve representatives of business and children.

Now the strategy at the local level is included in the National Plan for Development. A growth of political interest and adherence to the observance of the rights of children is observed from the level of the President to the level of ministers, from the level of governors of regions to the level of managers of municipal bodies. All this has made it possible to put the problems of children in the foreground of the political agenda of the country.

And last, the fourth example is Paraguay. The economic crisis which happened in Argentina at the end of 2001 had serious negative consequences for Paraguay, which entailed a decrease in incomes and reduction of expenditures in the social sphere in this country.

After an economic crisis in Paraguay, the joint project of the Program of Development of the United Nations and UNICEF commenced. Within the framework of this project it was possible to re-orient budget expenditures. For example, USD 3 million was reserved in the state budget for the National Nutrition Program. From 2003 to 2005, expenditures on social programs increased by USD 85 million. However, as the result of conducted analysis, it has been revealed that children’s programs are still not a priority of social policy at a national level. This fact was a point of discussion in the country. In turn, it has also led to the mobilization of society, the increase of attention to problems of financing children’s programs, and the increase in participation of citizens in this process. In this case the role of authorities in providing the information on the budget was also great.
As a result of public attention, financing of children’s programs has increased; in particular, necessary resources have been directed to fight malnutrition, which was the basic problem at that time. Summarizing the aforesaid, let me draw your attention to some conclusions:

1. Children are the starting point of the discussion of public problems;
2. The analysis of social expenditures of the budget can draw the attention of politicians who are not initially interested in social policy. In reality, social policy demands the wide participation of the interested parties, including children and youth;
3. The mass-media can be a very good ally in the mobilization of a society to deal with the problems of children. Public participation demands transparency and the Government’s desire to share this information are also required;
4. It is necessary to be focused on results, i.e. it is not enough to speak about intentions to improve social policy or indicators. Budget initiatives for children are aimed at identifying, influencing budgetary resources and their distribution, and also on public institutes and processes of formation of policy with the purpose of realization of the rights of children. The overall aim of budgetary initiatives for children is a promotion of the concept of the budget to the benefit of children.

---

Social Investments in Children and Families: Budget Policy of the Republic of Kazakhstan

Mr. Marat KUSSAINOV
Vice-Minister of Economy and Budget Planning of the Republic of Kazakhstan

In recent years in Kazakhstan special attention has been paid to the development of human capital and implementing a modern social policy protecting the weak and supporting the development of a national economy. Thus one of the tasks of importance for the state is a social investment in children and families.

Social investment in children and families is done in following areas. The first is social insurance and social assistance. To stimulate the birth rate and support children in Kazakhstan, the system of social support of motherhood and childhood was created. It includes:

- providing maternity leave during pregnancy and the delivery at the expense of the employer;
- a lump sum welfare payment upon the birth of a child at a rate of a 15 times the monthly minimum index that today comes to KZT 1680;
- an allowance for all families irrespective of level of income, to care for children until they reach the age of one;
- an allowance for children aged under 18 in needy families;
- a special welfare payment for mothers who have many children;
- targeted social help;
- an allowance for women who have given birth to more than five children who have reached the age of eight
- the preferential right for these women to retire at the age of 53 if their professional experience comprises at least 20 years.

The allowances for children, introduced three years ago, have already positively affected the growth of the birth rate, which is also shown by analysis of basic demographic indicators. The population of the country has increased by 2.4 percent since 2001, and in the last year, by 1 percent. The second is area is in the public health services. In agreement with the
State Programme on Reform and Development of Public Health Services for 2005-2010, a number of measures for the protection of motherhood and childhood have been implemented in the republic. In 2007, funds from the republican budget in the form of special-purpose routine transfers are provided for this purpose. These funds are allocated to supply medicines to children and teenagers who are registered at outpatient dispensaries with chronic diseases. Expenses for this come to KZT 1.037b. Supplying children under five years old with medicines adds up to a total of KZT 596m. Supplying pregnant women with iron and iodine supplements costs KZT 665m. Costs for preventive medical examinations of women of reproductive age (from 15 to 49 years old) including further supervision and treatment is KZT3.888b.

In order to improve and increase access for women and children to highly qualified medical aid, construction of the National Centre of Science of Motherhood and Childhood in the city of Astana is being completed. The Center will have a capacity of 500 beds. The Republican Children’s Rehabilitation Center will have a capacity of 300, which corresponds to international standards. As a result of these measures, the creation of a centre at international standards in achieving modern medical science is expected.

In 2006, KZT 4b were allocated to improve the quality of the following measures:

- to supply medical equipment and medical products to consulting offices for women, to bring the level of equipment in paediatric and obstetrics organizations to the minimum standard.
- to supply necessary modern and specific equipment to national public health organizations providing services to protect motherhood and childhood.

In 2007, KZT 4b were allocated from the national budget for the aforementioned measures.

Also within the framework of prioritised investment projects from the local budget financed by targeted transfers, in 2007 KZT 9.1b was allocated for the construction of facilities related to the protection of motherhood and childhood, namely a maternity home, children’s hospitals, and regional hospitals.

Education. Today education is rightly considered as a primary factor of political, social and economic progress. Changes in public attitudes demands mobility of the educational system and an adequate answer to the realities of new experience in accordance with the needs of economic development.

In our country, free secondary education in public educational institutions is guaranteed to all citizens. Thus the main strategic task is extending access for the population to high-quality education at all levels. In this connection, efforts in the sphere of education are aimed at creating a system of quality protection. In particular, in the upcoming reforms of secondary education are planned. For example, in 2008, the transition to a 12-year education system will already be completed. A ratio of computers to students at a level of 1 to 20 will be reached. By 2010, it is planned to provide 6,238 organizations with lingua-phones and multimedia rooms that will promote improvement in language studies for children.

Expenditures of the state budget for the development of general early education, primary education and secondary education in 2007 came to KZT 250.3b, which is KZT 47.4 more than in 2006.

From 2005, the State Program of Development of Education until 2010, whose primary objectives are the improvement of the quality of preschool education and training and secondary education in the republic, has been developed. An additional allocation of KZT 378.2m in 2006-2010 is planned for this programme.

Currently, the sector program, “Children of Kazakhstan” for 2007-2011, has been developed. For this program KZT 203b in allocations is from the state budget is planned.

In the Address of to the People of Kazakhstan by the Head of Stated of February, 8th 2007, A New Kazakhstan in the New World, special attention was given to improving the quality of life of Kazakhstans. In particular, the size of allowances for children will be increased, obligatory social insurance for pregnancy, delivery and motherhood for working women will be introduced. From 2007 to 2009, 100 schools and 100 public health services facilities, such as hospitals, polyclinics, maternity homes, and blood centres, will be constructed.

In general, the questions of education and public health services, the development of human resources and the increase in employment will be the key factors in building a competitive economy. Therefore long-term prospects of development of our state will depend on correct policy in these areas.
Effective Execution of Social Budget Appropriations in the Best Interests of Children and Families

Ms. Zinaida ZAGOSKINA
Member of the Accounting Committee for Control over the Execution of the Republican Budget of the RK

Dear organizers and participants of the conference!
Let me express gratitude for the opportunity to participate in such a significant event.
Increasing social orientation and efficiency of execution of the state budget to the benefit of children and families is very real in Kazakhstan.
Our President in his annual address to the nation of Kazakhstan constantly pays huge attention to solving problems of a social nature.
The Republic of Kazakhstan is already recognized by the world community as a legitimate state with a market economy with a social focus, where the elderly, youth, mothers and children are surrounded by care and attention.
It is obvious that efficient improvement and development of Kazakhstan’s economy in the future depends on the presence of intellectual capital, which depends on the development of education, public health services, science and social protection of the population.
As you know, the basic tool of state economic policy in realizing strong development of the economy is the country’s budget. According to legislation on the budget, it is characterized as the centralized monetary fund of the state.
Dear colleagues! In our country the highest supervisory body is the Accounting Committee for Control over the Execution of the Republican Budget of the RK (hereinafter, the Accounting Committee), which, being outside of executive authority, carries out external supervision over the effective execution of the republican budget by the Government. Thus it checks the accounts in accordance with state standards of financial control, with obligatory observance of the principles of independence, objectivity, reliability, transparency and openness.
This supervisory body bears the responsibility before society for the results of monitoring measures.

The budget of our country has a social orientation. This is proven because annual social expenditures make up more than 30 percent of all accounts of the budget. The Accounting Committee pays great attention to carrying out supervision of measures that use budget funds in the social sphere by the Government.

The main treasure and value of any country is its people and, first of all, its children – our future. The quality of life of the population and further prosperity of our state depends on how the budgetary funds, allocated for education, the public health services and social security are used.

But, as reality shows, unfortunately, there are greater problems in effective use of budgetary funds which have to be solved. The Accounting Committee as the highest state supervisory body, solves them by developing and presenting recommendations and proposals to the managers of programs. They are aimed at increasing the efficiency of use of budgetary funds, improvement of the system of organization of work, and management of the activity of supervised agencies.

For example, we found out that some serious violations of the legislation on state purchases occurred when naming the winners of a tender on construction of schools in the Aktyubinsk region. As a result, this construction was carried out in violation of the building norms and specifications, with deviations from the design-budget documentation and from the work. The construction used poor-quality materials. All these factors negatively affected the quality of the construction and the date of the opening of these schools was extended.

The Accounting Committee for Control over the Execution of the Republican Budget believes that this situation is intolerable for construction of socially significant objects ensuring that the final result is not reached. The untimely supply of children with educational organizations of appropriate quality negatively impacts the efficiency of the invested money.

In our country there are not enough schools to train children. Educational facilities are absent in more than thousand rural settlements and 47 percent of rural schools are in buildings which were adapted to function as schools. In some schools children study in three shifts and classes contain more than 30 pupils.

Therefore to solve this problem and increase the efficiency of invested money, The Accounting Committee has made recommendations to the Ministry on the development of template projects for construction of educational facilities and standards for school equipment.

Dear colleagues, as you know, the growth of the national economy is influenced by the effective and appropriate use of budget funds. Thus incomplete and inefficient development of budget funds causes failure in achieving the results of the programs. It leads to inefficient realization of the functions of state bodies and demonstrates insufficiently proven planning of specific programs funded by the budget. Moreover, the proper use of the means of the budget in accordance with multiple effects increases the GDP several times.

However, as the results of analysis and monitoring have shown, over the last two years managers of programs funded by the budget have not executed in full a significant number of programs funded by the budget.

For example, in the social sphere only in the 2005-2006 fiscal year unused budget funds totalled more than KZT 5b, which has led to a decrease in the quality of realization of programmes funded by the budget, without achieving results and therefore inefficient use of the republican budget.

Despite the fact that in 2005 the design-budget documentation had not been developed by the Ministry of Education, in 2006 more than KZT 400m were allocated from the budget for construction of four inter-regional vocational centres for the professional training of technical and service industry workers. The money has not been used and the centres have not been constructed in time. Thus the country which so acutely requires staff with technical knowledge will still have a deficit.

As it is known, state investments in education assume a higher return and profitability in the future than any other investment in the economy. However the given return is understood to happen in the long-term and therefore its importance is often underestimated.

The state has allocated significant fund for the realization of the Programme for Preparation and Distribution of Textbooks in Special Disciplines for primary and secondary vocational training schools. However at the time of the last monitoring, the Ministry of Education had used only 3 percent of funds. From 311 titles of electronic textbooks to be introduced, only 13 have been developed. The textbooks did not arrive in full at schools at the beginning of the academic year.

Also there is a greater problem regarding the use of the Internet by schoolchildren. There is no standardized means of connection or regulation on the use of the Internet in educational organizations. Pupils in rural areas in many regions have no opportunity to use the Internet as there is no high speed connection.

It is clear, that all these facts limit the performance of the important issue of education, and lead to a limited supply of high-quality educational services for schoolchildren. As a result, the interests of children suffer.
Therefore it is undoubtable that if these problems are not solved now, they will negatively impact the educational potential of our people in the future. In this connection, The Accounting Committee has entrusted the authorized body on education to reconsider their position on the realization of programmes funded by the budget and the achievement of the objectives of these programs, as well as quantitative and qualitative indicators.

We also raise the question of the social support of children and students. It has been established that in educational organizations, carrying out the order of the Ministry of Education, have reduced the quantity of food given to orphaned children below the norms established by the Government. For example, it has been revealed, that these children and students daily received 63% less fruit, juice and vegetables than the norm allows, and 50% less dairy. Meanwhile these orphaned children receive only 50% of the established allowance.

The Accounting Committee for Control over the Execution of the Republican Budget has proposed to the Government to make corresponding changes in the normative legal acts to increase allowances to students and pupils who are supported by the state. We also suggested that the Minister of Education issue an order to harmonize preferential nutritional rations for orphaned children with the approved norms.

Dear colleagues, the social and economic development of the state significantly depends on the legislation that is used by the Government for the use of budget funds.

As a result of the monitoring of efficiency in the Ministry of Labour and Social Protection of the Population, it has been established that separate provisions for the legislation on pension and social insurance do not match the standards of the current budget legislation. For example, according to the legislation regarding pensions and social allowances, recipients get pensions and allowances at the end of the month, which contradicts the provisions of the budgetary legislation, which stipulates that the fiscal year begins on January, 1st and comes to an end on December, 31st. Thus, disabled people, including disabled children, did not get state support in due time. This negatively impacted their well-being.

And, as you know, due to the support of our President, this question was solved in 2006. With a view of dealing with the most important problems of social and economic development of the state, a number of state and sector programmes have been adopted. According to the budgetary legislation, the Accounting Committee constantly makes evaluation a reality by monitoring the efficiency of state programs.

I believe it is necessary to talk about the monitoring of separate programs which, in my opinion, deserves special attention.

Because there is a relationship between the health of the population and the ability to work effectively and increase personal and public welfare, a low level of health of the population, including children does not promote the development of society. We have planned and managed the monitoring of the efficiency of the implementation of the state program “Health of the People”, adopted in 1998. Realization of this programme consisted of a complex of measures in the struggle against socially significant diseases, including tuberculosis.

First of all, we have set the task of defining the economic efficiency of the execution of the program, i.e. whether the budget funds were used productively and efficiently to achieve positive medical results in the struggle against tuberculosis. What is the final result of the implementation of the given program?

We believe that the struggle against the spread of this difficult disease demands significant efforts from medical, legislative and financial bodies. But as the results showed, unfortunately in Kazakhstan there was no coordinated and uniform approach to the struggle against tuberculosis. The appropriate budget program was not sufficiently coordinated with the state program “The Health of the People”. There was no separate sector program in this area. There was no mechanism for the interaction of all bodies and organizations involved in struggle against this disease. There was no accurate data about those affected by tuberculosis. The obligations and areas of responsibility of corresponding bodies, organization and other involved parties were not defined.

In our republic, a significant sum to treat people with tuberculosis has been allocated from the budget. A significant part of this allocation has been used inefficiently by the Ministry of Health. As a result, Kazakhstan holds leading positions in the world with regards to the occurrence of tuberculosis, as well as mortality or physical disabilities from this disease. Meanwhile the population of productive age was hurt, as well as a lot of children and teenagers.

In the results of the monitoring by the Accounting Committee for Control over the Execution of the Republican Budget, necessary recommendations were provided which were coordinated with experts and bodies being monitored. These recommendations aimed at the elimination of problems revealed by the monitoring.

It is important to note that this monitoring of the efficiency by the Accounting Committee has given positive performance results after imple-
menting the given recommendations by the bodies being monitored. The government has developed and approved a separate sector Programme on Strengthening the Struggle Against Tuberculosis in Kazakhstan. This programme has strategic clear and precise purposes and specific targets for the elimination of this disease. Due to the adopted measures, many indicators of stabilization and the improvement of epidemiological conditions related to tuberculosis in the country were enhanced a little. But certainly, the problem of tuberculosis still exists, and it is necessary to solve them through joint efforts. The Accounting Committee has started the analysis of the execution of the aforementioned sector program.

Also, the Programme for the Rehabilitation of the Disabled has not been realized appropriately by the Ministry of Labour and Social Protection of the Population. As a result, the registration of the disabled was not systemized. This was required in order to receive information on the needs of each disabled person, including children, so as to organize appropriate medical and social help and their integration into society. After our recommendations, the creation of the Database of the Disabled was completed in 2005. Introduction of the state social standard of life has made it possible to improve social services to disabled.

The primary share of providing social services is assigned to local agencies when budgetary funds are not sufficient. Transfers are requested to compensate for a lack of funds for financing of the social obligations of the state, including expenditures on education and public health services. However, the current method and practice of providing financial help to the regions is not efficient, as it does not encourage regions to increase their own incomes and expenditures accordingly, which generates a culture of dependency. Moreover, the allocation of transfers from the republican budget to the regions at the request of regions entails setting aside funds which are not then used or used in the absence of due monitoring. In particular, in 2006, the Departments of Education and Public Health Services in Mangystau Region overestimated expenditures for three programs, amounting to KZT 63m which was not used in the year. Only upon the decision of the Accounting Committee were those funds returned to the republican budget.

The Accounting Committee for Control over the Execution of the Republican Budget believes that to balance the capacity of the budget with the access of each inhabitant of the region, including children, to equal social services, it is necessary to establish the financing of expenditures as a cost per person.

In our opinion it is also necessary for the Government to mobilize efforts to deal with issues of development and the introduction of standards of state services in the spheres of education, public health services and social insurance, including standards at each level.

Dear participants of the conference, I have tried to cover some of the problems of effectively using budgetary funds to the benefit of children and families.

To solve these problems, a huge role is played by the partnership between the Accounting Committee and the bodies they monitor as well as with the public. These partners represent the fundamentals and the achievement of socially significant purposes and the resolution of important issues, including those to the benefit of our children is impossible without these fundamentals.
Kazakhstan’s Budget Expenditures for Education, Healthcare and Social Protection in the Best Interests of Children and Families

Ms. Meruert MAKHMUTOVA
Director of the Public Policy Research Centre

Expenditures of the state budget for social protection define the level of development of human capital as a whole. The Human Development Index (HDI), calculated by the United Nations in 170 countries of the world, shows that Kazakhstan has moved from the 54th position in 1990 to the 79th position in 2004. As defined, the calculations of the HDI are based on the following sectors: education, public health services, and the level of GDP per capita. In education and GDP per capita Kazakhstan has already reached the level it held in 1990. The only indicator which still accounts for the significant difference of Kazakhstan’s HDI from the 1990 level is the average life expectancy (a weight of 25 percent).
In Kazakhstan there are 4.6 m children and 4.3 m women of reproductive age. Protection of motherhood and children provides coverage for 58 percent of the population of the country and is essential not only now, but also in the future. According to the Constitution of Kazakhstan, clause 27, motherhood and childhood are under the protection of the state. How is this guarantee realized in practice? In reality, for the last 15 years, expenditures of the state budget on financing of education, public health services and social protection has steadily decreased. It is necessary to note that now the state budget is the primary source for financing expenditures in these spheres. For example, expenditures on education in 1991 came to 6.5 percent of GDP, and in 2006 it was 3.4 percent of GDP, which is a decrease of two times. Expenditures on public health services were 3.6 percent of GDP in 1991, in 2006 – only 2.3 percent of GDP. And expenditures on social protection were 4.3 percent of GDP in 2006 while in 1991 they came to 4.9 percent of GDP in 1991. Furthermore, there were practically no poor people in Kazakhstan in 1991.

Social Budget Expenditures in 1991–2006

The Millennium Development Goals cover the issues of education and public health services. Despite the fact that there are still numerous problems in the sphere of education, Kazakhstan achieved the following goals:

- By 2015, to provide children all over the world, both boys and girls, with the opportunity to receive in full primary school education (it has already been achieved in Kazakhstan);
- To liquidate the inequality between genders in the spheres of primary and secondary educational levels preferably by 2005 instead of 2015.

We shall consider how education has been financed. For example, from 2003 to 2006 the expenditures of the republican budget on education grew from KZT 23 b to KZT 101b. In addition, they were kept at the same proportion of the GDP, which is two times lower than in the countries with a high level of human development. For example, from 2002-2004, Norway allocated 7.7 percent of its GDP for the budget financing of education, Sweden – 7 percent, Finland – 6.5 percent, Hungary – 6 percent and Estonia – 5.7 percent of GDP.

As the analysis of the distribution of expenditures between educational levels shows, the significant part of budget financing goes to general secondary education – a little less than 70 percent. In general, this is logical, as the Constitution guarantees free secondary education in public educational institutions and because secondary school is obligatory. The next most important area is higher education – hardly more than 8 percent. Unfortunately, preschool preparation and professional and secondary vocational training are currently financed from the state budget on the residual principle. These expenditures vary from 2.6 to 3.4 percent of GDP.

On the basis of the analysis of family budgets, which is carried out by the Agency for Statistics of the Republic of Kazakhstan, it is possible to calculate private expenditures on education. The share of expenditures of the population on education in 2005 was 0.8 percent of GDP. It is almost comparable to the expenditures of the republican budget. While comparing public and private education it was impossible to estimate economic entities’ expenditures on education because of the absence of data. Total expenditures of families hardly come to one-fifth or comprise 18.4 percent. And the share of the expenditures of the state budget is hardly more than 80 percent.

Expenditures on education in the structure of local budgets. In general, expenditures have grown four times from 1999 until 2006. But their share in the structure of expenditures of the local budgets has decreased a little.

Public expenditures for education in local budgets structure

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>Local budgets expenditures, min. KZT</th>
<th>Local budgets expenditures for education, min. KZT</th>
<th>Share %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>214 974</td>
<td>65,326</td>
<td>30.4</td>
</tr>
<tr>
<td>2000</td>
<td>303 809</td>
<td>71,097</td>
<td>23.4</td>
</tr>
<tr>
<td>2001</td>
<td>394 055</td>
<td>86,558</td>
<td>22.0</td>
</tr>
<tr>
<td>2002</td>
<td>378 549</td>
<td>104,698</td>
<td>27.7</td>
</tr>
<tr>
<td>2003</td>
<td>468 793</td>
<td>130,976</td>
<td>27.9</td>
</tr>
<tr>
<td>2004</td>
<td>608 796</td>
<td>167,363</td>
<td>27.5</td>
</tr>
<tr>
<td>2005</td>
<td>783 484</td>
<td>213,534</td>
<td>27.3</td>
</tr>
<tr>
<td>2006</td>
<td>1 000 150</td>
<td>259,724</td>
<td>26.0</td>
</tr>
</tbody>
</table>
Considering what access our citizens have to the services of education depending on the region where they live, it is possible to see that opportunities vary. Financial balancing allowed for the smoothing of differences between the maximum and minimum levels of per capita expenditures for education among regions of Kazakhstan from more than 8 times in 2001 to hardly less than 2 times in 2006.

Because education has become a factor of economic growth, it is necessary to provide access to education to all citizens of the country irrespective of the level of income. As research shows, a country that is capable of reaching a level of literacy higher than the average world level by 1 percent will reach a labour productivity level and GDP per capita higher than other countries’ by 2.5 and 1.5 percent respectively. Increase of labour productivity explains, at least, half of the GDP per capita growth in the majority of the countries of the Organization for Economic Cooperation and Development (OECD) from 1994 to 2004.

Considering the insufficient financing of education for the last 10 years, it is necessary to increase state expenditures for education to a level of not less than 8 percent of the GDP annually, combined with an increase in the efficiency of the spending of budget funds. Expenditures of the republican budget for education have grown due to spending on the improvement of professional skills and re-training of civil servants at the central level.

Also it would be desirable to note, that expensive short-term, monthly and bi-monthly programs at Harvard, Yale and other prestigious world universities do not provide the returns consistent with expenses. Therefore it is obviously important to re-orient these expenditures to maintain preschool education, which, according to UNICEF research, in many respects defines the further development of the person.

State financing should be directed at resolution of such problems in the areas of preschool, primary and secondary vocational training, as the development of the network of preschool establishments and the primary vocational training organizations in rural areas; the development of primary vocational training in technical and high technology sectors; the development of the normative base for using employers in the process of the organization of vocational training and professional training; creation of an independent system of evaluating the quality of vocational training and attestation of qualification; an increase in the effectiveness of the system for re-training and improving professional skills of engineers and teachers with primary and secondary vocational training.

The health of the population is one of the primary conditions for the steady economic development of any country. And the indubitable factors.
in the level of human development in Kazakhstan are health indicators. Calculations of these indicators inside the country and also calculations by the international organizations, the World Health Organization (WHO) and the United Nations Development Programme (UNDP), considerably differ regarding the calculation of the Human Development Index. With respect to average life expectancy, estimations of the WHO, provided in the Review of Health Conditions, suggest that Kazakhstaniis born in 2003 can expect to live 61 years on average: women- 67 years, and men – 58 years. Estimations of the WHO strongly differ from the estimations of the Agency for Statistics, which are based on current registration of deaths. According to the Agency, the average life expectancy of the population is 65.9 years, 60.3 years for men and 71.8 years for women. According to the United Nations in the Human Development Report for 2006, the average life expectancy in Kazakhstan was 63.22 years and was one of the lowest. The average life expectancy in Kazakhstan is not only lower than in countries with a high level of development, but also in developing countries. On average for the world as a whole this parameter comes to 67 years, in developing countries- 64.9 years, in the OECD countries- 77.6 years, in the countries of Central and Eastern Europe- 68.1 years.

We shall review an important indicator from the point of view of motherhood and childhood protection: infant mortality. In general infant mortality in 2005 grew in comparison with the level in 1990 by 20 percent, and the indicator of infant mortality in Kazakhstan is one of the highest among the countries of the European region. According to the Agency on Statistics of the Republic of Kazakhstan, in 2005 infant mortality grew in comparison with 2004, and in 2006 it decreased to 14.4 per 1,000 newborns. The highest level of infant mortality is observed in Eastern-Kazakhstan Region, Mangystau Region, Southern-Kazakhstan Region and Aktobe Region.

The problem is that Kazakhstan’s approach still differs from the approach which is used by the World Health Organization. For example, according to the United Nations in the 2006 Human Development Report, infant mortality in Kazakhstan in 2004 was 63 per 1,000 newborns. Such a significant difference reveals a different approach to the registration of newborns. Under Kazakhstan’s standards a baby is considered live-born when born after 28 weeks of pregnancy with a birth weight of over 1,000 grams. If the weight is less than 1,000 grams it is placed in the official statistics as live-born only if it stays alive for 7 days. The WHO recommends defining an infant as live-born if at least one of four factors is present at birth: breathing, heart activity, muscular activity, or a pulsing umbilical cord. Their statistics also suggest including babies born after 22 weeks of pregnancy and weighting 500 grams in the official statistics.

Since 2004, Kazakhstan has adopted the four abovementioned signs of live-births, but the opinion is ambiguous regarding the weight of babies. In 2006, the Government made an important political decision to transition to the criterion of the World Health Organization in 2008. This means that statistical data on infant mortality will increase, but it will reflect the real picture of infant mortality. It will make it possible to take real measures to decrease infant mortality.

Preliminary data of the multi-indicator cluster inspections of the Agency for Statistics of the Republic of Kazakhstan shows that infant mortality will grow by more than two times with the new approach. For example, in 2006 this indicator was 31.8 and for poor groups of the population this indicator was much higher: 41 per 1,000 live-births. The mortality of children aged under 5 is also an important indicator included in the Millennium Development Goals. The declaration has set a goal to lower the mortality among children aged under five by two-thirds and to lower maternal mortality by three-quarters of by 2015. According to the United Nations, in 2004 this indicator was 73 per 1,000 live-births. The mortality of children aged under 5 is also an important indicator included in the Millennium Development Goals. The declaration has set a goal to lower the mortality among children aged under five by two-thirds and to lower maternal mortality by three-quarters of by 2015. According to the United Nations, in 2004 this indicator was 73 per 1,000 live-births. According to the WHO, the registration of the mortality of children aged under 5 is obviously incomplete.
The indicator of maternal mortality in Kazakhstan has continued to increase steadily for the past several years. According to the national estimates based on clinical data, maternal mortality, was 6.9 in 2004, in 2005 it grew to 40.5 and in 2006, according to preliminary data, the rate was 44.9 per 100 thousand live-births. Indicators of maternal mortality in 2006 have grown in seven regions and in the city of Almaty. In the Aktyubinsk region it grew three times in comparison with the previous year and in Akмолa and Karaganda Regions it grew two times. Maternal mortality in the Kyzylorda region exceeded the average in the country by two times and totalled 96.6. In the country the average indicator was 44.4.

In reality hiding maternal mortality also takes place. The major reason for maternal mortality is the low level of the health of women. Only 0-0 percent of women are healthy, and the others are afflicted with various diseases. Also it is necessary to lower maternal mortality by three-quarters by 2015 and to stop the spread of HIV/AIDS and malaria. This is all doubtful at the moment.

We shall look at how public health services were financed. With respect to the level of GDP per capita, Kazakhstan can be considered to be a country with a medium level of income. At the same time, the level of financing of public health services is at the level of the poorest African countries such as Uganda with 2.2 percent of GDP and Angola with 2.4 percent. For comparison, in 2003-2004 the expenditures on public health services in Belarus was 4.9 percent of GDP, Russia – 3.3 percent, Estonia – 4.1, Lithuania – 5 percent of GDP. Norway, holding the first position with respect to the Human Development Index, allocates 8.5 percent to public health services, Germany – 8.7 percent, Sweden – 8 percent, France – 7.7 percent, Czech – 6.8 percent, Slovenia – 6.7 percent, Croatia – 6.5 percent.

Under the State Programme to Reform Public Health Services for 2005-2010, the Government of Kazakhstan plans to reach a minimum level of expenditures on public health services at a rate of 4 percent of GDP, as recommended by WHO, only by 2010. Per capita expenditures on public health services substantially differ among regions of Kazakhstan. For example, the volume of guaranteed free medical aid differs among regions two or more times. Inter-regional differences have been balanced by the system of budgetary balancing. From 2001 to 2006, the difference between minimum and maximum per capita expenditures was lowered from seven times in 2001 to 2.4 times in 2006. The maximum level in 2006 was observed in Astana. Construction of an emergency medical aid station, the Republican Children’s Rehabilitation centre, the Republican Centre for Science, and the Center for Motherhood and childhood was carried out by means of the republican and local budgets. Certainly, while marking the importance of these institutions, I would like to note that the direct local benefit from these expenditures will be given only to the inhabitants of the capital, because of the distances and the small capacity of the public health institutions (500 places).

### Maternity mortality in 2005–2006 by regions (per 1 000 live-borns)

![Maternity mortality in 2005–2006 by regions](image)

In reality hiding maternal mortality also takes place. The major reason for maternal mortality is the low level of the health of women. Only 0-0 percent of women are healthy, and the others are afflicted with various diseases. Also it is necessary to lower maternal mortality by three-quarters by 2015 and to stop the spread of HIV/AIDS and malaria. This is all doubtful at the moment.

We shall look at how public health services were financed. With respect to the level of GDP per capita, Kazakhstan can be considered to be a country with a medium level of income. At the same time, the level of financing of public health services is at the level of the poorest African countries such as Uganda with 2.2 percent of GDP and Angola with 2.4 percent. For comparison, in 2003-2004 the expenditures on public health services in Belarus was 4.9 percent of GDP, Russia – 3.3 percent, Estonia – 4.1, Lithuania – 5 percent of GDP. Norway, holding the first position with respect to the Human Development Index, allocates 8.5 percent to public health services, Germany – 8.7 percent, Sweden – 8 percent, France – 7.7 percent, Czech – 6.8 percent, Slovenia – 6.7 percent, Croatia – 6.5 percent.

Under the State Programme to Reform Public Health Services for 2005-2010, the Government of Kazakhstan plans to reach a minimum level of expenditures on public health services at a rate of 4 percent of GDP, as recommended by WHO, only by 2010. Per capita expenditures on public health services substantially differ among regions of Kazakhstan. For example, the volume of guaranteed free medical aid differs among regions two or more times. Inter-regional differences have been balanced by the system of budgetary balancing. From 2001 to 2006, the difference between minimum and maximum per capita expenditures was lowered from seven times in 2001 to 2.4 times in 2006. The maximum level in 2006 was observed in Astana. Construction of an emergency medical aid station, the Republican Children’s Rehabilitation centre, the Republican Centre for Science, and the Center for Motherhood and childhood was carried out by means of the republican and local budgets. Certainly, while marking the importance of these institutions, I would like to note that the direct local benefit from these expenditures will be given only to the inhabitants of the capital, because of the distances and the small capacity of the public health institutions (500 places).

### Public expenditures for healthcare in local budgets structure

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>Local budgets expenditures, min. KZT</th>
<th>Local budgets expenditures for healthcare, min. KZT</th>
<th>Share in%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>214,974</td>
<td>36,252</td>
<td>16.8</td>
</tr>
<tr>
<td>2000</td>
<td>303,809</td>
<td>46,724</td>
<td>15.4</td>
</tr>
<tr>
<td>2001</td>
<td>394,055</td>
<td>48,430</td>
<td>12.3</td>
</tr>
<tr>
<td>2002</td>
<td>378,549</td>
<td>59,102</td>
<td>15.6</td>
</tr>
<tr>
<td>2003</td>
<td>468,793</td>
<td>74,112</td>
<td>15.8</td>
</tr>
<tr>
<td>2004</td>
<td>608,796</td>
<td>107,074</td>
<td>17.6</td>
</tr>
<tr>
<td>2005</td>
<td>783,484</td>
<td>150,316</td>
<td>19.2</td>
</tr>
<tr>
<td>2006</td>
<td>1,000,150</td>
<td>185,783</td>
<td>18.6</td>
</tr>
</tbody>
</table>
Local expenditures include spending on the protection of motherhood and childhood, aid to pregnant women, and maternity care for women and children.

As for private expenditures on public health services, as is the case with education, expenditures of economic agencies and expenses of medical insurance, which is now carried out on a private basis, are difficult to estimate. But on the basis of the expenditures of families we have estimated expenditures on public health services. In 2005, families spent KZT 12b on public health services which is 6 percent of all expenditures on public health services, or about 0.2 percent of GDP; the other 94 percent of expenditures are carried out by the state budget.

Despite the fact that Kazakhstan is a country with a medium level of income, the level of financing of public health services is at the level of countries with a low level of income. Accordingly, indicators of health of the population of Kazakhstan are lower than the indicators of not only developed countries, but also developing countries despite the fact that the expenditures of both the republican and local budgets on public health services grew in recent years. Cumulative expenditures on public health services from the state budget are still unacceptable small. The Government plans to reach the indicators recommended by the WHO only by 2010. It is necessary for the Government to ensure the health of citizens, and decrease infant, child, and maternal mortality in Kazakhstan. This should become a part of the state policy aimed at strengthening of the nation’s health. The increase in financing of the medical cluster in the city of Astana by the Government is unjustified. It, certainly, will increase expenditures of the budget on public health services, but will not impact the health of all mothers and children in the country. It is necessary to re-consider the priority of spending budget funds to raise the availability of medical services to citizens living in the most remote areas of the country. In the Kyzylorda region at the present level of registration of newborns, infant mortality exceeds the national average by 1.66 times; maternal mortality - by two times the national average. Furthermore, the number of people affected by tuberculosis is the highest in the country.

It is necessary to take the following measures to decrease infant, children and maternal mortality: to provide routine examinations of pregnant women and children. Perhaps this recommendation seems simple, but it is important to carry out these very simple preventive measures because it is not possible to speak about the development of high technology in medicine at the moment without providing a guaranteed volume of free medical aid.

Today it is necessary to provide all people with equal access to primary medical and sanitary aid; to provide a guaranteed volume of free medical aid; to raise the educational level of medical workers; to improve the system of care for motherhood and childhood; to develop medical and economic standards for each group of diseases, for which treatment is carried out by means of the state budget; to develop and introduce standards of diagnostics and to separate the state and private systems of providing medical services.

The spread of HIV-infection in the South of Kazakhstan region has revealed such problems of public health services as low qualifications of medical staff, the absence of a much needed bank of blood, the low efficiency of the spending of budget funds, and a high level of corruption. It is impossible to say that these are the problems in one separate area. I think that these problems reflect the sphere of public health services as a whole.

The main programs on social insurance and social protection are pension programs, state and social benefits, special welfare payments and the program of targeted social assistance. In 2006 pension payments were 60 percent of all expenses of the state budget on social protection, while welfare payments came to 14 percent. The expenditures on social assistance and social protection are mainly allocated from the republican budget, and only education and public health services are allocated mainly from local budgets. In 2006 KZT 390b was spent from the republican budget for these purposes, and from local budgets, KZT 38b. In 2006, 9 percent of all expenses for social insurance, including programs of the targeted social assistance, were financed from the local budgets. Expenditures of the state budget for financing the social sphere were 4.3 percent of the GDP in 2006. Though these figures seem high, actually they have steadily decreased, despite the increase in social expenditures. The decrease has been caused by the decrease in the real cost of many social benefits, due to the old method of calculation. For example, with regard to the allowance for the birth of a child which was established at the level of 15 MMIs in 2003, its purchasing power was offset by inflation. It is planned to increase the size of this grant only starting in 2008. Also the obligations of the Government have decreased with the introduction of the accumulative pension system in 1998 and the increase of the retirement age for women from 55 to 58 and for men from 60 to 63 years adopted in 2001.

The expenditures on social protection in local budgets have grown by two times from 1999 to 2006. It is interesting that, unlike in education and
public health services, in social protection there was no inter-budgetary balancing done to minimize the difference between the minimum and maximum levels of financing. For example, in 2001 the difference between the minimum and maximum per capita expenditures was fourfold; in 2006 the difference between the minimum and maximum expenditures per capita was three-fold. The average value of per capita expenditures itself has not changed significantly in 2001-2006, remaining from approximately KZT 2,273 to KZT 2,752, though inflation considerably depreciated the value of this sum.

Public expenditures for social protection in local budgets structure

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>Local budgets expenditures, mln. KZT</th>
<th>Local budgets, mln. KZT</th>
<th>Share, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>214,974</td>
<td>18,305</td>
<td>8.5</td>
</tr>
<tr>
<td>2000</td>
<td>303,809</td>
<td>20,032</td>
<td>6.6</td>
</tr>
<tr>
<td>2001</td>
<td>394,055</td>
<td>30,605</td>
<td>7.8</td>
</tr>
<tr>
<td>2002</td>
<td>378,549</td>
<td>36,026</td>
<td>9.5</td>
</tr>
<tr>
<td>2003</td>
<td>468,793</td>
<td>40,145</td>
<td>8.6</td>
</tr>
<tr>
<td>2004</td>
<td>608,796</td>
<td>40,039</td>
<td>6.6</td>
</tr>
<tr>
<td>2005</td>
<td>783,484</td>
<td>34,140</td>
<td>4.4</td>
</tr>
<tr>
<td>2006</td>
<td>1,000,150</td>
<td>378,59</td>
<td>3.8</td>
</tr>
</tbody>
</table>

Certainly, there is are different numbers of needy people in the regions, even though the Law “On Targeted Social Assistance” stipulates that funding of TSA is carried out from the local budgets. The means of local budgets differ, and accordingly the level of TSA in the Southern-Kazakhstan region is twice as low as in Mangystau Region. The Constitution of the Republic of Kazakhstan guarantees the protection of motherhood and childhood, but in reality this constitutional provision is poorly realized. The current measures on the support of motherhood and childhood do not promote the birth rate of the social protection of families with children. To support rates of economic growth in the long term the Government of Kazakhstan has to think about the reproduction of future manpower or liberalize migration policy in the future. Alternatively, it is necessary to develop programs to stimulate the birth rate and support families with children now.

Now economically-verified standards for the calculation of social payments are not in place. In this regard, it is necessary to improve the system of state social standards, it is necessary to reject the clever practice of using the MMI for calculating allowances and other social payments, a method which has no economic validation. For the calculation of allowances it is necessary to use the living wage. For the social support of families with children and for the stimulation of the birth rate, it is necessary to provide the following measures: The first is to increase the size of the lump sum payments from the republican budget from 15 MMIs to KZT 100,000. In the last Address to the People of the President of Kazakhstan he recommended increasing the amount up to KZT 34,000. Our recommendations were developed before this figure was mentioned in the Address of the President. We would like to say that at the beginning of the millennium mothers were promised an allowance of KZT 100,000 upon the birth of a child. All the newspapers in Kazakhstan were filled with lists of mothers who gave birth at these terms. It was a proposal which really stimulated the growth of a birth rate.

The second is to increase monthly allowances to families with children up to the level of a living wage, at least. For example, the budget of 2007 provides KZT 8,861. We consider that this amount should be granted per each child.

Thirdly, the payment of maternity leave by employers makes a future mother an undesirable worker. Payment of maternity leave from the budget would provide a real contribution to the protection of motherhood and childhood.

Since 2005, there has been no program on poverty in Kazakhstan. It has been considered that Kazakhstan is a rich enough state and there are not many poor people here. Actually, in our opinion, it is likely necessary for the Ministry of Labour and Social Protection of Population and the Ministry of Economy and Budget Planning to develop a corresponding program to estimate the category of citizens requiring social protection. Now the poverty line is defined with respect to the living wage and is defined as 40 percent of the living wage. There is no logical explanation for the figure of 40 percent.

Starting in January 2006, the Government introduced a new food basket and simultaneously increased the share of non-food related products in the living wage from 0 to 40 percent. This increased the size of a living wage from KZT 6,000 to KZT 8,242 in 2006.

If we look for countries comparable to Kazakhstan with regard to the size of the living wage, in 2005 the size of the living wage in a dollar equiva-
lent could have been compared only to the level of the minimum consumer budget in Kyrgyzstan, US$44.8. In other CIS countries the size of the living wage was much higher: in Belarus – US$67, in Georgia- US$73, in Moldova- US$60, in Ukraine- US$85, and in Russia- US$82. This is the data for 2004.

In this context, it is necessary to use the size of the living wage to define the poverty line. This, certainly, will increase statistically the number of poor people, but it will also allow an authentic real picture of poverty. Rendering assistance to this category of citizens will raise the level of protection of families with children, and will allow increasing access to the services of education and public health services.

Kazakhstan has adopted a number of important state documents. For example, it ratified the Convention of the United Nations on the Rights of a Child in June 1994. The Constitution of 1995 has guaranteed protection of motherhood and childhood. The legislative base for the protection of the rights and interests of children has been created; a state programme that defines the basic directions and problems of state policy in this area has been developed. Despite all these adopted documents and high rates of economic development, unfortunately, children in Kazakhstan continue to remain in a risk zone.

A decrease in the share of state financing and the occurrence of poverty in the population has led to unequal access to the services of education, public health services and social protection. In the regions a significant disarray regarding expenditures per capita in these spheres still exists. Improvement of the education and health of citizens as well as adequate social protection are important not only from the point of view of the protection of quality of life, but also as defining factors for economic development. Educated healthy people work more efficiently.

The condition of the health condition of Kazakh citizens at the moment is not only lower in comparison with countries with a medium level of income, but also in comparison with developing economies. Therefore, I would like to note, that, unfortunately, the protection of motherhood and childhood existing today does not give desirable results.

Review of Local Budget Process in the Best Interests of Children and Families in Kazakhstan

Ms. Irina UNZHAKOVA
President of the ‘Status’ Federation of Women, Member of the Commissions for Family and Gender Policy under the Akim of East Kazakhstan oblast and the Akim of Ust-Kamenogorsk city

Dear Chairperson, dear ladies and gentlemen!

It is a great honour to have the opportunity to welcome you to this international conference and to present the results of research of the budget process at the local level, which was led by our organization in partnership with the United Nations Children’s Fund in Kazakhstan (UNICEF).

The purpose of our work was to find an answer to the question: to what degree does the current budget legislation and practice of the creation and execution of local budgets allow implementation and full financing of social programs to the benefit of children and families? During the research the laws and the normative and legal acts regulating the budget relationships and procedures were studied. We also studied mid-term and current budget documents at the local level and social programmes funded by the budget as well as public reporting on the execution and improvement of the budget. Simultaneously, our research included the study of two focus-groups of direct recipients of targeted social services.

The analysis of the legislative base has shown that the reform of the budgetary system of Kazakhstan has created a quite good asset for the re-orientation of budget policy to the benefit of the recipients of state services. The paramount importance among these recipients is assigned certainly to children and families. In particular, due to mid-term planning it was possible to forecast incomes and expenses by each sector, including the social sector. Principles of inter-budget relations contain the potential for the achievement of greater stability of local budgets. There is the potential for real availability of the state services to recipients as local budgets have divided into two levels: regional – higher; and district (and the budgets of cities of regional importance) – subordinate.

At the same time, both legislative and practical aspects of creating and spending budget funds were found that are barriers to registering and fi-
nancing the interests of families and children. First of all, we should pay attention to the absence of estimations of the budget needs of the city among other indicators of mid-term fiscal policy (MTFP). However, alongside with other indicators, they are included in the number of the factors that impact the definition of the forms of regulation of relations between the higher budget and the subordinated budget. (BC of RK, article 40, clause 3). The revenues of the budget in MTFP are forecasted as a percentage of the previous fiscal year, which is, as a matter of fact, senseless. This comparison does not provide an answer to the main question: how much of the revenues correspond to our budget needs particularly, social needs.

The revenues of local budgets come from taxes and other proceeds from official transfers and receipts of sales of fixed capital.

For the effective distribution of receipts between budgets, the principles of inter-budget relations stipulate the criteria of their distribution. In particular, subordinate budgets should fix tax and non-tax proceeds, which by their nature are not dependent on external factors. This represents a very good legislative pre-condition for creating steady revenues for the subordinate local budgets. At the same time, if any of them simultaneously serve as a source of revenues of the budgets of both levels, the regional Maslikhat defines the rules of distribution of proceeds for the three-year period.

Let us consider the practical aspects of the realization of legislative rules regulating the process of distribution of proceeds between levels of the local budget. The most stable revenues, for example, in industrially developed cities are individual income and social taxes. They are also distrib-
Another circumstance is that payments for environmental pollution are considered to be a source of incomes for the regional budget. It is well-known that the core polluters are the industrial giants who are located in cities. By exceeding the maximum permissible concentration of pollutants by several times, the enterprises pay significant amounts, which by common sense, should be allocated to the city for environmental protection and rehabilitation measures, for children first of all. Alas, these funds act as aggregate profits for higher local budgets.

Addressing the formation of expenses of the budget, it is necessary to refer to the mid-term fiscal policy again.

Two of the leading principles of the budget system of RK are the principles of efficiency and productivity. These goals can be realized in two ways. The program approach in budget planning sets expected results from the top down. Accordingly, the optimal volume of budget funds should be allocated for the achievement of these set results. However, actual practice speaks differently. The limits of expenditures do not reflect optimal volumes; and expenditures that are relevant to revenues are significantly “truncated” by inter-budget relations. The laws of economic efficiency do not suffer guile. It is necessary to be clear: if the country can finance the program approach where the result has a pre-set indicator, it is necessary “to fork up” and provide optimal amounts of money. If not, it is necessary to give more power to local authorities so that they seek to receive the best result is possible at the approved volumes of budget funds.

In calculating the limits of expenditures under current programmes funded by the budget, unsystematic norms of planning are used. In meeting...
the needs of families and children, as a matter of fact we are discussing the adequacy of these norms in a number of attributes such as the completeness of the list of needs, conformity to tax policy. Norms of expenditures are calculated per person but are limited to things like heating, water supply, light and food. But, for example, now they do not include general sanitary – and hygienic care of children, their personal hygiene. Only the improvement of norms of planning can systemize the consideration of needs in budget forecasting and planning.

It is important to note that the minimal social standards fixed in the RK Law "On the rights of the child" serve as a basis for the calculation of expenditures on children's social programs. The Law was accepted 13 years ago during a serious economic crisis in the country. Now the situation has totally changed. The Successes of the economic policy of Kazakhstan are accepted and obvious. Possibly the time has come to reconsider these standards and add them to the list. Under the current budget legislation this account of expenditures is a responsibility of subordinate local budgets. It is an excessive problem for the authorities and the resources they possess. Certainly, as far as possible, local authorities try to solve these problems. For example, in 2006 600 preschool seats in kindergartens were created in Ust-Kamenogorsk city. But the reality is that for every four children of preschool age only one has access to kindergarten. The most fertile period for early development is missed. In general, financing of social programs at a local level has priority value. But it only represents current financing; investments are extremely modest and inadequate to needs. Growth of expenditures on education is explained by the increase in wages of teachers. In the general structure of expenditures it accounts for two-thirds. At the same time, the budget of the city of Ust-Kamenogorsk for the first time has made it possible to plan expenditures on major overhauls of schools for 2007.

The fact that expenditures on public health services are carried out at the level of higher local budgets does not cause optimism. The manageability of the economic situation of districts and cities of regional value is practically worrying. In this situation it is not clear who bears responsibility: the Akim of the territorial unit or the Department of Public Health Services. Besides, inter-budget relations provide the maximum availability of the state services to the recipients. With regard to public health services we seem to have the opposite situation. Let me give you a short example from reality. In the city of Ust-Kamenogorsk there is a Polyclinic of Infectious Diseases for children. In 2006 it was in need of urgent repair. Negotiations with the Department of Public Health services in EKR did not give any result. When city authorities tried to intervene they were told that it was not their level of budget authority. Children with infectious diseases were served and treated in unsanitary conditions.

During the spending of budget funds, there are problems of accounts payable. Changes in taxes, as a rule increase the inflation corridor (5-7%). There is a practice of infringement of the requirements of the Budget Code by provisioning for compensation from of subordinated budgets for increased expenditures occurring as a result of higher level legislative acts. For example, Government Decree 1353 "On Approving Norms of Activity for Pre-school Organizations" was issued on 21 December 2004. The decree assumed that the management of kindergartens, in the form of a state enterprise, should be carried out by means of local budgets, excluding costs of food. At the same time, in the law “On Education” expenditures from local budgets for pre-school preparation are limited only to staff wages. Therefore neither the mid-term fiscal policy for 2005-2007 nor the current budget developed according to the Budget Code had allocations for the realization of this Government Decree. The charges to be paid from the local budgets increased yet nobody plans to compensate them. The presence of accounts payable means, that during amendments of the budget, for example upon the occurrence of unallocated budget funds, they will go to repayment (BC of RK, article 91, clause 6), instead of being spent on possible social projects.

I would like to end with an estimation of the efficiency of programs funded by the budget. First of all, it is necessary to recognize that the family is not considered a separate institution in the practice of budget planning and the estimation of efficiency. Family is considered under different programs: programs for the needy, the disabled, the unemployed or similar categories. Therefore, it is practically impossible to make an objective estimation of the total influence of local budget policy on the well-being of family. In addition, indicators of an estimation of the efficiency of programs funded by the budget have basically cost and quantity parameters. Such basic criteria such as quality are not factored into the evaluation of programs. However, evaluation should reflect the degree of satisfaction by recipient of services.

For the sake of justice it is necessary to note that it is very difficult to develop such indicators for the managers of programs funded by the budget as there is no legal interpretation of "social services". In the common sense, a service is understood "as an action benefitting or helping another person". This means that a service is intangible; it cannot be touched, unlike its results. At the same time in the list of state services, for example, in the field of social protection, all kinds of social benefits are listed. It is clear, that a monetary allowance is a kind of material aid, aimed at the maintenance of some level of family income. Service is an action of the state which provides access and the convenience of receiving the financial equivalent of the appointed social help. The uniform understanding and interpretation of a social service would make it possible to define problems...
spending funds in the analysed sector more quickly and more precisely. At the same time, it is necessary to ensure the development of standards of quality, to have objective indicators for an estimation of efficiency of both current budget expenditures, and budgets of development. Furthermore possibly, NGOs working with different categories of children, teenagers and families could be good public advisers to the managers of programs funded by the budget, as they know what can be expected from state social services very well.

Therefore, for more efficient integration of the interests of children and families in the planning process and spending the funds of local budgets, it would be rational to do the following:

- To ensure the observance of principles of efficiency and a results-based orientation during mid-term planning: either an orientation on results, or on cutting expenditure limits.
- In mid-term planning, to apply equal significance to expenditure limits and budget needs, especially social needs.
- To ensure the possibility of restructuring expenditure limits if required and verified within the subordinate budgets.
- To accelerate the development of logical norms of planning, so that they completely and sufficiently meet the modern needs of family and children.
- To change the process of the approval of norms on the distribution of transfers between budgets in the execution of principles of inter-budget relationships.
- To observe the principle of responsibility for violations of the Budget Code of RK and to compensate any increase in the expenditures of subordinate budgets if they result from the decisions of higher bodies of the government (for example, for the current protection of kindergartens and capital repair of eight schools).
- To accelerate the process of development of the normative and legal base regulating the provision of social services to the population, including quality standards.
- To consider making additions to the list of the state minimal social standards in the Law “On the Rights of Children” in regard to preschool education and training, at least for disabled children and children from low-income families.

To conclude, I would like to thank all the organizers and partners of such an important international conference and to express hope for productive and efficient cooperation to the benefit of families and children in Kazakhstan.

---

**Budget Planning and Financing Programmes for Youth**

**Mr. Sergei SHATALOV**  
World Bank Country Manager for Kazakhstan

The interests of international organizations are constantly focused on matters of budget management in the interests of the younger generation. Within the last two decades all international institutions have made major efforts to make budget programmes more effective in rendering considerable technical assistance, in the Republic of Kazakhstan specifically, aimed at the improvement of the efficiency of budget programmes and their targeting.

In its 2007 World Development Report, the World Bank sets a goal to assess the main practices, and to formulate and draw lessons for participants of such processes for governments striving to make full use of state funds for human development needs.

It may be said that lessons drawn from the activities of governments and members of international organizations in the sphere of management of targeted social budgets are determined by the parameters of the stable public expenditure management system. Such systems, implemented by governments, are influenced by the following factors: feasibility of the budget, whether it reflects major priorities; whether the goals set by the government are specific; and the extent of responsibility of the government for the results approved by law.

We may also take a look at the technical characteristics of the budget process formulated by medium-term finance policy and set by budget policy for several years in advance. In the last decade such characteristics have become widely determined by programme budgeting methods that are results-oriented, not institutions- or budget line-based, but focused on the results of programmes types.

Transition to programme budgeting, i.e., budget planning for key programmes, constitutes a dominant issue in budget management reform. The programme for the development of future generations is the most important programme, and investment in future generations is a complex of programmes targeted at needs of the youth.
Central Asian countries may serve as a good example. In March 2007, the World Bank conducted a conference in Tashkent where participants from Central Asia and Transcaucasia discussed the matters of programme budgeting and results-based budget management. It is appropriate to give the example of the Republic of South Africa (RSA) which implemented the most radical budget process reform. Six years ago RSA made a transition from traditional line item budget planning. This conversion lasted for three years (preparation for reforms took long enough; however, the transition itself was effected within three years). The entire Healthcare Department budget was based on six major strategic programmes, such as the War with AIDS Healthcare Strategic Programme to reverse the spread of HIV/AIDS. The next step, completed by 2004, involved the transition to results-oriented budget planning. This is the assessment of budget efficiency not from the point of view of the amount of funds spent, resources contributed or intermediate results, but from the point of view of final results, i.e., the reduction of HIV/AIDS incidence for only five years. A complex of measures was targeted at the achievement of such an effect. The effect was quick and very significant.

Example: South Africa moves from line-item budgeting...

**Dept of Health budget in South Africa: Main appropriations for 2001-2 by line item** (in thousands of Rand; quoted from Andrews, 2005)

<table>
<thead>
<tr>
<th>Expenditure Item</th>
<th>Appropriation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>152,000</td>
</tr>
<tr>
<td>Administrative</td>
<td>78,207</td>
</tr>
<tr>
<td>Inventories</td>
<td>100,203</td>
</tr>
<tr>
<td>Equipment</td>
<td>18,395</td>
</tr>
<tr>
<td>Land &amp; buildings</td>
<td>16,200</td>
</tr>
<tr>
<td>Professional and special services</td>
<td>69,628</td>
</tr>
<tr>
<td>Transfer payments</td>
<td>6,176,736</td>
</tr>
<tr>
<td><strong>Total expenditure</strong></td>
<td><strong>6,611,369</strong></td>
</tr>
</tbody>
</table>

...To Program Budgeting...

**Six sub-programs in Strategic Health Program** (Health Dept. Budget – estimates per program; in thousands of Rand; quoted from Andrews, 2005)

<table>
<thead>
<tr>
<th>Sub-program</th>
<th>2001-2</th>
<th>2002-3</th>
<th>2003-4</th>
</tr>
</thead>
<tbody>
<tr>
<td>HIV/AIDS (NGOs)</td>
<td>12,190</td>
<td>50,500</td>
<td>43,250</td>
</tr>
<tr>
<td>Government AIDS Action Plan (GAAP) (NGOs)</td>
<td>22,357</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>South African National AIDS Council</td>
<td>10,000</td>
<td>10,000</td>
<td>15,000</td>
</tr>
<tr>
<td>HIV/AIDS Conditional Grant</td>
<td>54,198</td>
<td>157,209</td>
<td>266,576</td>
</tr>
<tr>
<td>Love Life</td>
<td>25,000</td>
<td>25,000</td>
<td>25,000</td>
</tr>
<tr>
<td>AIDS Vaccine Initiative</td>
<td>-</td>
<td>5,000</td>
<td>5,000</td>
</tr>
</tbody>
</table>

Footnotes: 1 Revised appropriation; 2 Estimated appropriation

...Extending To Performance Budgeting

**HIV/AIDS STD Prevention**

<table>
<thead>
<tr>
<th>Sub Program</th>
<th>Inputs (Rands)</th>
<th>Project/ Activity</th>
<th>Output</th>
<th>Outcome</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>HIV/AIDS</td>
<td>62,000</td>
<td>Condom Distribution</td>
<td>350 million condoms to be distributed with learning pamphlets through public clinics and hospitals annually by March 03 (at least 50% distributed in rural areas)</td>
<td>Citizens engaged in safe sex increased from 50% to 80% by March 04</td>
<td>Decrease in new HIV cases from 10,000 in 2002 to 1,000 by 2005</td>
</tr>
<tr>
<td>to-child HFV/ AIDS treatment</td>
<td>30,000</td>
<td>Mother-to-child HIV/AIDS treatment</td>
<td>All pregnant women tested for HIV/AIDS in the country by 2002</td>
<td>Number of HIV infections among new-born babies declines from 5,000 per year to 1,000 per year in 2002</td>
<td>Decrease in new HIV cases from 10,000 to 1,000 in 2005</td>
</tr>
</tbody>
</table>

Such a system will be effective only if it is based upon an agreement be-
between central ministries (the Ministry of Finance and the Ministry of the Economy) and branch ministries, being the Healthcare Department in RSA. On the part of central ministries, the Ministry of Finance ensures:

- predictability of financing of major strategic programmes;
- stringent and stable financing policy;
- foresight if the resources are transferred between goals within one programme;
- delegation of numerous management decisions regarding programme management, including significant ones to branch ministries.

The branch ministries’ obligations to ensure effective programme budgeting functioning are as follows:

- strict observance of financial discipline;
- development of particular branch strategies because the Ministry of Finance is not able to formulate such strategies itself;
- effective use of resources, which is assessed by final results, as opposed to volume, some standard of average per capita use of resources or norms covering regions. Specifically, assessment of the effectiveness of resource use means assessment from the point of view of final results as well as implementation of an effective system of monitoring and evaluating such results.

In short, the differences between the two budget planning methods (traditional and results-based budgeting) may be summarized in the three most significant features.

In the budget complex based upon the results of a programme budget, planning is more closely connected to the final results through indicators, standards, and strict system of reporting by budget administrators. In the process more effective and modern budget programmes classifications and functional classifications of programmes are used, and very importantly, a results-based budget is a multi-year one. It is established not annually but is valid for several years. The effectiveness of programme budgeting from the view point of achieving results, its social orientation, require that three groups of users and three groups of budget funds managers obtain adequate information. Such information intended for the three groups of users should differ as follows.

Executive bodies themselves, heads of agencies responsible for the results (in our case, the Ministry of Healthcare) get detailed indicators allowing them to evaluate the achievement of intermediate and final results. Central authorities and, partially, legislative bodies to the extent of their interest, receive higher
level information. In addition key bodies get information related to key intermediate and final results.

Finally, Parliament as a legislative body implementing and establishing budget policy strategies as well as determining the social orientation of budget policy receives aggregate indicators of programme effectiveness as a whole. A new model of budget management works only when all three levels of the system interact and receive adequate information that allows them to adjust programme performance on its way and correctly assess whether state funds expenditure is effective in the interests of relevant layers of population (youth in our case).

The World Bank’s 2007 Report on World Development sets the goals of adjustment of all budget planning systems with due consideration to the development needs of the new generation which includes children, young people, and the population under 25 years old.

For the younger generation in every country, including the Republic of Kazakhstan, the key challenge of budget policy is the provision of programmes targeted at the reduction of the number of students leaving school early and increase the number of children involved in formal education studies. Special programmes may be formulated aimed at the increase of the educational level of the younger generation, of their awareness of risks related to risky behaviour, in particular, practicing unsafe sex. Programmes promoting prevention of early marriages should be developed. State programmes may promote the reduction of such risks. Special programmes resolving the problems related to the entrance of the younger generation into the labour market may be established.

The central point of the World Bank’s World Development Report (WDR) is that every government must formulate its budget policy with a focus on the needs of the younger generation, to target its policy on youth. Three steps may be formulated.

Firstly, all economic policy strategies which may influence the formation of human capital and involve various instruments for managing the economic situation, various institutions such as state administration, regulating mechanisms like the establishment of labour market rules, education, health care services, and family policies. All such measures should
enhance the opportunities of the younger generation, reduce the risks of its transition and maturing, and also should enhance the capability of the younger generation to cope with such risks. If certain representatives of the younger generation face such risks and bear the burden of the consequences of their risky behaviour, the state budget policy must ensure that the groups at higher risk have a second chance. In addition to increasing the opportunities and capabilities of youth and offering second chance for the groups at higher risk, an advantageous strategy for the younger generations is to build a foundation for the successful introduction of the younger generation into productive labour for the benefit of the society.

Summing up the World Bank’s Report we may say that the most important thing that could be done by governments to enhance youth opportunities to productively participate in social life and in a country’s economy, is not only investment in human capital and expenditures on healthcare, education and family protection systems, but also setting targets for the quality and timely character of each budget expenditure programme. In order to assess capabilities, the budget policy should assist the younger generation to invest in itself and make better and more effective decisions to reduce risks related to transition and young age. To this end, budget policy must treat such groups of the population as those with specific interests, those facing special risks, and target budget programmes for them. And, finally, budget policy must give additional chances to the higher risk groups so that they can recover from erroneous behaviour.

In connection with the aforementioned, the following example may be given. Speaking about low development countries, their budget policies should concentrate not only on quantitative indicators, e.g., teenagers involvement, youth involvement, youth coverage by education, but also on the quality of such education. In many poor countries, e.g., Ghana and Zambia, a low educational level and the low effectiveness of primary education closely correlate with a low level of health awareness, all resulting in a high risk of AIDS. From the point of view of countries with medium level development, countries entering the second generation of economic reforms, including Kazakhstan, it is not sufficient to give full attention to the quality of primary and secondary educations.

From the point of view of medium-developed countries leaving or having left the group of traditional development countries, the most important thing is the closeness of state expenditure programmes targeted at youth needs with the needs of the labour market and modern economic development. Both educational and healthcare systems must be aimed at making every young person entering adult life more compatible and effective. Public expenditure programmes should be developed with due consideration that their final results are the provision of productive engagement in social life as well as involvement in the market-based economy.

Summarizing the discussion on the topic, I would like to draw your attention to a number of brief lessons learnt at the workshop discussions in Tashkent mentioned in the beginning of the speech. Health care and
education were the two spheres discussed at the workshop, which are vitally important in view of youth development.

Countries of the region and some other CIS countries participating in the workshop, in particular Armenia and Georgia, already have some experience in the transition to programme budgets management. Thus, there already exists experience gathered during the last 5-7 years. Some countries have more experience, some – less. However, the conclusions made during the discussion were not pleasant. The participants of these discussions mentioned that the majority of youth targeted budget programmes in the sphere of education and healthcare lack concisely worded goals and objectives; that plans of measures within such budget programmes are still based on expenditure, not on indicators or final results, i.e., the traditional old model of expenditure budgeting is preserved. No clear criteria for the implementation of youth targeted programmes implementation have been worked out.

The absence of connection with adopted budget decisions was also noted. This means that even if a programme proves to be ineffective, it keeps being financed, so there is no feed-back. In the end, it signifies that responsibility for the results of the implementation of such budget programmes, even those declared to be youth targeted, is not enough.

Finally, all such issues are rooted in lack of transparency for programmes. Many programme administrators, and what is more many beneficiaries of such programmes, still don’t understand the creation of the programme, implementation mechanisms and aims (except for the aggregate goals they pursue), as effective evaluation methods.

Undoubtedly, budget planning instruments have significant potential to achieve the Millennium Development Goals and to succeed supporting youth including harmonious transition to adult life. However, practical implementation of youth targeted programmes is far from being ideal. There exist many problems: problems of transition from traditional methods, monitoring issues, evaluation of such programmes from the point of view of their compliance with youth needs. In short, lots of work is still to be done.

Monitoring the Republican Budget: Challenges and Achievements in Meeting Children’s Needs

Mr. Bakhyt SULTANOV
Vice Minister of Finance of the Republic of Kazakhstan

Within the last ten years the Republic of Kazakhstan has been implementing target-oriented programme planning methods based upon its budget reforms which result in new approaches. During this period we have been talking about target-oriented methods emphasizing that while planning budgets, the target must be clearly defined. This axiom is not to be discussed; however, the issues of its implementation should be raised.

It is true that for many countries 10 years ago, target-oriented programme planning methods appeared to be a new approach and today many countries, including Kazakhstan, are still on a quest to try to find the best answer to the question of how to use such goal-oriented methods of budget management. Goals differ. In the beginning, when administrators stated the foundation of their budget programmes, they indicated in the budget request, for example, that a new medical centre needs to be constructed. Accordingly, the budget programme was targeted at the expected result of construction or putting such a centre into operation. If we make a comparison, then on the face of it everything is completed, but the actual result should be questioned. What really should be discussed is that the whole system needs to be analysed and examined in every component, starting from the administrator who formulates the policy, to those who prepare budget requests, those who consider such budget requests and, finally, those who approve the budget, administer it and monitors it.

From the point of view of monitoring, the process should be carried, starting from facts and ending with a global problem. The republican budget provides for numerous target-oriented transfers, which are allotted to local executive bodies. This situation is rooted in the provisions of the Budget Code which establishes three year budgeting principle. Therefore, intergovernmental fiscal relations are also formed on three year basis criterion.

How are they substantiated and then carried out? This question has two basic aspects, namely, justification of calculations and responsibility of each branch. Often on all levels, discussions of this matter result in the idea that
targeted transfers should be administered by the Ministry of Finance and the Ministry of the Economy and Budget Planning. Perhaps, that is where the problem of correct target determination lies. A central state body develops an appropriate state programme, outlines an event, as the result this body determines that some centres should be built in some places to resolve some problems. This decision results in vast amount of transfers. As of today, such transfers total several tens of billions. Following this, it is declared that local executive bodies administer such funds and that they should be responsible for particular constructions.

A big issue arises here. Not without reason, we may conclude that administrators must bear grave responsibility regarding each matter. Indeed, in the first place a clear goal criterion should be established

If we set targets based upon the cash method, then local executive bodies erroneously spent funds and acted according to incorrect procedures. No doubt, the upper level of administration vested with ministries should not be responsible for that. Again the issue of correct targeting arises. Very often inspections of local executive bodies demonstrate that having received funds earmarked to certain targets, identified in the budget passport, such funds are used for different purposes. Let’s say the inspections revealed that in 2003-2005 there existed budget transfers for maintenance of newly constructed healthcare facilities. Actually, having received such funds, local executive bodies did not spend them on network development but directed them to the construction of new facilities, institutions, mini-centres, preschool mini-centres, ordinary staff and payment for foster care. That means the allotted funds are spent to resolve – problems that were not targeted. Frequently, justifications prepared by local bodies contain one figure, but these figures are under-estimates, and in reality local bodies receive additional funds and use them at their own discretion. This is the reason why programme administrators request to transfer expenses to other administrators.

Finally, when we discuss target-oriented programme methods, it is necessary to complete the establishment of legislative acts related to target-oriented methods, and to formulate clear criteria thereof. Everybody should know how to define such targets and the criteria should be consistent on all levels. Those who defend the budget programme before the appropriate authorized body, whether it be a local financial body or the Ministry of the Economy and Budget Planning, must clearly understand the final target to be achieved. The body actually implementing the relevant programme, detailing financing plans, developing state procurement programmes for end users of such funds, as well as the body monitoring such criteria, must have consistent targets.

Gender Budgeting: Challenges and Perspectives

Ms. Damira SARTBAYEVA
UNIFEM Regional Programme Director for CIS

Elimination of existing inequality in distribution of benefits and resources is a priority target of state financial policy. Admitting that gender is one of the most stable axes of equality along with equal distribution of benefits and resources for men and women is an important aim of the state, it becomes clear that such an aim should be translated into the country’s financial policy.

UNIFEM works on programmes all over the world implementing and further realizing gender budgeting. Thus, gender budgeting is an instrument enabling one to objectively assess whether a policy implemented by the state complies with openly declared national and international obligations aimed at fostering equality of opportunities for men and women. I should note that it is necessary to analyse whether budget allocations are prejudiced in favour of men or women are discriminated against.

There exists an opinion that the female gender is the “catching up” gender, keen to achieve equality, but always lagging behind. Why is it a “catching up” gender? Why is the situation of women situation deteriorated by certain complications? Firstly, a woman has to combine her professional role with her genitive one, namely motherhood. The composition of the population of many countries has age peculiarities, meaning the prevalence of women or men in certain age groups. Currently, women prevail especially in population groups that are unable to work. It is traditional to distribute housework based upon gender, meaning that the burden of care for the disabled and for children falls on women. As the result a huge amount of work exists which is not paid for and is not acknowledged by state. Historically established stereotypes regarding the roles of men and women in personal and public lives can be observed everywhere in the household, business and public lives.

Women constitute a population group highly invested in state social expenditures: Pensions, welfare, social services, job training to gain access to marketable professions, nursery schools, accessible education, healthcare, elderly and disabled family members care.
A brief glance at the Millennium Development Goals shows that despite some progress reached in recent years, gender equality remains a critical factor for the distribution of budget funds, which should be taken into the account to enable reporting on the date of achievement of certain goals. The second issue is how society accepts the situation because the distribution of benefits and resources between men and women is an important political objective. In order to justify such a goal, we may employ several arguments. Lately people talk a lot about effectiveness, the main idea being that inequality in exercising rights and the use of human capital harms everyone, not only women. Everyone gains from investments in women. Investments in women give them an opportunity to be more involved in development processes, which in the end makes the common "pie" bigger.

It is obvious that investments in women result in higher economic growth and development. Serious evidence may be given to justify this statement. For example, based upon the World Bank’s Report on the Introduction of Gender to Development, testifies that if South Asian, Middle Eastern and African states eliminated the gender gap with the same momentum that this gap was eliminated by East Asian states from 1967-1992, then the per capita income might have been increasing by an additional 0.5–1 per cent.

UNIFEM started to support initiatives of gender-responsive budgeting starting in the 1990s. After a lapse of 10 years, UNIFEM is supporting work in this direction in partnerships with governments of more than 20 states in total, in particular, Belgium, European Union, and the British Commonwealth. Such support has promoted the escalation of initiatives among governments, members of parliaments, and non-governmental organizations to deal with the formulation of gender-aware budget policy on the national and local levels. Starting in 2005, the second stage of this programme approached a more serious level – institutionalisation of budget and economic policy monitoring with a focus on gender equality.

Analysing the implementation of UNIFEM’s gender-aware budgeting and other similar initiatives worldwide, totalling 50 in all, we may gain positive experience in order to apply it in Kazakhstan. The basic lessons of such experience will be outlined further.

Firstly, gender-responsive budgeting relates not only to the content of budgets; it also concerns deep budgeting processes. In many cases budget development is a closed process. Therefore, gender-responsive budget initiatives propose to support society participation in this process which will make budgets instruments for the citizens to evaluate their government policy and the implementation of the budget.

UNIFEM’s initiative supported in Russia may serve as a good example. Within its framework, about 50 non-governmental organizations sent a letter to the Government giving very serious recommendations, based upon serious analysis of the distribution of certain budget items. Fifty billion roubles have since been reallocated from one budget category to budgets dealing with motherhood.

The second lesson is that the integration of approaches to gender aspects into finance policy into budgeting of other strategic goals is important. These approaches are identical to the following programmes: enhancement of targeted budget focused on the interests of the poor, families, and children as well as environmental issues.

Gender-responsive budget initiatives constitute a complex interrelated process inside of which it is necessary to exchange experience, views, approaches and analysis.

There are specific lessons drawn from UNIFEM’s experience in Russia, the most important of which is that civil servants should be more involved in the process of gender budgeting because they are the main driving force. Therefore, constant training of civil servants with respect to gender-aware budgeting is necessary. Currently, with the help of UNIFEM, the State Civil Service Academy of Russia introduced a course on gender-aware budgeting. Within their professional development training, civil servants may study gender budgeting, which undoubtedly will help them give more attention to setting local and federal budgets.

Another lesson is that it is necessary to have social structures that express people’s opinions, generalizing, and summing up the interests of particular groups. Such a social framework must be institutionalised and influence the budgeting processes. In Russia, a Consulting Counsel has been established, being a group comprising mostly experts and members of non-governmental organizations, as well as civil servants, members of the Duma and representatives of the Audit Chamber.

I would like to emphasize that more than 50 initiatives supported by UNIFEM cover various matters. Depending on the situation and the political will of the state, various approaches are employed. The most important point is that gender-responsive budgets imply change in procedures to make the budgeting process more transparent. Such change concerns the improvement of targeting and distribution of resources, change in the type and sector of public policy. For example, in Kazakhstan the initiatives will not necessarily result in the increase of state appropriations. Most likely, by means of gender budgeting, partners will attain enhancement of targeting, quality of performance and accountability of state institutions in certain programmes.
Emphasis should also be placed on one more task, the increase of the awareness and capacity of civil servants with respect to gender budgeting or more socially oriented budgets.

Based upon international experience and upon the request of the National Commission for Family Affairs and Gender Policy, as well as in agreement of the Ministry of the Economy and Budget Planning of Kazakhstan, UNIFEM has started to implement a gender-responsive budgeting project in Kazakhstan. The Republic of Kazakhstan considers gender equality to be an important political goal, as it was declared in the Gender Equality Strategy for 2006-2016. Therefore, this project should consolidate efforts to make budgets more socially oriented, better targeted and more effective.

The main goal outlined in this project, formulated upon consultations and agreement with all the participants, is the application of gender analysis to all stages of the budgeting process in Kazakhstan in order to increase the responsibility and accountability of the state with respect to realisation of its international obligations concerning the implementation of the principle of the equality of the rights and opportunities for men and women.

Having analysed the situation and the presence of driving forces in this process, the following project goals have been set:

• the first goal is to increase the capacity of civil servants, members of the National Commission and members of parliament to perform gender analysis at all stages of budgeting process;
• the second goal is to introduce gender aspects into the budgeting process via the mechanism of participation of all parties, aimed at the enhancement of the targeting, quality, and effectiveness of budgeting process;
• the most important goal is to regard gender aspect in such processes.

The main issues the Kazakhstan project should focus on are: the situation of rural women; women’s place in the labour market; and their reproductive health. Thus, the priorities should be identified together with social partners.

Close attention should be constantly given to principles of consolidation of efforts and partnership in connection with budgeting processes, to an ongoing dialogue with, and the cooperation of, UNIFEM, the World Bank, the Parliament, and the Ministries, as well as the engagement of experts and non-governmental organizations. Such cooperation will make it possible to achieve the goal and consolidate efforts to implement the Gender Equality Strategy and to establish a good connection between the budgeting processes, the Millennium Development Goals and the problem of poverty in Kazakhstan.

Some moments in history are favourable for initiatives. Now is the right time for socially-oriented gender budgeting. Gender analysis provides instruments for the evaluation of progress in achieving true and actual equality of the rights and opportunities for men and women. It is not a coincidence that interest regarding gender-responsive budgets arose when the economic view deviated to include an increase in accountability and the effectiveness of state management. Obviously, it demonstrates the readiness for transition from a period of standardization such as joining the Convention on the Rights of the Child and the Beijing Platform for Action, to the stage of implementation and realization of such goals, objectives and standards.
When analysing the characteristics of the situation of women and children in Kazakhstan we considered various indicators, names indicators of poverty. Within the process of surveying households, the Statistics Agency of Kazakhstan covered more than 80 per cent of households comprising five or more people characterized as poor based on annual income, and 93.6 per cent of households having children under 18 years old.

For the purpose of the identification of the poverty level, the following two basic indicators are applied: the share of population earning less than the subsistence minimum and the share of population having an income less than the minimum food basket. Unfortunately, starting from last year when the financing of statistical collection by the Statistics Agency was cut, statisticians had to conduct such surveys not every three months for each family in the sample, but only once a quarter. As a result, some fami-
lies are surveyed in the first quarter, and different families are surveyed in the second, third and fourth quarters. As a result, no regional details of such indicators are available. Even at the year’s end we have problems with such indicators for certain regions, where the sample was insignificant. In this case, much depends on the quarter in which households were studied, taking into the account that during the year, the change in distribution of poverty is very high. The poverty level falls in the second and third quarters and rises in the fourth and first quarters.

The following gender indicators are also employed: ratio of girls to boys in primary and secondary education schools, the proportion of literate women to young men between the ages of 15-24, the share of women engaged in paid labour in the non-agricultural sector, and the share of women among members of the Parliament. Some indicators are stated in the Agency’s periodic digests published since 1999 and these indicators make it possible to monitor the achievement of UN MDGs with respect to universal primary education, the promotion of gender equality, and the enhancement of women’s rights and opportunities.

Unfortunately, the Statistics Agency’s Department of Social and Gender Statistics is very small and consists of four employees. More departments are engaged in statistics in economic spheres, and only two departments deal with social matters. They are the Social and Gender Statistics Department and the Household Study Department.

Other indicators worth mentioning are mortality rates. Unfortunately, as of today such indicators do not comply with international requirements. Based upon data provided by the Ministry of Healthcare and calculated in accordance with obsolete criteria of live-birth and still-birth, the infant mortality rate is 15.2 per thousand, as opposed to information collected according to the Multi-Indicator Cluster Survey (MICS) where the infant mortality rate (IMR) equals 31.8 per thousand.

If we compare official information from the Ministry of Healthcare and data obtained based upon medical and demographic research conducted in 1995 and 1999, we may acknowledge that the results of medical and demographic research reflect a sharp increase in infant mortality from an average of 40 per thousand from 1985-1994 to 61.9 per thousand from 1989-1998. However, the results of such investigations show that the variation may be 30 per cent. Here we speak about a serious overstatement, perhaps, twofold.

Similar data from the Ministry of Healthcare compared to data based on the MICS may prove the existence of variations in information. According to official data, mortality of infants under one year old is 15.15 per thousand under 1 year and mortality of children under five is 18.83 per thousand, as opposed to 31.83 and 36.3 per thousand respectively based upon the MICS. The difference may be assessed as almost twofold.

Some indicators characterize the situation of the health of women. Information on the health of pregnant women health does not vary dramatically. Out of those who gave birth, almost two thirds (more than half) suffer from anaemia. Two other groups of diseases can be emphasized as prominent, namely late gestosis and disorders of the genital-urinary system.
which together afflict 40 per cent of pregnant women. Labour with complications (supposing that labour anomalies reach 50%) occurs at a relatively high rate. There are also other problems to which we may attribute the birth of sick or diseased infants, or babies with a low birth weight (a body weight of 1000 grams or more). In 2005, more than 64,000 children were born, out of which more than 14,000 were immature.

Health of parturient women

<table>
<thead>
<tr>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anemia</td>
<td>63.5</td>
<td>61.1</td>
<td>63.4</td>
<td>58.8</td>
</tr>
<tr>
<td>Blood circulation system diseases</td>
<td>4.0</td>
<td>3.8</td>
<td>4.0</td>
<td>3.6</td>
</tr>
<tr>
<td>Diabetes</td>
<td>0.1</td>
<td>0.1</td>
<td>0.3</td>
<td>0.1</td>
</tr>
<tr>
<td>Late toxicosis</td>
<td>18.2</td>
<td>25.3</td>
<td>20.9</td>
<td>17.3</td>
</tr>
<tr>
<td>Urogenital system diseases</td>
<td>20.6</td>
<td>22.7</td>
<td>23.8</td>
<td>23.2</td>
</tr>
<tr>
<td>Venous complications due to pregnancy</td>
<td>4.6</td>
<td>4.7</td>
<td>5.1</td>
<td>4.7</td>
</tr>
</tbody>
</table>

Complicated child deliveries

<table>
<thead>
<tr>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Venous complications</td>
<td>11</td>
<td>11</td>
<td>14</td>
<td>12</td>
</tr>
<tr>
<td>Antepartum and postpartum hemorrhage</td>
<td>33</td>
<td>31</td>
<td>30</td>
<td>26</td>
</tr>
<tr>
<td>Anomalies of uterine contractions or birth activity</td>
<td>65</td>
<td>63</td>
<td>69</td>
<td>54</td>
</tr>
<tr>
<td>Number of children born ill or who got ill (with body weight of 1000 and more), total</td>
<td>59175</td>
<td>63849</td>
<td>66695</td>
<td>64110</td>
</tr>
<tr>
<td>In% to the total number of newborns</td>
<td>26.7</td>
<td>27.3</td>
<td>27.0</td>
<td>23.7</td>
</tr>
<tr>
<td>Total number of premature newborns</td>
<td>12313</td>
<td>12971</td>
<td>13715</td>
<td>14022</td>
</tr>
<tr>
<td>In% to the total number of newborns</td>
<td>5.5</td>
<td>5.6</td>
<td>5.6</td>
<td>5.2</td>
</tr>
</tbody>
</table>

Figures provided to the Agency regarding the assessment of qualified obstetrics services and maternal mortality are approximately equal; that is, the information of the Ministry of Healthcare corresponds to that obtained via the MICS. Distinguishable discrepancies may be found in maternal mortality indicators which amount to 40.5 per 100,000 live-born, according to the information of the Ministry of Healthcare, as opposed to 70 based upon the results of the MICS. The variation is rooted in the difference in methods of calculation and the assessment of the maternal mortality rate.

The method of calculating the maternity mortality rate used when conducting the MICS may be summed up in the following formula: divide the number of cases of maternal mortality (MM9) by 100,000 live-born children, calculated based upon the cumulative birth rate (CBR=2.72) for the last 10-14 years.

Further I would like to dwell on indicators of child nutrition. In assessing this indicator several conditions are used, namely, low height for age, low weight, and malnutrition. The results of the analysis of indicators for 2006 obtained through the MICS show that a relatively large group of children under 5 years old are underweight, amounting to more than 13 per cent. More than 4 per cent of children have a low height for age, and 3 per cent are malnourished.

Moreover, based upon the results of the MICS there exists an obvious problem with child immunization with respect to the number of vaccines. Only 57 per cent of children were fully vaccinated and 43 per cent missed certain vaccinations.
In the context of the characteristics discussed, water supply statistics are considered to be important. Based on the results of the MICS a relatively large share of the population, amounting 44.5%, have a water supply close to their home and 15% have access to the public water supply. However, the share of the population using surface water is relatively high (1.6%). 12.1% have water supply in the courtyard of their home, and 4.9% use other water sources.

Registration of children is very important for the overall assessment of demographic situation. Consequently, almost all children under 5 years old are registered (99.2%). However, 0.8% remains unregistered. Expenses of registration in rural areas where registration points are far apart constitute the main reason (98.5%-98.9%) for child registration failures, instances of which were detected in Kostanai, Zhambyl, Akmola oblast, Karagandy and Almaty Oblasts.

Summarizing the discussion we may define the goals to be set for statistics bodies:

- first goal: monitoring of the standard of living should not be conducted based exclusively upon indicators applied for evaluation of the poverty level or the living standard, but also upon criteria of quality of living differentiating among them criteria that characterize problems or conditions related to the protection of motherhood and childhood;
- second goal: improvement of data collection methods and the analysis of the distribution of information within budget programmes related to pregnant women and children under public support in orphanages, boarding schools, and those in poor families. This is administrative data. It is obtained not as a result of statistical surveys or reports but as the result of the work of certain bodies. It is necessary to obtain, process and use such data for analysis and further planning of the achievement of certain goals;
- third goal: when discussing and approving a regular republican or local budget, it is necessary to provide for the financing of programmes in full compliance with the demands of the preparation of information regarding the protection of motherhood and childhood. Everyone dealing with such issues must be provided with such information. This data must be collected through the activities of other bodies or from special statistics surveys;
- fourth goal: in addition to regular methods of collection, used to gather official statistics, it is necessary to collect information by way of special observations, for example, within multi-indicator cluster household surveys or medical and demographic research.
Questions of planning social budget financing policy, as well as monitoring and evaluation of programmes for children, families, and women, are fundamental for the development of any country. These questions require the use of high quality databases of various levels and scales. In this regard, household surveys can be used to provide additional information. Usually the collection of information for households surveys is performed based on the division of the area into separate sub-areas, such as villages, regions or districts of the city.

One of the national symbols of Kazakhstan is Bayterek, the tree on top of which the bird of happiness, Samruk, laid her egg. This symbol was chosen as the emblem for the Multiple Indicator Cluster Survey (MICS), performed by the Agency for Statistics of the Republic of Kazakhstan under the auspices of UNICEF, USAID, the International Labour Organization (ILO) and the Fund of the UN Resident Coordinator. This choice was made based on the fact that surveyed households represent the home, i.e. the egg.

What are household surveys? They are an important source of social and economic data. Frequently such surveys make it possible to receive important informational indicators, and to monitor policy development. In developing countries, they are the recommended form of data-gathering, supplementing and sometimes replacing, other programmes of data collection and systems of civil registration. Households’ surveys help to obtain data at the household level using the method of random sampling. The 1999 census data was used to perform the MICS in Kazakhstan.

There are various types of surveys, such as the DHS (Demographic and Health Survey), the MICS, surveys in the informal sector, and agricultural inspection. Demographic and Health Surveys. Two surveys were carried out in Kazakhstan in 1995 and 1999. They were performed by the Macro
International Company and the Kazakh Academy of Nutrition, under the auspices of USAID. The information was received from 5000 households across all Kazakhstan. Data were analysed at the national level and also divided into regions, such as the city of Almaty, Western, Southern, Central and North eastern Kazakhstan. Both surveys provided data at various levels on the health of mothers and children and also on family planning.

Multi-Indicator Cluster Surveys. In 2006 data from 15,000 households was been obtained. Data was collected at a national level. Additionally the data on the majority of indicators was broken down by region. This included 14 areas (oblast) and the two cities of republican value.

The instrument of monitoring of such international agreements such as A World Fit for Children, the Millennium Development Goals, and other international obligations, such as the special session of General Assembly of the United Nations on HIV/AIDS, was developed while carrying out MICS surveys. How it has been developed?

Leaders of various countries, including the President of the Republic of Kazakhstan, signed the Millennium Declaration in 2000 in New York. By signing this declaration, the leaders obliged their governments to supervise the process of the achievement of Millennium Development Goals (MDGs) by 2015. Unfortunately, the majority of countries, including Kazakhstan, gathered key indicators to estimate progress. A similar situation occurred during the estimation of the intermediate MDGs when the leaders of countries took on the obligations of the World Summit in the Interests of Children in 1990.

To fill in the blanks for certain indicators, UNICEF has developed the instrument of inspection at the level of households.

How do we use data received during the carrying out of Multi-Indicator Cluster Survey? It is necessary to confirm or recheck the data of statistics. The official statistics provide figures for coefficient of maternal, infant, and child mortality. But the survey itself makes it possible to rechecking the data received by official statistics.

Secondly, it is necessary to fill in the blanks for the monitoring of progress on achieving the MDGs, and the fulfilment of the obligations accepted at the World Summit in the Interests of Children. This should help in monitoring the conditions of women and children in the country.

Thirdly, it is necessary to provide information to support the activity of the Government and other primary participants who can and should concentrate efforts to develop the most effective possible structures for the improvement of the situation of children and women.

MICS surveys reflect the existing situation and ascertain only the facts with no commentary. There is a global web-site where you can find all the MICS documents regarding surveys performed. It is possible to locate databases, receive figures and compare Kazakhstan to other countries on this site.

For instance, MICS research showed that the actual infant mortality rate is two times higher in Kazakhstan. This deviation confirms that along with official statistical surveys and data, it is necessary to use the data of such surveys as MICS in order to perform deeper analytical research and to confirm the quality of data.

### Use of MICS Data on Child Mortality

<table>
<thead>
<tr>
<th>Year</th>
<th>Official Statistics</th>
<th>DHS/MICS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985-1994</td>
<td>26.7</td>
<td>25.9</td>
</tr>
<tr>
<td>1989-1998</td>
<td>61.9</td>
<td>61.3</td>
</tr>
<tr>
<td>1996-2005</td>
<td>40</td>
<td>32</td>
</tr>
</tbody>
</table>

Other examples: The use of MICS data on iodination of salt. The MICS of 2006 revealed significant progress in universal salts iodination in the territory of Kazakhstan. 92 percent of households use adequately iodinated salt versus 29 percent as shown by the DHS in 1999. This is a great achievement.

For this survey, the data on volumes of production was rechecked with the manufacturers and compared against the annual consumption of the population. Additionally, information from the Republican Sanitary-Epidemic Station was used to confirm the availability of iodinated salt on the market. At a level of the household, definite progress is confirmed.

Apart from that, the data from urine laboratory tests for the excretion of iodine with urine were collected.

It was revealed that 16 percent of women of reproductive age have a deficiency of iodine. Out of them, only 1.8 percent of women had the heavy form of iodine deficiency. We can compare the manufacturing of salt with the prevalence of iodine deficiency. The most significant prevalence of women with iodine deficiency is in Pavlodar oblast. We have two big manufacturers of salt in Kazakhstan: Araltuz and Pavlodarsol. MICS identified the problem with iodinated salt from Pavlodarsol. Apparently, the manufacturer was not meeting the minimum requirement of iodine.
In addition, the distribution of iodine deficiency among women directly depends on the share of households using iodated salt.

The MICS survey can also be useful in the area of early education. Studies that were conducted showed that almost 40 percent of first-year students had been participants in preschool programmes. About 93 percent of children at the age of 7 had attended the first year of elementary school.

Based on this we conclude that the existing system of distribution of the budget for children’s needs provides opportunities to attend elementary school. More children in the age range of 5-6 years attend preschool trainings, than children in the age range of 3-4 years.

The reason is that the Law “On Education”, introduced obligatory one year preschool training. Therefore, if the government provides financial support, the problems in this area are not present. And if there is no government support for children aged 3-4 years old, then the indicators of school attendance are low. Only 16 percent of children attended preschool organizations.

The following example relates to HIV/AIDS. At the present moment in Kazakhstan this problem is considered as a problem of the public health alone. However, World experience shows that it is a social problem. All related ministries, organizations and departments should be involved.

It is necessary think how to prevent the spread of HIV/AIDS among youth, how to protect the rights of HIV/AIDS infected people and stop discrimination. These questions very much correspond to the situation which we observe in Kazakhstan. In particular, the epidemic surge of HIV among children in the South-Kazakhstan area.

We can present some examples of MICS surveys. 98 percent of people have heard about AIDS, which is very impressive figure. However, the proportion of the population’s awareness of prophylactics and the prevention of HIV-infection is only 30 percent. More than 60 percent of the population mistakenly think that HIV can be transmitted through food or mosquito bites.

96 percent of the population, a very disturbing social signal, agreed with one of the discriminating statements regarding HIV infected people offered on the survey. Families of 108 HIV infected children in the South-Kazakhstan area were already discriminated against. The data presented above confirms the necessity of urgent measures.

As we already mentioned before, in Kazakhstan HIV/AIDS issues are considered as issues for public health services. Within the Global Fund Programme, people try to expand the view of this problem and consider the problem from the point of education, social protection and other perspectives.

During the planning and preparation of the budget, it is necessary to consider not only carrying out actions aimed at the solving consequences, but also paying significant attention to the question of preventive measures. And in this connection, it is necessary to present some recommendations related to the development of planning procedures for social policy of budget financing, monitoring and evaluation of programmes for women, children, and the family:

1. Include carrying out Multi-Indicator Cluster Surveys in the budget plan of the Government on a regular basis: every 6 years. Why every 6 years? The UNICEF at the global level has decided that every 3 or 6 years such surveys should be performed in various countries. And during these periods, UNICEF can provide technical help in the organization, preparation and carrying out of survey;

2. Create working group in each ministry with the purpose of reviewing MICS data which can then be used for the monitoring development policy;

3. Ensure the use of MICS data within the process of budget planning and development by all governmental organizations.

4. Ensure the use of MICS and other household surveys data by scientific and research organizations and mass media for further analysis.
Improving Methodological Approaches to Determining Levels of Poverty determination in Kazakhstan

Ms. Aliya ILYASSOVA
Director of the Institute for Monitoring and Evaluation of Social and Economic Development

Today in Kazakhstan the definition of poverty comes from the point of view of human development. It means that poverty is more than the absence of opportunities for the satisfaction of basic needs for food, clothes, accommodation, public health services and education. It also means that the one should live a healthy long life having a sufficient educational level, an opportunity to participate in public life, and a sufficient level of incomes for the satisfaction of socio-cultural needs.

In Kazakhstan two core reasons of poverty can be named: low income of the population, especially women and youth, and also the unemployment rate which is high among women and youth.

When discussing the criteria of the definition of poverty, it is necessary to note that in Kazakhstan we use two criteria for poverty definition.

![Image of Poverty criteria in Kazakhstan]

- **Minimal consumer basket** - Minimal set of goods and services in in-kind and cost value
- **POVERTY LINE** - Income level needed to satisfy minimum human needs, fixed in the Republic depending on economic situation
- **COST OF LIVING**

60% 30%
Statistically it is so-called minimum living wage and the level of poverty is defined as the share of the population with incomes below the minimum living wage. There is also a poverty line, which is referred to as an administrative poverty line, which refers to those with an income of 40 percent of the minimum living wage. This is the poverty line which is used by the Ministry of Labour and Social Protection of the Population of the Republic of Kazakhstan.

At current moment after the implementation of the Development Programme by the United Nations in 2006, the ILO together with the Ministry changed the percentage of the components of the minimum living wage: Food products make up 60 percent, as opposed to 70 percent in the past and non-food products as well as services went from 30 to 40 percent.

In accordance with this change, we used only official statistics from the Agency for Statistics of the Republic of Kazakhstan and the Ministry of Labour and Social Protection of the Population.

There are two approaches to calculate the minimum living wage:

1. Normative. When all the components of expenses are defined by scientifically proven calculations according to the definition of the consumer;
2. Combined. When the food component is defined by norms, and the services and non-food component is defined as a ratio of the food component. In Kazakhstan the combined method of calculation is used.

Even in the structure of monetary expenses of poor households, food expenses are lower than the non food part. But here it is possible to tell that in parallel with stable economic growth in recent years, the well-being of the population has increased. Accordingly, the population now spends less on food and thinks of the renewable part of the family budget more. Thus, the non-food and service component of expenses increases.

The minimum living wage is the value of a minimal consumer goods basket. In 2005 on average for Kazakhstan the minimum living wage was 6014 tenge. There is a difference in the minimum living wage value among the different regions of the country. For instance, the highest level of the minimum living wage was in the Western Kazakhstan (Mangystau region – 7844 tenge, Atyrau – 7395 tenge), and the minimum level was in Southern Kazakhstan (South-Kazakhstan region – 5246, Zhambyl region – 5217 tenge). The prices in these regions differ and therefore the value of consumer basket in the West is higher than in the South.

The level of poverty is decreasing and we can see this in the example of
the GDP per capita, which is growing, causing poverty to decrease subsequently. In 2000, the level of poverty was 1.8% and in 2005 it was only 0.8%. At the same time, GDP in 2000 was 19 USD per capita and in 2005 it was 704.9 USD.

Regional distinctions in the level of the minimum living wage are reflected by regional distinctions in the level of poverty in the regions of the Republic of Kazakhstan. In 2005, the highest level of poverty was in Atyrau region (5%). But traditionally the high percentage of poverty is noticed in South. This is connected with a very high concentration of population, the highest parameter of population density. And secondly, a lot of immigrants live in that area.

The high rate of unemployment and the presence of large families are noticed in that region, therefore it needs more attention. Likely, donors...
need to consolidate their efforts and to create expanded projects in the South-Kazakhstan region. They also can introduce international tools, instruments and techniques, in order to prepare a model which then could be applied in other regions.

In regional rural areas, the level of poverty is higher than in urban areas. But we look at food deprivation; this affects the percentage of the population with incomes lower than the cost of food basket. For particular reasons, the level of food poverty is higher in the city, than in rural areas. In rural areas people are involved in private personal part-time farming. They live on the products of their own households. Therefore, they can support themselves better than urban inhabitants.

For presenting data about the condition of poverty and indicators that describe it, the most basic of which include the proportion of the population with incomes below the minimum living wage and the proportion of the population with incomes below the cost of a food basket, it is better to use data that reflects the presented parameters. And, if we consider these parameters in regions within the limits of this illustrative approach, it is possible to observe which regions are under the highest risk of poverty.

Some regions, in comparison with the situation in 2004, have sharply changed their level of poverty. And in 2005 Kostanay oblast suddenly appeared on the list of poor regions. During Soviet times, this oblast was a fundamental source of agriculture. In many respects this situation can be explained by the restructuring of the territories. The integration of regions changed the picture significantly.

As already mentioned, one of the reasons for poverty in Kazakhstan is low income, mainly from salaries. We can compare the poverty distribution and salaries in regions. For example, the average level of salaries is high in Atyrau region and the whole western region of the country. However, the level of
poverty is also high in this area. This is related to specific characteristics of the oil and gas industry. People come to this area for work and then after the shift ends, they leave. In the meantime, most people living in the area are poor.

The other main reason for poverty in Kazakhstan is unemployment. Its rate is gradually decreasing. In 2005, the unemployment rate did not differ much from region to region. In both urban and rural unemployment, no rapid changes were noticed last year. In rural areas, it is a bit higher than in urban areas. But the process of urbanization continues. A lot of people from South-Kazakhstan region go to work in Astana. Unfortunately, they mostly work in the service sector and hotel industry.

After the analysis of poverty reduction in the country, we can conclude that the implementation of social transfers and allowances for children, especially in the Southern part of the country, played a big role. However, the problem of poverty problem in South Kazakhstan is still not resolved. The level of poverty decreased mostly because of the development of the social protection system and family support for the families with children.

Differentiation of average monthly salaries by regions in the Republic of Kazakhstan in 2001–2005, KZT

Unemployment level by oblasts in 2005, in percent

Unemployment level in urban and rural areas by oblasts in 2005, in percent
Therefore, the situation changed drastically when the social support for families with children, the one time payment for children, new allowances for children up to 1 year, allowances for children of 18 years and state targeted social assistance (difference between the poverty line and average income per capita) were provided to those families, where income is less than the minimum living wage and where it makes up 40% of it.
The average size of social assistance payments is growing. This is connected with economic growth. The greatest volume of Targeted Social Assistance (TSA) goes to Kyzylorda and Zhambyl. The main beneficiaries of TSA are mostly children.

On 1st January 2006, children made 61.2% of those who received social assistance. In 2005 most TSA payments were planned for lower income families from South Kazakhstan, East Kazakhstan and Zhambyl regions, along with Astana, Almaty and Mangystau cities.

The Ministry of Labour and Social Protection of Population of the Republic of Kazakhstan is working on the development and further calculation of the amount of social assistance and cumulative income. It is necessary to develop and implement new criteria for the determination of poverty in Kazakhstan.

Why do we currently consider only 40% of the minimum living wage? This is connected with the economic opportunities of the country, but at this moment Kazakhstan can afford more in respect of its social policy. There are some tendencies in this direction, i.e. children's welfare allowances are calculated based on food poverty and the minimum living wage is considered as the basic social standard for 2005-2007 within the Programme of the Development of Social Reforms. It is necessary to increase the level of social payments to children and calculate them based on the food basket, rather than to increase the poverty line to 60% of the minimum living wage following the international absolute poverty criteria standards, currently used in Kazakhstan.

New Approaches to Healthcare Financing in Kazakhstan

Ms. Assem NUSSUPOVA
Vice Minister of Healthcare of the Republic of Kazakhstan

Recently a budget model of financing public health services that encourages voluntary medical insurance and the development of private medicine is being developed in Kazakhstan. Similar models successfully operate in such countries as Great Britain, Australia, New Zealand, Canada and Latvia.
In the financing public health services in Kazakhstan there have been positive shifts in recent years: First of all, the consolidation of the budget at the regional level and; the substantial growth of allocated resources from the state budget, which has grown more than five times from 2000 to 2007. At the end of 2007, budget resources for healthcare totalled KzT 74b, which is .4 percent of the Gross Domestic Product. Nevertheless, a number of problems which need swift action still remain.

The first problem concerns the separation of responsibilities between the central and municipal government bodies during the implementation of the governmental budget. The Ministry of Health carries out the functions of the implementation of state policy. It administers less than 20 percent of the total amount of the state budget allocated for public health services. 17 percent of this budget is borrowed from the republican budget, 19 percent comes from targeted transfers to local budgets – and 64 percent of funds comes directly from local budgets.

Second, greater problems relate to the procedures of the development of the public health services budget. Development of the budget is based on the repeated approval of requests mostly based on the current needs of managers. It is not based on results. In addition, current needs are based on indicators of capacity. Moreover, this is aggravated by an uneven distribution of financial resources in the regions.

Analysing statistical data on this subject, we notice an essential disarray regarding expenses per capita for public health services between areas. For example, in financing the government guaranteed volume of free medical aid per capita, the highest level of financing in 2006 was KzT 11,600 and the lowest was KzT 6,100.

Obviously, between regions there is some difference in social and economic development, but expenses for public health services between regions of a single state, especially for the guaranteed volume of free medical aid, cannot differ so considerably.

Another problem for public health services is atomism of budget pro-
is no motivation to improve the situation because it is easier to increase expenses and thus fulfill the planned budget. With a view toward the development of financing systems, it is necessary to use advanced international initiatives that would be appropriate to introduce at the present stage of development of the country. Kazakhstan is ready to plan the budget of public health services as a specified part of GDP. Such an approach is used in many developed countries for both healthcare and the Ministry of Defence. The subsequent distribution of budgets in regions should be done based on the per capita principal, taking into consideration regional coefficients of indicators. This will enforce the rights of citizens to receive equal medical services.

**Public budget planning**

<table>
<thead>
<tr>
<th>Current scheme</th>
<th>Proposed scheme</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Budget planning based on the developed and currently acting basis takes into account the inflation factor effect on the current expenditures</td>
<td>1. Budget planning in% to GDP based on the political decision with further distribution on the basis of a per capita principle with some regional factors taken into account</td>
</tr>
<tr>
<td>2. Planning on the basis of standard expenditures and capacities that stimulates the growth of networks and expenditures</td>
<td>2. Performance/results-based budget planning</td>
</tr>
</tbody>
</table>

This approach corresponds to the Technique of Calculating General Transfers for 2008-2010, which is being developed the Ministry of the Economy and Budget Planning. In this project the minimum volumes of financing of public health services in the regions are specified. However, within the limits of this process, it is necessary to legislate the total amount of expenses in public health services and their further distribution, taking into consideration the corrective coefficients.

Additionally, it is necessary to move to a financing model focused on results. This will be possible only after the development and implementation of a system of indicators that are significant for the nation as a whole and for the regions. Indicators and target parameters should serve as the basis of a system of contractual obligations for all participants, including the minister and the heads of local departments of public health services, which report to the head of the region.
In order to effectively distribute funds during the fiscal year, it is necessary to integrate budget programmes that provide the guaranteed volume of free medical aid. Target transfers as subsidies to local budgets should serve as one of the mechanisms.

Other mechanisms aiming at end results and an increase in incentives leading to the development of a model of differentiated payrolls include: at the first stage of reforms for budget planning, it is necessary to approve a fund for incentives for medical workers. A system of differentiated payrolls will be aimed at introducing rates of pay based on psychological and emotional load and the sector of medical services in which the employee works.

But this is a temporary solution because allocation of funds based on end results has not been developed due to the absence of funds and a verified model of estimate based financing. In the future, incentives for medical workers will be based on the redistribution of funds between expenditure items if those items or other contractual obligations are successfully performed and completed.

In parallel, it is necessary to enforce the transformation of the legal registration of suppliers of medical services into those corporate forms with greater independence. All this together should serve as a catalyst for the mechanism of self-regulation of public health services and raise efficiency.

Thus, within the framework of the budgetary model with budget consolidation at the oblast level there a goal shall be achieved to fairly distribute the resources focusing on their efficient execution and results achievement.

Improvement of labor remuneration system

**INTRODUCTION OF DIFFERENTIATED LABOR REMUNERATION**

<table>
<thead>
<tr>
<th>Additional payments for qualification category</th>
<th>Additional payments for psycho-emotional and physical loads</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth of additional payments not less than 3 times</td>
<td>Growth of additional payments not less than 3,5 times</td>
</tr>
</tbody>
</table>

**NEW OBJECTIVES**

- Development and introduction of performance-based system of labor remuneration
- Approval of funds for stimulation of medical workers at the stage of budget planning

Alternative models of public healthcare financing

**Mandatory medical insurance**

- **Goals:**
  - Additional funds for public healthcare
  - Payment for rendered services

- **Impracticality of introduction:**
  - System of 2 kinds of payers for medical services
  - Large share of rural population, self-employment, informal sector population employment
  - Incompliance with the policy of reduction in taxation

**Medical accumulation accounts**

- **Goals:**
  - Increase in solidarity responsibility of citizens
  - Additional funds to public healthcare sector

- **Impracticality of introduction:**
  - System of 2 kinds of payers for medical services
  - Large share of rural population, self-employment, informal sector population employment
  - Incompliance with the policy of reduction in taxation
  - Lack of access to accumulation accounts for a long-term period

Introduction of the results-based budgetary model based on the per capita financing will meet the objectives of effective utilization of budgetary funds and ensure guarantees in delivering medical services to the population.
Institutional structures will have a great impact during the reform of the medical sphere. In this connection, it is necessary to focus on two issues: the level of consolidation of the budget and alternative models of financing public health services. These two issues are discussed at the level of members of Parliament and members of the Government.

Budget consolidation at the regional level: Within the limits of the existing budget model, along with the consolidation of the budget at the regional level, fair and effective distribution of resources can be achieved. But it can be achieved only if the aforementioned requirements are met.

Consolidation of the budget at the regional level is not appropriate while we are trying to reach fair and effective distribution of resources, or the alignment of regions to provide the guaranteed volume of free medical aid.

At this moment, within the limits of administrative reform, it is extremely important to build a model of contractual obligations between the management of central and local agencies. In addition, we must include in that model a monitoring and evaluation system.

Concerning the division of public health services into state, insurance-covered and privately paid health services: Such a division is what we call an “out-of-date” approach. For instance, presently, we talk about the introduction of obligatory medical insurance and medical savings accounts. This is not correct. It is important to consider how to effectively introduce to the population the collection and accumulation of funds, the purchase of services and suppliers, and distribution of services.

The insurance industry, even obligatory insurance, is not comparable to the state’s capacity to collect and distribute funds solely among insured people. Insurance has a social character, and a state budget insurance model which existed in Kazakhstan did not increase efficiency in this area.

In this respect, the budget model of state management of public health services in Kazakhstan is optimised. Developed countries strengthen budget models to make it more efficient.

The implementation of these approaches I discussed here should provide equal conditions to provide medical aid to each citizen and ensuring equal conditions in every medical organization. This finally should raise the efficiency and competitiveness of public health services.
Budgeting the Education System in Kazakhstan

Ms. Tatiana NURGOZHAYEVA
Director of the Budget Department, Ministry of Education and Science of the Republic of Kazakhstan

The problems which arise in public health services are very similar to those in education because the process of budget planning and financing in Kazakhstan is based on one model and is connected with the implementation of the Budget Code in the Republic of Kazakhstan. Public health services and education are the largest users of budget funds and their problems are similar.

Today, the creation of the education budget is connected with the implementation of the Budget Code and the full list of state and sector programmes. The formation of the education budget is directed at the preservation and further development of the potential of the education system of the Republic of Kazakhstan, reform of the national education system with the purpose of its timely integration into the world education space, and the creation of strong institutional bases for realising the principles of state policy the education sphere.

The list of budget programmes and subprogrammes that are being currently realized is formed in accordance with the register of state functions, the state area and regional programmes, the Annual Addresses to the People of the Head of State, as well as quantitative indices and the cost of budget programmes.

The formation of the education budget is focused on the achievement of certain results with the use of the optimum volume of budget funds necessary for the achievement of these results. Goals, problems, actions, expected results, and indicators that are put before the education system, are reflected in the passports of budget programmes, which are approved by the governmental orders.

The current budget programmes are directed at the achievement of state services guaranteed by Acts of the Republic of Kazakhstan and, above all, by the Constitution of the Republic of Kazakhstan.

Programmes directed at the development of infrastructure and human capital are related to budget programmes of development of education.
Besides construction and reconstruction of the resistance to earthquakes of buildings, it includes the preparation of experts with secondary, university and post-university professional education; the development of human capital in the context of electronic government; the provision of educational literature; the development of electronic communication in the system of education, and a number of other development programmes.

Programmes directed at the realization of local investment projects and local development investment projects through periodic targeted transfers from the republican budget for the development of the regions and the cities of Astana and Almaty are formed partially from the republican budget.

In 2006, the total expenses for the education budget, according to the report, were KZT 331.503b, or US$ 2.630b. This came to 3.4 percent of the GDP of Kazakhstan. The total national budget, including the republican budget, was KZT 84b, or US$ 688m. The growth of educational expenses in 2006 in comparison with 2005 was KZT 70b, or US$555m, this is a 27 percent growth rate.

The forecast for education expenses in 2007 is KZT 426b. The annual absolute increase in education parallels the growth of GDP. Thus, the growth of expenses for education in percentage of the Gross Domestic Product does not occur. If it was about 3.4 percent in 2006, then in 2007 it will be 3.5 percent. It is necessary to note, that at a session of Government, the question of the development of the education system in the short term, for the period of 2007 to 2009, was considered. One of the issues discussed by the Ministry of Education was the issue of educational expenses in relation to GDP.

The Ministry has proposed before the Government that for the next three years the rate be raised to 4 percent of GDP and hopes that calculations of budgets for 2008-2010 will make 4 percent possible. 75 percent of the educational budget is at the expense of local budgets. Therefore, the project begun by the Ministry of the Economy together with the World Bank on the Review of Expenses, including expenses for education and public health services, is very important.

A review of the use of financial resources for the achievement of end results will be done. In this connection, a great volume of work related to calculating the expenses for education for one pupil will be performed. Work has already begun, with the Ministry of the Economy, to calculate expenses within the current guaranteed transfers to local budgets on education and public health services, because these make up about 40 percent of expenses of regional budgets.

It is very important to correctly plan expenses for education per child. Thus, together with the Ministry of the Economy and Budget Planning, all expenses from local budgets have been broken down by the Ministry of Education at all levels: preschool education, school education, professional training, initial professional training and additional education which includes non-school organizations and the improvement of professional skills of the teaching staff.

In addition, at each educational level, the categories of people who use services funded from the local budget were identified. At present, the Ministry, together with local agencies, processes statistical data related to the quantity of children at each educational level. The data is published by the Agency for Statistics of RK.

Thus, if regions have any problems related to the migration of population, leading to economic growth in certain regions, this issue will be coordinated to ensure that the education budget of 2008, on which subsidies and regional withdrawals of regions depend, is prepared on the basis of the numbers of children at each educational level.

In addition, because these calculations will be made based on regional financing for 2007, the Ministry of Education already has an agreement with the World Bank regarding a project to calculate specific expenses per pupil for preschool and high school educational levels. Additionally, two similar projects performed in the Russian Federation and Tajikistan will be studied and presented.

The technical specifications have been developed. Starting in 2007, the Ministry will calculate norms necessary for local executive agencies to meet state standards of education. These are the short term projects on which the Ministry of Education and Science will concentrate.

Also, the draft of the new version of the law “On Education” has been prepared. This law provides a number of new provisions related to financing education.

First of all, a new educational level will be created – technical vocational, or post-secondary, education. The reason for developing this educational level is connected with the need to prepare personnel and the staff for vocational work. This was already discussed by the Committee of Foreign Investors with the participation of employers. Therefore, today a new state programme for technical and professional training is being developed by the Ministry of Education and Science by the end of 2007.

This programme will make it possible to acquire funds for the development of the system for professional technical education. This will include
the preparation of financing mechanisms for the development of the vocational education system connected with specific expenses from employers as part of the social responsibility of business.

Thus, we have the consolidation of several sources of financing and the efforts of several bodies, including state agencies and private enterprise, in partnership.

Additionally, work will be continued on the further improvement of educational financing focused on end results. What does this mean? By 2008, the ministry plans to create an optimised structure for passports of budget programmes and to construct them so that for the period from 2007 to 2009, these passports will reflect indicators defining a level of development of education that meets international standards of education.

Such indicators are being developed in the aforementioned project of the World Bank and were presented at recent World Bank sessions. There are some issues and recommendations for further work, but the primary indicators that will serve as the basis for standards of quality in education have been defined. Starting with the budget for 2008, these indicators will be used as the basis of passports for budget programmes in order to achieve these standards by the end of the year.

Regarding the improvement of the financing system of current public expenditures on education, the ministry will work in the direction of per capita financing of education with calculations based on a particular contingent of children, schoolchildren, preschool children and pupils of professional technical and secondary professional educational institutions.

Furthermore, in preparing the budget for 2009, scientifically proven specifications for line items and what these expenses should include will be generated. These specifications should also indicate whether to include in the budget all expenses for the maintenance of schools, including municipal services, or these specifications will provide methodical execution of state standards.

All expenses for the maintenance of schools and preschool establishments will be transferred to the municipal budget. This methodology of distributing expenses will be reviewed within the limits of the project of the World Bank.

In the new Law “On Education”, a new methodology of calculating differentiated grants for study in higher education institutions depending on the status of the institution is stipulated. This work will be carried out within the limits of the budget of 2008.


These include the introduction of a multipurpose system of multi-service IT educational networks in schools and the construction of 100 schools by the Ministry of Education and Sciences.

Moreover, within the budget for 2007, a programme to purchase and install equipment for specialized laboratories in higher education institutions is being carried out. This programme will ensure the integration of science and education. In addition, there are a number of changes which the Ministry of Education and Science plans to implement in the system of payroll for teachers through differentiation of payroll scales.

Today Kazakhstan has all the preconditions for the creation of a quality education at all levels, and for equal access to educational services for all citizens:

• First, quality education was one of the keynotes in the Address to the People of the Head of State, “A New Kazakhstan in the New World “;
• Second, high expectations and demands for consumers of these services, i.e. the population;
• Third, the current financial opportunities of the state permit the active development of educational system.
Social Protection: Planning Budgets and Financing Processes for Social Sector Programmes

Ms. Kaini MANABAYEVA
Director of the Department for Social Standards and Rehabilitation of Disabled People, Ministry of Labour and Social Protection of the Population of the Republic of Kazakhstan

The current legislation provides the following social benefits to families with children:

**From the republican budget:**
1) allowance to families having children:
   - allowance upon the birth of a child;
   - allowance for the care of a child until the age of one year;
2) to families having four or more children who are minors, a special welfare payment (3.9 Monthly Minimum Indices or KZT 4,259)
3) Upon the loss of the wage earner of the family having dependents who are minors, a state social allowance is paid. The size of the allowance varies depending on number of dependents in the family;
4) to disabled children until they reach 16 years.

**From local budgets:**
1) targeted social assistance to citizens living with incomes below the poverty line;
2) allowance to children living in families with incomes below size of a food basket until they reach the age of 18 years;
3) assistance for housing assistance to pay for the maintenance of the home and for utilities, the size and the procedure of payment is defined by local representative bodies;
4) material support of families for education and raising of disabled children at home.

The legislation also stipulates providing disabled children with the services of social workers in the home, and with assisting devices such as wheelchairs, in accordance with each individual’s programme of rehabilitation.
In addition, local executive agencies have the right to provide additional social support to categories of needy citizens, with the approval of local representative bodies and within the means of local budgets.

Providing this kind of help has a targeted aspect as opposed to universal assistance, such as allowances for which the financial position of the family is not considered (the grant upon the loss of a wage earner, the grant upon the birth of the child and the allowance for child rearing). Targeted social assistance including assistance for housing assistance, allowances for children until the age of 18 years, is provided based on an estimation of the needs of the family, namely on the basis of a verification of the income of the household.

Annually, the list of types of social support to families with children increases as do the expenses from the state budget for their social support. For example, in the beginning of the 2000s payments such as targeted social assistance and allowances for the care of a child were absent; they were introduced in 2002 and 2006 respectively.

Furthermore there is a trend of the growth of benefits to families with children: if in 2001 the size of the benefit for the birth of a child was KZT 3,100 (4 MMLIs) and payment was paid only to working families, in 2006 this benefit was paid to all families, including working and non-working citizens, at the rate of KZT 15,450 (15 MMLIs); if in 2001 lower income families with an average income per capita below the size of 2 MML only received an allowance for children until they reached the age of 18, today lower income families receive both targeted social assistance and allowances for children.

Within the Address to the People of the President of Kazakhstan on 28 February 2007, from January 2008 the sizes of the allowance upon the birth of a child and the allowance for child care will be increased. In order to motivate working women, starting next year, payments to working mothers of the allowance for child care will be carried out based on the social insurance fund, and calculated based on the sizes of wages of mothers.

The expenses from the state budget for payments of targeted social assistance, benefits to families with children, special welfare payments to mothers of large families, benefits upon the loss of a wage earner and benefits to disabled children until the age of 16 were KZT 24.4b in 2002. In 2006, they came to KZT 49.7b, or 2.1 times more. In 2007 total expenses are KZT 64.2b (more than 2.6 times the level in 2002).

Considering the variety of kinds of social support for families with children, approaches to the planning of funds vary. Planning is made based on the economic situation of the country, existing levels of incomes of population and the rate of the occurrence of poverty. Also, at the stage of planning, statistical data on the birth rate, the mortality rate and other demographic indicators are used.

When planning funds for local budgets on social programmes such as targeted social assistance, assistance for housing assistance and allowances

---

**In addition, local executive agencies have the right to provide additional social support to categories of needy citizens, with the approval of local representative bodies and within the means of local budgets.**

Providing this kind of help has a targeted aspect as opposed to universal assistance, such as allowances for which the financial position of the family is not considered (the grant upon the loss of a wage earner, the grant upon the birth of the child and the allowance for child rearing). Targeted social assistance including assistance for housing assistance, allowances for children until the age of 18 years, is provided based on an estimation of the needs of the family, namely on the basis of a verification of the income of the household.

Annually, the list of types of social support to families with children increases as do the expenses from the state budget for their social support. For example, in the beginning of the 2000s payments such as targeted social assistance and allowances for the care of a child were absent; they were introduced in 2002 and 2006 respectively.

Furthermore there is a trend of the growth of benefits to families with children: if in 2001 the size of the benefit for the birth of a child was KZT 3,100 (4 MMLIs) and payment was paid only to working families, in 2006 this benefit was paid to all families, including working and non-working citizens, at the rate of KZT 15,450 (15 MMLIs); if in 2001 lower income families with an average income per capita below the size of 2 MML only received an allowance for children until they reached the age of 18, today lower income families receive both targeted social assistance and allowances for children.

Within the Address to the People of the President of Kazakhstan on 28 February 2007, from January 2008 the sizes of the allowance upon the birth of a child and the allowance for child care will be increased. In order to motivate working women, starting next year, payments to working mothers of the allowance for child care will be carried out based on the social insurance fund, and calculated based on the sizes of wages of mothers.

The expenses from the state budget for payments of targeted social assistance, benefits to families with children, special welfare payments to mothers of large families, benefits upon the loss of a wage earner and benefits to disabled children until the age of 16 were KZT 24.4b in 2002. In 2006, they came to KZT 49.7b, or 2.1 times more. In 2007 total expenses are KZT 64.2b (more than 2.6 times the level in 2002).

Considering the variety of kinds of social support for families with children, approaches to the planning of funds vary. Planning is made based on the economic situation of the country, existing levels of incomes of population and the rate of the occurrence of poverty. Also, at the stage of planning, statistical data on the birth rate, the mortality rate and other demographic indicators are used.

When planning funds for local budgets on social programmes such as targeted social assistance, assistance for housing assistance and allowances
for children from lower income families until 18 years old, household survey data is used.

These surveys are performed by local commissions, whose activities are fixed by the laws “On State Targeted Social Assistance” and “On Welfare Payments to families with children”.

Determination of the funds needed for the rehabilitation of disabled people is carried out based on individual programmes of rehabilitation developed for every disabled person, including disabled children.

All data on lower income families and disabled people, who require means of rehabilitation, are entered into databases, such as the Monitoring of Social Needs Database and the Central Database of the Disabled, developed at the national level.

Considering that the provision of assistance for housing is closely connected to prices of utilities, and that these vary from region to region, the sole right to define rules for provision of assistance for housing is given to the local executive agencies. In this connection, when allocating funds for assistance for housing, the possible growth of prices of utilities and the growth of incomes of the population are taken into consideration.

Below are the parameters used when planning expenses of local budgets for the provision of targeted social assistance and social support for families with children.

According to the budget legislation, during the stage of planning procedure, managers of programmes send budget applications to the appropriate budget commission.

Expenses from the local budgets for the provision targeted social assistance, assistance for housing and the allowances for children until 18 years, are taken into consideration by central agencies annually when preparing plans for the social and economic development of the regions.

The creation of a surplus of funds which are meant for social payments

---

**Local budget planning process for social programmes forming process: case study of ASA payments planning**

<table>
<thead>
<tr>
<th>Demographic indices:</th>
<th>Macroeconomic indicators:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Birth rate, infant mortality rate; Number of children under 18 years of age (structure of the population by age groups);</td>
<td>Share of local budgets expenditures allocated for social payments; Consumer prices index</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Employment indicators:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Level of an economically active population; Specific weight of employed population by gender and age structure; Unemployment level including among the youth, and a long-term one; Share of unemployed placed to jobs; Organization of public works, social working places, professional training and retraining of unemployed; New jobs creation</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Population’s incomes indicators:</th>
<th>In addition:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of living, living basket, EB; Share of population with incomes lower than CL, LB, EB; Average sizes of pensions, allowances</td>
<td>‘Social Map’ programme’s data (based on household visits); Data from educational organizations</td>
</tr>
</tbody>
</table>

---
is the one of the problem with the process of planning and execution of budget programmes. The reason for this happen is, first of all, due to the human factor. Specifically while writing the budget, it is impossible to forecast precisely how many children will be born, or how many will die, how many people will leave the country or will arrive, and how many families will ask for social benefits.

I believe that the resolution of this problem is possible by defining surplus limits under social programmes at the legislative level.

Surveys from the International Labour Organization concerning the administration of social security offer the definition of fixed deviation between planned and actual expenses of the budget at the level of 5 percent.

---

**Factors in Health and Financing**

Mr. Aikan AKANOV
Director of the Institute for Public Health of the Republic of Kazakhstan

The problem of financing is common for all areas of social life, including health services. In the last 6-7 years financing of health services has grown. In 2006, the growth was 2.9%. In 2007 it dropped to 2.6%. This applies to both education and social support.

**RK Public expenditures for healthcare**

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Billion KZT</td>
<td>54.3</td>
<td>62.3</td>
<td>71.1</td>
<td>89.78</td>
<td>131.21</td>
<td>187.15</td>
<td>231.06</td>
</tr>
<tr>
<td>In % to GDP</td>
<td>2.1</td>
<td>1.9</td>
<td>1.9</td>
<td>2.0</td>
<td>2.2</td>
<td>2.5</td>
<td>2.9</td>
</tr>
</tbody>
</table>

*Source: Agency of the RK for Statistics, RK MoH*

Recommended public expenditures for healthcare is 4-5% of GDP (WHO)

The figures are impressive: 131 billion in 2004, 230 billion in 2006. There is a similar situation at the regional level; the financing of local budgets per person in 2006 grew in comparison with 2004. The total growth was 72% countrywide. In Astana, for instance, it was 122% and in Western Kazakhstan, 72%. Hence, we can see a significant growth in financing.

According to World Health Organization (WHO) data, in 2005 the financing of health services in Tajikistan, Russia, Uzbekistan, Kyrgyzstan and Ukraine was better than in Kazakhstan. Only the financing of health services in Turkmenistan and Azerbaijan was worse than in Kazakhstan.

One of the largest expenses in the health services system is the expense for the protection of health of mothers and children. According to UNICEF, in 2004 thirteen percent of the expenses of actual health services were provided to mothers and children. In 2006, the growth from 2005 levels in this area was 73%. This was mostly because of the purchase of equipment and materials.

In 2006, the expenses for mothers and children made 21% of total expenses,
INCREASING SOCIAL ORIENTATION OF BUDGETS AND EFFICIENCY OF PUBLIC EXPENDITURES
AT NATIONAL AND LOCAL LEVELS IN THE BEST INTERESTS OF CHILDREN AND FAMILIES

Growth of financing from local budgets per one citizen in 2006 compared with 2004 in percent of 2004 budget

Comparative table of healthcare financing in various countries, in percent of GDP (WHO, 2005)

and came to KZT 40.5b. Additionally, all items in health services in 2006 increased from 2% to 28% in comparison with 2005. This includes expenses for the treatment of tuberculosis, highly qualified medical assistance, budget transfers, and maternity care. Obviously, we have the growth in all directions. Taking all of the above into consideration, we can conclude that there is an obvious growth in health service financing in Kazakhstan. However, the level of financing is still one of the lowest in Central Asia and the CIS. A lot of countries spend five percent of GDP or more for health services.

When we talk about the financing of health service systems, we have to consider the dynamics of change in indicators of the health of mothers and children:

1. The indicator of child mortality did not change significantly from 2003 (19.54%) to 2006 (17.2%). Infant mortality also did not change in this period (respectively, 15.67% and 14.1%). We can conclude that child mortality and infant mortality has been stable in recent years;

2. The indicator of maternal mortality from 2003 to 2006 grew from 4.1% to 4.56%. In 2006 prenatal mortality stayed at the same level as in 2004, 1 percent.

The indicators of mothers of children did not change much and some changes were even negative even though the growth of financing in health services was significant. This makes us think very seriously. The reason is not only to be found in the services of the Ministry of Health. Most probably, the reason is in policy, in the model of health services and in financing. One of the reasons is the lack of flexibility of budgeting indicators focused on end results. In this case, during budget planning and funds distribution, we have to study and consider the demands of groups of the population.
Social determinants of health include individual lifestyle, social public factors, cultural factors, and social-economic factors. In the next 10 years, the World Health Organization will consider the social determinants as the foundation of its policy. Social determinants affect our health through differences in social status, education; early childhood, social isolation, work, social assistance and chemical dependency (drug addiction for example).

A very significant factor that affects health is differences in health in different social groups. Factors here include poverty, low level of education, and no hope for tomorrow, dangerous work that damages health, bad housing, problems acquiring sufficient food an inadequate pension among others.

**Disparity: average life span at birth**

<table>
<thead>
<tr>
<th>Years</th>
<th>Both genders</th>
<th>Including</th>
<th>Difference in life span of males and females</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Males</td>
<td>Females</td>
<td></td>
</tr>
<tr>
<td>1999</td>
<td>65.66</td>
<td>70.88</td>
<td>10.26</td>
</tr>
<tr>
<td>2000</td>
<td>65.50</td>
<td>71.13</td>
<td>10.63</td>
</tr>
<tr>
<td>2001</td>
<td>65.80</td>
<td>71.32</td>
<td>10.82</td>
</tr>
<tr>
<td>2002</td>
<td>66.00</td>
<td>71.52</td>
<td>10.82</td>
</tr>
<tr>
<td>2003</td>
<td>65.83</td>
<td>71.46</td>
<td>11.01</td>
</tr>
<tr>
<td>2004</td>
<td>66.18</td>
<td>72.00</td>
<td>11.82</td>
</tr>
<tr>
<td>2005</td>
<td>65.91</td>
<td>71.77</td>
<td>11.47</td>
</tr>
</tbody>
</table>

Considering these indicators, we can start with the average life expectancy. In Kazakhstan, the life expectancy of males is less than of females by 10-11 years. The problem of too much mortality of the males is a very serious one. The issue of the unequal distribution of funds at the regional level is part of this problem. The guaranteed volume of free health services in Almaty
is two times less than in Mangystau. Why do we provide two times less money to inhabitants of Almaty region? The same relationship exists if we compare the South-Kazakhstan region and Astana city. Why do we have these differences?

Similarly important is the relation between regional financing and maternal mortality in various regions. It seems that in regions with the highest maternal mortality (Atyrau and Kyzylorda) the financing should be better. But in practice, financing does not depend on indicators.

The same holds with infant mortality. In some regions, the indicators are very poor (East-Kazakhstan, Kyzylorda), but financing there is not correlated based on this indicator.

Another indicator is the child mortality. Poverty is one of the determinants here. According to UNICEF, the rate of mortality of poor infants is 1.5 times higher than that of infants from wealthy family. Child mortality for children under the age of five is also 1.5 times higher for poor children than for wealthy children.
The current approach to financing is not oriented based on social determinants, the prevention of diseases or the needs of individuals to live healthy lives. The growth of financing in recent years is not reflected significantly effect in health indicators. There is an imbalance in the distribution of financial means and the prioritisation of basic objectives of financing. Financing should be flexible and based on the most important health priorities. Social determinants of health should be included in the planning and budgeting of public health services. This kind of approach means that during the distribution of resources, it is necessary to study, define and monitor the needs of population for medical and social services. This means that all expenses should be targeted properly and directed at more effective and preventive measures.

Dear participants of the conference,

As has been stated before, in a short period of time our country has achieved significant growth in the economy by integrating with the world community.

Therefore the role and value of the social sphere has grown and changed significantly in recent years. The necessity for adequate social changes in the rapidly changing economy and public policy is obvious, and it defines the principles and content of reforms.

We understand that to ensure competitiveness of our country, very significant and targeted investments should be made in human capital, not only in elite circles, but in the wider population.

As we can see from international experience of government support of families with children, it is required to have a system of concrete minimum guarantees.

The system of guarantees should include welfare, paid vacations, tax benefits, housing benefits (e.g. subsidies), pension benefits, free high quality services for mothers and children, the availability of accessible pre-school education, education allowances and grants for health services for families with children.

In Kazakhstan most elements of the social support system for families with children are present and active.

Social expenses, directed at children and families are planned based on specific factors. These include the dynamics of the implementation of the budget in recent years, the consumer price index as well as demographic statistics such as the birth and mortality rates and rates of migration.

In 2000, expenses for education, public health and social assistance were 8.6% of the GDP or KZT 149.1b. In 2007 they were 9.6% of GDP or...
KZT 1,150b. This means that investments in socially important areas increased 7.7 times in comparison with 2000. By 2009, we plan to increase these investments to 10.6% of the GDP.

According to the short term fiscal policy for 2007-2009, the amount of investments in socially important areas should be increased by 54.5% in total. Breaking it down by sector, for education the increase will be 18.4%, for health services, 13.7% and for social assistance and support, 22.5%.

We consider the development of a network of medical and educational organizations and improvement in quality to be priorities in education and health services.

In the Address to the People of the President of the Republic of Kazakhstan, A New Kazakhstan in A New World, given on 28 February 2007 specific attention was paid to the growth of the living standard. Specifically, allowances for children will be increased, and compulsory insurance for working women covering pregnancy, delivery and childrearing will be implemented. Additionally, 100 schools and 100 health service organizations (such as hospitals, polyclinics, maternity hospitals and blood centres) will be constructed from 2007 to 2009.

Since 2005, the system of management and financing of public health services has been centralized at the regional level. Expenses for health services are financed from two levels of budgeting, the republican and the regional levels. At the regional level, we have one budgetary entity, the regional department of health services which provides medical assistance within the limits of the guaranteed volume of free medical assistance. Consolidation of the budget has made it possible to achieve equal access for all people to the guaranteed volume of free medical assistance, similar costs for medical assistance within the region, and the guarantee of the right to choose a doctor and a medical organization.

The transfer to international principles for provision of medical assistance, with a specific approach for primary health care should be carried out by 2010 within the State Programme of Development and reform in public health services.

A new model of public health services should be implemented in order to improve the quality of medical services and develop the system of high technology in public health services, according to the Address to the People of the President from 28 February 2007).

To manage socially significant problems, measures will be carried out to develop assistance for cardiological care and cardiological surgery, to improve of blood banks, and to reduce of maternal and infant mortality.

### SOCIAL WELFARE SYSTEM

<table>
<thead>
<tr>
<th>The system before 2005</th>
<th>Multilevel system</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Social welfare types</strong></td>
<td>Sources</td>
</tr>
<tr>
<td>Social allowances, pensions (from the solidarity system)</td>
<td>Budgetary funds, funds of employers</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Pensions from the pensions accumulation system</td>
<td>Funds of the Pensions Accumulation Fund (created at the cost of mandatory and voluntary deductions of employees; voluntary deductions of employers)</td>
</tr>
</tbody>
</table>

The system of social support of motherhood and childhood provides, one-time social payments upon birth, welfare payments for all children until the age of one year, social benefits for children from lower income families until they reach the age of 18, special governmental help for mothers of large families and targeted social assistance. Mothers of large families (with 5 or more children) whose children have reached the age of eight, have the right to apply for early retirement. In addition, maternity leave is provided by employers.

A three-level system of social assistance is provided based on the programme of further development of social reform for 2005-2007. These levels are the first or primary level, the second or compulsory level and the third, additional, level.

In order to stimulate the birth rate, according to the Address to the People of the President, from 2008 compulsory social insurance for working women covering pregnancy, delivery and childrearing for working women will be introduced. The level of payments will be similar to the level of wages.
In the Republic of Kazakhstan, spouses and family members as well as maternity, paternity and childhood are under the protection of the government. On this basis, on 17th December 1998, the Law “On spouses and family” was introduced.

The government State Programme for the Development of Education in Kazakhstan from 2005-2010 was announced in 2005. This year the following measures were approved:

• Action plan for the period from 2007 to 2009 for social and medical-education rehabilitation for disabled children;
• Action plan for the period from 2007 to 2009 for the support of preschool education in the Republic of Kazakhstan.
• Basic principles in the improvement of the quality of preschool and secondary education are defined in the State Programme for the Development of Education in Kazakhstan from 2005-2010.

The National Scientific and Practical Centre “Preschool childhood” was founded in 2005. It develops and implements strategy to develop preschool education, performs surveys and analyses of the system of preschool education, develops state standards, carries out innovative projects, provides the expertise for literature, and works on toys, and playing equipment.

Additionally, the network of preschool organizations will expand due to the construction and creation of preschool educational mini-centres. KZT 1b was allocated from the republican budget in 2006 for the construction of 8 objects of preschool education. In 2007 KZT 1.4b for 11 objects has been allocated.

Regarding secondary education, in 2005 the scientific-methodological centre “Uchebnik” was introduced. It develops and publishes textbooks and pedagogical literature, provides the expertise and performs analyses on educational literature for 12 year schools.

In total, for the realization of Programme for the Development of Education for 2005-2010 there will be allocated an additional KZT 78.6b.

Currently the programme “Children of Kazakhstan” for 2007-2010 is being developed. It defines the basic principles of state policy for the protection of the interests and rights of children and the creation of an effective system to provide social and legal safeguards for all categories of children.

EXPENDITURES DYNAMICS OF ‘CHILDREN OF KAZAKHSTAN’ FOR 2007-2011 PROGRAMME IMPLEMENTATION

Currently in the country there are 1,391 preschool organizations, 724 preschool mini-centres, 31 preschool rehabilitation organizations, 6 children villages of family types, 23 houses of family type and 24 youth houses.

## Information on social safeguards for 2005-2010

<table>
<thead>
<tr>
<th>Name</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Lump sum state benefit for new born children (birth grants)</td>
<td>14,565</td>
<td>15,450</td>
<td>16,800</td>
<td>4,740</td>
<td>6,810</td>
<td>9,000</td>
</tr>
<tr>
<td>2. Under one-year-old child care allowances (entry into force from July 1, 2006)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>For the first child – 3 monthly payments based on the Head of the country Address as of 28.03.2007 – 5 monthly sizes</td>
<td>3,276</td>
<td>3,276</td>
<td>5,790</td>
<td>6,135</td>
<td>6,748</td>
<td>7,155</td>
</tr>
<tr>
<td>For the second child – 3,5 monthly payments based on the Head of State Address as of 28.03.2007 – 5,5 monthly payments</td>
<td>3,822</td>
<td>3,822</td>
<td>6,369</td>
<td>6,780</td>
<td>7,206</td>
<td>7,806</td>
</tr>
<tr>
<td>For the third child – 4 monthly payments based on the Head of State Address of 28.03.2007 – 6 mp</td>
<td>4,368</td>
<td>4,368</td>
<td>6,948</td>
<td>7,574</td>
<td>8,205</td>
<td>8,806</td>
</tr>
<tr>
<td>For the fourth child and more – 4,5 mp based on the Head of State Address as of 28.03.2007 – 6,5 mp</td>
<td>4,914</td>
<td>4,914</td>
<td>7,574</td>
<td>8,205</td>
<td>8,806</td>
<td>9,456</td>
</tr>
<tr>
<td>3. Allowances to low-income families for under 18 years old children</td>
<td>3,787</td>
<td>4,017</td>
<td>4,368</td>
<td>4,787</td>
<td>5,117</td>
<td>5,456</td>
</tr>
<tr>
<td>4. Special state allowances</td>
<td>1,838</td>
<td>1,030</td>
<td>1,092</td>
<td>1,158</td>
<td>1,227</td>
<td>1,301</td>
</tr>
<tr>
<td>5. Targeted social assistance</td>
<td>1,629</td>
<td>4,259</td>
<td>4,516</td>
<td>5,272</td>
<td>5,975</td>
<td>6,678</td>
</tr>
<tr>
<td>6. Mandatory social insurance of pregnancy, child delivery and maternity for working women</td>
<td>1,661</td>
<td>4,516</td>
<td>5,118</td>
<td>6,000</td>
<td>6,903</td>
<td>7,806</td>
</tr>
<tr>
<td>Confinement grants and maternity benefits</td>
<td>1,706</td>
<td>4,785</td>
<td>5,074</td>
<td>6,000</td>
<td>7,000</td>
<td>7,904</td>
</tr>
<tr>
<td>Attendance allowance for care after under one year old child</td>
<td>12,772</td>
<td>17,892</td>
<td>13,538</td>
<td>202,625</td>
<td>234,848</td>
<td>14,351</td>
</tr>
</tbody>
</table>
As of 1 January 2007, the number of children without parents was 51,294. 31,305 of them were given to families, 1,791 were placed in foster families and 18,198 were placed in state and private boarding schools.

The increase in the number of children without parents leads to an increase in the numbers of organizations for orphans such as orphanages, infant homes, boarding schools and shelters.

In comparison with 1999, the number of orphanages has increased to 68, and the number of children living in them increased by 70.2, 14,799 under-age children live in orphanages and boarding schools.

From 1999 to 2006, only 26,362 children were adopted. Out of them 20,000 children were adopted by citizens of Kazakhstan, 346 by relatives who are foreign citizens, and more than 6,000 children were adopted by unrelated foreign citizens.

Adoption by foreign citizens can be done only if adoption by the citizens of Kazakhstan is not possible or if adoption by relatives is not possible, without regard to the residency of relatives (Clause 76, Law “On Spouses and Family”).

Currently only 1,791 children are under foster care.
mechanism, thus the scale used for this budget was national. It should be the scale more comfort and practical for the particular state. The Russian methodology for gendered budget represents the gender evaluation of state expenses of budgets and social expenses of the budget. You may ask me: why is a gendered budget based on expenses? There were attempts to use incomes as a gendered component, to identify women’s role as tax payer, but a lack of information made it impossible Therefore all efforts of research were concentrated on the performance of gendered evaluation of the budget. Why only evaluation? Why not the creation of a goal oriented budget to address the full picture? In Russia, gender relations do not get enough attention from the government. Moreover, during the administrative reforms performed recently, the Committee on Women’s Issues was eliminated. And only now are there attempts to restore the elements of a gendered budget. What is the meaning of a gendered budget? The most important feature is the provision of not only transparency, but also a single instrument of budget monitoring, as well as the monitoring of real financial flows, financial resources aimed at objectives important to women and children. There is also an advantage for financial workers, because any differentiation and proper targeting of expenses make expenses feasible and more effective. How is a gendered budget developed? In Russia this programme is financially supported by UNIFEM. The government of the country does not participate in this process yet. Gendered evaluations of budgets for 2006 and 2007 were the foundation for the appraisal of the methodology. What does it infer? First of all it infers the evaluation of the social expenses of budget How can we separate social expenses of a budget? It is almost impossible if we look at the existing classifications. This is a sector classification that breaks the budget down into the functions of state, education, health services, military, social policy and so on. This is so called functional or segment classification. In real life, ministries, authorities and agencies get their financing and then use the funds. There are different levels of development of the budget. This includes the federal level, the consumer level, and local self-managing levels. Local levels try to introduce a two level budget: regional and village budgets. For this reason, the division of responsibility and duties for each level for social expenses, social services and payments should be performed during the preparation of the budget. What does this mean? For the Russian budget it means that the federal budget covers 25% of payments and services. The rest is carried out at lower levels. Is it good or bad? For the present methodology it is very complex. The problem is that the information is formed in such way that the federal budget is represented in detail by the Ministry of Finance and the consolidated budget, related to the approval of federal budget, is only one sheet of paper, the Annex to the Federal Budget. In this Annex, the sector classification is listed and funds are distributed based on functions. So, to introduce the system of gendered budgeting it is necessary to think about the reorganization of financial information. This information should indicate which expenses were on which level and how to collect decentralized expenses. Moreover, at this period in time, most of these expenses are social expenses. Which gendered budget can we develop based on such financial indicators? Here we have to account for issues affecting the improvement of the status of women and children. These include the participation of women in governance, issues of employment and labor, discrimination in payments, problems of the protection of motherhood and childhood, problems of the socialization of children, and children organizations.

Social expenditures in 2007 might be larger Relative saving of social expenditures at their absolute growth

<table>
<thead>
<tr>
<th>Social expenditures of consolidated budget (with deductions to insurance funds)</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,731.9 billion rubles</td>
<td>4,918.3 billion rubles</td>
<td>Relative saving on the structure</td>
</tr>
<tr>
<td>44.6% to revenues of consolidated budget</td>
<td>43.4% to revenues of consolidated budget</td>
<td>132.5 billion rubles == maternity capital</td>
</tr>
</tbody>
</table>
In order to fulfill this, the classification and grouping of budget expenses should be performed. Such grouping is missing in Russia and most probably in Kazakhstan, because of the lack of a gender based approach in grouping financial indicators. Thus, apart from sector and departmental classifications, the Ministry of Finances had to develop social classifications. This means the separation of expenses for children, women, and men and for social groups broken down by sex and age.

Federal budget gender sensitive estimations for 2005-2006 (rough estimations in billion rubles)

<table>
<thead>
<tr>
<th>Areas of expenditures</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wage fund of women in the budgetary sectors (education, healthcare, culture and science)</td>
<td>660</td>
</tr>
<tr>
<td>Unemployment benefit and other measures to support women</td>
<td>22</td>
</tr>
<tr>
<td>Maternity and child health protection within medical insurance system</td>
<td>6.8</td>
</tr>
<tr>
<td>Monthly family allowances (for children)</td>
<td>4.3</td>
</tr>
<tr>
<td>Maternity aids and confinement grants</td>
<td>15.9</td>
</tr>
<tr>
<td>Child attendance allowances (under 1,5 year olds)</td>
<td>8.6</td>
</tr>
<tr>
<td>Child delivery allowances</td>
<td>11.4</td>
</tr>
<tr>
<td>Registration in the early pregnancy</td>
<td>0.14</td>
</tr>
<tr>
<td>Subsidies on children's recreation and rest, heartening camps</td>
<td></td>
</tr>
<tr>
<td>Social insurance</td>
<td>13.4</td>
</tr>
<tr>
<td>Budget</td>
<td>1.3</td>
</tr>
<tr>
<td>Old-age pension, pension on disability, loss of breadwinner pensions (in terms of the share of women)</td>
<td>980</td>
</tr>
<tr>
<td>Children-invalids, pensions</td>
<td>15.2</td>
</tr>
<tr>
<td>Lump sum payments to the families with children-invalids due to monetization of benefits</td>
<td>4.3</td>
</tr>
<tr>
<td>Increasing benefits on taxes on children</td>
<td>-</td>
</tr>
<tr>
<td>Federal targeted programs:</td>
<td></td>
</tr>
<tr>
<td>Children of Russia</td>
<td>2.0</td>
</tr>
<tr>
<td>Provision of housing to young families</td>
<td>2.1</td>
</tr>
<tr>
<td>For reference: Revenues of the Federal budget and insurance funds</td>
<td>6,202</td>
</tr>
</tbody>
</table>

With such an approach we created conditions for the comparison of gendered budgets as reflected in world wide gender theory; gender classification or social classification of budget expenses based on attributes of gender should not mean the classification of expenses for men and women. Therefore, we should not split expenses between men and women, but identify those areas of expenses that make it possible to carry out evaluation or areas of the budget that improve the position of children and women. In order to do this, expenses are classified based on the gender methodology suggested by UNIFEM project. This includes three groups.

The first group is direct expenses related to the status of women and children, for instance, expenses for maternity leaves and deliveries. In this case, it is very easy to say that these are women's expenses. In Sweden, maternity leave can be taken by men (paternity leave), but there is a special budget programme for additional social benefits for men, if men take the leave. In Russia it is mostly women. Therefore, such social benefits are easily transferred to the women's part of a gendered budget. As consequence, direct costs are not significant and make about 10-15% of the budget.

The rest of the expenses have only an indirect relation to women and children. They in fact are directly related and can be identified only indirectly. For example, the increase of the minimum wage is having great influence on women. Why? Because according to the analysis of official statistics, 75% of people who receive a wage lower than minimum living wage are women. And therefore, when the minimum wage increases, it clearly affects women.

Why was the example of the minimum wage chosen? Because in Russia the state budget is 15 percent of the GDP. Distribution of money funds is not a priority in the state budget (targeted social assistance), because it may lead to a welfare mentality. Therefore, such approach is not be appreciated.

The state should make charitable contributions in a limited number of cases, when it is unavoidable, such as to help for disabled children or orphans. But in cases where healthy people are present, one should be self-sufficient and should not fall into poverty.

Elimination of poverty is the most important issue in the resolution of gender problems. What is economic poverty in Russia? It means low wages, including women, who get salaries that are 39% less than men's. This has some rationale, because if women do not work in difficult and harmful conditions, it follows that their salary will be subsequently lower. But if woman can work only in the retail business, having no other al-
ternatives, then it has to force the government to think about industrial policy; Where should woman work while having a decent profession, qualifications and a comfortable working area, not only in kiosks, selling merchandise. In this connection a lot of attention should be paid to the budget, but gendered budget does not give children’s social benefits a primary position. The top positions in this budget include such items as payroll, pensions and only then social help.

The budgeting of education is not as complicated. If financial workers know how much schools and orphanages spend, then there is no major problem.

We have a completely different picture in public health services. Therefore, during the development of the methodology we collected information about children’s expenses from all regions. The following tendencies were identified: in some territories more funds were allocated for the health of adults, than for children and in others, vice versa. Moreover, the commercial factor was considered, where a different approach is applied. Therefore, services are the place to study state financial flows in terms of sex and age. A researcher can do carry out analysis only once and the reliability of data may be questionable. Until the government takes care of changes in its financial policy no research programme can do it.

Regarding services, there is very significant differentiation in financial accounting. Therefore it is very hard to understand what goes on in this area from the point of view of sex and age. In Russia the Bill “On State Social Standards and Financial Standards” is still not approved. To start managing the budget, the appropriate legal base is required. Financial standards do not mean that there should be a division of current financing by available consumers. This is the easiest option. We can determine the consumers with the help of statistics, such as statistics on kindergartens. In reports on kindergarten there are no financial indicators, no financial standards of federal reporting. Maybe regions can collect such information. How was it done within the research? One report on treasury expenses for kindergartens was analysed and then this figure was divided by the number of children in municipal kindergartens. In another statistical report, the figure was given as 20 thousand rubles per child, which is not the financial standard, but a specific indicator; it is very important, but different from the financial standard.

Financial standards should be prepared based on planned or desirable provisions, and in consideration of growth. This means that the Ministry of Finance should clearly know that the goal must be achieved. Currently 3600 rubbles are spent per person per year for guaranteed free medical assistance. However, the real figure is 7000 rubbles. Moreover, this figure should be monitored, meaning that there should be a breakdown on expenses for women, children, and men, in urban and rural places. In this case, we would see the real picture of financial management and not only financial accounting.

For this purpose, in order to understand in which direction we should move during the development of gendered budgets, we grouped expenses by direct, indirect, research and questionnaire methods. In this connection, the federal budget was chosen. Why? Because as of today there is no opportunity to obtain such detailed information broken down in these groups from regions without the help of the Ministry of Finance. The Ministry of Finance itself does not want to handle this issue, although there is a government decision on the transition to goal management in the financial planning of the budget. Unfortunately, this decision is not successfully implemented and being realized. The children’s budget is “formed” within this initiative. A children’s matrix was developed. It contains two major blocks: services and disbursements.

Depending on the funds of the block and the quality of the different services and disbursements for children a gendered budget may or may not be developed. Russian researchers calculated that 13% of the children’s budget was spent for services and payments. The number of children younger than 18 years in the country is 20% of the population. In this respect, the following standard was developed: the percentage of expenses of the budgets for children should be equal to their proportion of the population. The standard is the difference between the number of children in the population and their part in the budget. This is a very key aspect of gendered and children’s budgets.

International women’s societies (women organizations, international organizations and researchers) have a structure, which should perform gendered evaluation of the budget. It means they have to try to evaluate every legislative act in terms of its influence on the status of women and men. Financial evaluation should be performed. If not, then, the idea of gendered budgets says that such evaluation should be performed.
First stage of gender budgeting introduction in the RF (child matrix)

<table>
<thead>
<tr>
<th>Expenditures</th>
<th>Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expenditures</strong></td>
<td><strong>Sources</strong></td>
</tr>
<tr>
<td>Education (child care institutions, schools, centers, palaces, clubs), compensations for kindergartens, and etc.</td>
<td>All budgetary levels</td>
</tr>
<tr>
<td>Healthcare and physical culture (care, maternity and child health protection, medicines, sport, and etc.)</td>
<td>All budgetary levels, Medical insurance fund</td>
</tr>
<tr>
<td>Social service for children (boarding schools, shelter-care facilities, patronage, nutrition, prosthetics, drugs, fare benefits, tax benefits, social support to families with children, housing for orphans, and etc.)</td>
<td>Territorial budgets</td>
</tr>
<tr>
<td>Organization of children’s rest and recreation, child healthening (countryside and city camps, spas)</td>
<td>Social insurance fund, All budgetary levels</td>
</tr>
<tr>
<td>Organization of children’s leisure time (club work, hobby groups, children’s creative abilities development circles, holidays, gifts and etc.)</td>
<td>Territorial budgets</td>
</tr>
<tr>
<td><strong>ALLOWANCES and pensions</strong></td>
<td></td>
</tr>
<tr>
<td>Monthly payments to the families with children</td>
<td>Territorial budgets</td>
</tr>
<tr>
<td>Attendance allowance after an ill child</td>
<td>Social insurance fund</td>
</tr>
<tr>
<td>Confinement grants, maternity aid (child delivery), attendance allowance after under 1,5 child and other allowances to parents</td>
<td>Social insurance fund, Federal budget</td>
</tr>
<tr>
<td>Guardian’s allowance, allowance and wages of foster families, allowances paid in case of evasion of alimony payments</td>
<td>Territorial budgets</td>
</tr>
<tr>
<td>Pensions paid to the families with children that lost bread-winner, disabled children, ЕДВ, children-invalids</td>
<td>Pension fund</td>
</tr>
</tbody>
</table>

Improving the Budget Planning Process to Ensure More Independence for Budget Programme Administrators and their Responsibility for Achievement of Final Results

Ms. Marziya BURANGALIEVA
Director of the Department for the Budget Process and Functional Analysis, Ministry of Economy and Budget Planning of the Republic of Kazakhstan

Up to now a lot has been done within the process of budgeting in the field of budget planning. Nevertheless, budget planning always requires improvements. Currently Kazakhstan is in the middle of another stage of improvement of budgeting. This stage is directed at shifting independence to managers or administrators of budgeting programmes and the enforcement of responsibilities for the use of budget funds. This approach is being developed within the current administrative reform.

What are the basic features of this approach? The most important is that budget planning should be aimed at final results. In order to understand what we need, we have to understand what budget planning is based on. It is based on our strategic plans and other strategic documents. The Kazakhstan 2030 Strategy is the basic strategic document for the country. Within this strategy, a number of strategic documents were developed. Every three years government approves short term programmes. Every state agency develops its programmes in order to achieve its performance indicators.

Currently several kinds of programmes exist. They include governmental, sector, regional and budget programmes. Their development requires innovations such as the development of strategic plans for state agencies. Why? Because the shift to a market economy, in particular in terms of budget planning, should be aimed at planning for agencies. In this connection the Ministry must discuss the shift to agency planning and strategic plans for the development of state agencies.

What does a strategic plan for the development of state agencies mean? Every state agency approves its plan for the achievement of specific indi-
The problem of standards and norms is very relevant and at this time, the Ministry has started the work on the composition of the register of state services and their standards and norms. Since 2005, state agencies have been working under the new Budget Code. This code states that all budget expenses should be defined by standards and norms as well as quantitative indicators. But right now, this is not possible because standards for some types of expenses are not yet developed. This problem exists not only in Kazakhstan but in other countries. The Ministry still uses standards developed in the Soviet Union. Our government is working on this issue and carrying out the development of relevant and appropriate standards for state agencies. This is very important because if we want to evaluate whether the budget programme achieved its goals, it is necessary to understand the compliance with standards and norms.

In 2007 the Ministry planned to develop actions to assess the effectiveness of various types of programme documents. Now we understand that the budget programme is similar to the state sector programme and represents a transition document between programme documents and the budget and also reflects the process of budget programming. The Ministry applies the methodology of budget programming whereas all items existing in programme documents are converted into budget expenses.

Presently, the Ministry of the Economy and Budget Planning is preparing regulations based on international experience for the assessment of the effectiveness of development, execution and planning of the budget. A regulatory legal act will be developed to make it possible to carry out this assessment. The programme should describe the procedure of monitoring budget programmes with clear definitions of all indicators, the methodology of their calculation, and the data used in those calculations.

In the process of budget development, every state agency should consider fiscal risks directly related to goal indicators. Therefore, we have to designate an agency to manage the organization and monitoring of the budget programmes. The quality of the execution of the programme will depend on the quality of the work of this agency.

If shifts from one classification to another are made, then it will be identified. Sometimes executing bodies mention “no-purpose” use. In this case, the Ministry gives full independence to administrators in the distribution of funds. This helps to enforce full responsibility. The main goal in this process is the achievement of goal indicators which are defined in the beginning of the year and passed into law, with the approval of the law “On the Republican Budget” and the approval of local budgets by the Maslikhats. This is what is called the shift of budget programmes to their administrators for independent execution. The administrator should be independent in organizing his/her work for the achievement of specific results and final goals.

The quality of the execution of the programme will depend on the quality of the work of this agency.
“Results-based programming” is the term used by United Nations Organization. Planning with the purpose of the achievement of final results is a methodology, a component of UN reform, connected with the improvement of the effectiveness and efficiency of the programmes. Partly, this methodology is being implemented by the UN because partners and donors from Europe, Northern America and Asia asked for it.

Results-based programming consists of two basic components:

- First: Programme planning, directed at results. This means that the amount of interventions should be appropriate and just enough for the provision of expected results.

- Second: Management based on achievement of results. This means the effective use of human and financial resources for achieving expected results within the whole cycle.

Elements of Results Based Programme Planning (1)
Principle: Interventions must not only be necessary, but also sufficient to achieve the expected result.
There is then the chain of results follows.

Therefore, in the first place it is necessary to have a clearly formulated and concerted list of expected results. This means that we should approach soberly the analysis of the problem. It is also necessary to consider how results are connected to each other to ensure that at the moment when we need to unite all interventions, the strategic result will be achieved.

Results can be achieved at various levels and the main goal here is to relate these levels with each other and ensure that the stated goals are achievable. Some results are considered as key results. Obviously, without these results we cannot put all other results together in order to achieve the strategic result.

The ‘scope’ of results will vary according to the country setting and office/programme size.
There are also strategic results. They describe the expected changes in the field of protection to children’s and women’s rights, while key results describe the changes performed primarily because of the programme and the changes necessary for the achievement of strategic results. Undoubtedly, no problem has only one defined set of factors that affect its character. Hence, we talk about the large number of reasons for one or another problem, which in order to resolve, we need to develop a special result matrix. The idea behind this matrix is to connect the whole chain of results to achieve some “sub-result”, which in its turn will lead to the achievement of the strategic result.

Elements of Results Based Programme Planning (2)
Most often the results chain takes the form of a results framework

What does it mean in reality? This means that we should talk about changes in the protection of women’s and children’s rights and not only talk about the provision of large volume of resources. This is the level of strategic results.

In addition, results should be monitored and assessed. Institutional changes, quality, availability of services and changes in behavior should be also considered. These parameters can be achieved on a programme level and without them we cannot achieve the strategic result.

On a lower level, at the level of projects, we should talk about the results and changes depending on financing and management.

Monitoring at the project level does not always guarantee the achievement of the next level of results. In other words, it is necessary to apply other instruments for the monitoring of results at different levels of the matrix.

Moving to the specifics of this issue, we have the following question: what should be the strategic results, for example, in terms of the infant mortality rate? The strategic goal here is the reduction of the mortality rate among infants dying of those factors that could be eliminated. Based on an analysis of the data of this problem, it becomes possible to provide access to high quality services in primary health care. In this respect it is necessary to address the issue of the appropriate qualifications of medical doctors, nurses and other medical staff. However, the simple training of medical personnel does solve the problem. For example, we assume that this year we educate 500 doctors, and next year 1000 doctors. In this connection it is necessary to assess the effect of this education on medical services provided. In the end, it is necessary that all staff within public health services is educated.
The methodology can change based on the nature of planning assignments and volume of available resources. At the time of a change in methodology, terminology also changes and it starts focusing on the following action language: whatever I do, it should lead to changes. Action language puts the completion of action as a final goal.

For instance, in terms of actions, we talk about the necessity of psychological and physical development. The goal is the prevention of malaria. The action is the consideration of measures to be taken for prevention. As a result of regular actions along with the application of effective measures of fighting this disease, we start using the language of change – the rate of malaria incidence was reduced or cases were prevented. All participants of the process include the community, the mass media and the direct beneficiaries of these services.

There are some things, which should be taken into consideration during the programme’s planning cycle. The important fact is that it is necessary to carry out an analysis, which will help to clarify the real situation within various areas. Strategic decisions, on which the budget depends, can be taken based only on high grade analysis. If the analysis contains errors, then it may lead to the incorrect composition of programmes and incorrectly determined priorities.

Logic should be based on adequate resources and be appropriately aligned. Otherwise, it will be impossible to achieve stated objectives. The action chain should be regularly monitored and assessed in order to make necessary changes in time.

Apart from that, we have the whole world, the family, community and society. In such organizations as UNICEF, the UN or representative institutions, it is necessary to reconsider the programmes not every five years, but annually, monthly, or weekly so as to ensure the correctness of proposed solutions, and if problems are identified they can be resolved and subsequent changes can be made. All of the above may seem to be more theoretical than practical. But still, a lot of countries and organizations are trying this approach and it proves itself.
Increasing Social Orientation of Budgets and Efficiency of Public Expenditures at National and Local Levels in the Best Interests of Children and Families

Social Budget Management at Republican and Local Levels

The Processes of Budget Planning and Execution: Interaction Between the Republican and Local Budgets

Ms. Svetlana Ferkho
Deputy Akim of Ust-Kamenogorsk city

The independence of Kazakhstan defined new priorities in terms of the provision of human rights and freedoms. Constitutional norms and standards regarding civil rights and the freedom of children were developed.

By virtue of the active legislative work of the Parliament in recent years, we can see a significant improvement in the field of the protection of children's rights.

A legal framework for the provision of rights and the interests of children was developed in Kazakhstan. It includes 30 laws and normative acts as well as common principles and standards of the Convention implemented in the Constitution of Kazakhstan, and the penal code and penal procedure codes of Kazakhstan.

Our national legislature meets international standards in terms of provision of children's rights.

New opportunities provided by economic growth are used to prioritize financing of state policy aimed at children, in areas such as education, healthcare, culture, physical education and sports, social services and the social security of children and families.

Financial help is provided to pregnant women, those who have given birth and mothers of large families. The system of institutions, aimed at targeted assistance to children and families has been developed. Goal programmes in regions and cities targeted on the improvement of living quality and
children health are being developed. The problems of living conditions are improving based on mortgage policies.

Timely and relevant measures in the area of the protection of motherhood and childhood were put forth in the last Address to the People of the Head of State, A New Kazakhstan in The New World.

Expenses of the state budget for these purposes grows annually. In Ust-Kamenogorsk, the capacity of manufacturing industrial goods came to KZT 200b and grew by KZT 66b from 2005. The physical volume index made 108.5%.

Investments in fixed capital were KZT 33.6b. The growth since 2005 of this was 182.6%. The volume of payments for the last year by small business into the budgets at all levels came to KZT 7.4b. This is 10.4% of all tax in payments and it is 46% more than in 2005. The city budget received KZT 1.2b and its share grew from 22% to 25%.

The revenues of the budget of Ust-Kamenogorsk in 2006 surpassed the planned income by KZT 420.8m and made KZT 8.1b.

City budgets are socially oriented. About 68 percent of the current city budget is allocated for social needs.

Financing of the education system is very significant for cities. For maintenance of educational organizations, KZT 93.8m was allocated. For example, repair of school No. 7 cost KZT 33.8m, and the repair of fire alarms cost KZT 17m. The city budget also includes area programmes, such as “Youth and Youth Policy of Ust-Kamenogorsk”, “Practical Training for Youth”, “Family Planning”, “Breast-feeding” and so on.

Within the Programme on Poverty Reduction, about 29 thousand people received social assistance for a total of KZT 71m. In 2006, KZT 3m was allocated for the installation of utility meters in the homes of lower income families in the city.

Last year 4,935 new jobs were created. The unemployment rate decreased by 26%, coming to 2,180 people.

Special attention is paid to the employment of young people. In 2006 1,650 young people sought employment. Almost all of them were provided with jobs.

The youth club “Poisk” works in the city. The “Practical Training for Youth practical” programme is being carried, city headquarters for youth labor squadrions operate in the city, and the variety and volume of public works increase.

Programmes, such as “Family Planning”, “Breast-feeding” as well as schools for mothers and children, qualified doctors, the implementations of advanced technology for delivery has made it possible to improve birth rate and reduce infant mortality.

All this is directly related to the family, its material wealth and finally, the social and political stability of community.

The city pays attention to the development of social initiatives. 35 courtyard clubs operate in the city and they all are united into the “Association of City Courtyard Clubs Teenagers”.

The list of social services for families and children has increased. Nutritional food, leisure time, activities and programmes for children during summer vacations are provided.

Within the state Programme for the Reform and Development of Public Health Services in Kazakhstan, funds for the construction and reconstruction of public health objects have been allocated. Consulting polyclinics and a radiology department for radiation therapy at the regional oncology clinic are currently under construction. A Children’s neurosurgery department and a cardiology center in regional hospitals were opened and equipped with special medical equipment.

Out of 100 objects, stated by the President in his Address, seven medical institutions will be constructed in our region and three in our city. This includes a city hospital, a general hospital and a regional center for blood transfusions.

In the city prenatal center, 4,160 new citizens were born in 2006. This is 400 people more than in 2005. This medical institution has the international name “Hospital of Kind Treatment for Mothers and Children”. This is a significant input into the international project conducted in the city by UNICEF. This project is called the “Child-friendly City” (CFC) and is being carried out within the state programme of the Republic of Kazakhstan and UNICEF for 2005-2009.

For all of these programmes large quantity of funds have been allocated from the republican and regional budgets.

Work on the separation of duties between the republican and regional management levels for the development of inter-budget relations on the protection of children rights is carried out. The main goal in this programme is the achievement of state obligations.

The basic problem for the protection of motherhood and childhood is the lack of a unified policy for family support, aimed at the enforcement of the role of the family and protection of family values and the creation of a social and economic environment that can assist in the development of health and family.
Children rights, social security, employment and other issues are being resolved independently from programmes for the family. Resolution of these issues is handled by authorities at different levels. Their work is aimed at children, children in crisis, lower income families and troubled families, but not at family in general. This means that work is being carried out for the benefit of certain categories of population, specific issues and the elimination of those problems.

Currently nine ministries and departments handle the protection of children rights. These include the Ministry of Education and Science, the Ministry of Internal Affairs, the Ministry of Public Health, the Ministry of Labor and Social Security, the Ministry of Justice, the Institute for Human Rights and the Committee for the Protection of Children’s Rights under the Ministry of Education and Science.

The Ministry of Education and Science takes care of orphanages and schools, Ministry of Public Health Maternity hospitals. The Ministry of Labor and Social Security takes care of disabled children and international adoption is handled by Ministry of International Affairs. Holding facilities and the adoption of minors are handled by the Ministry of Internal Affairs. This approach needs reforms, because it causes contradictions between institutions handling unrelated issues.

There is no unified instrument for coordination, or for the adoption of developed and practical policies in different fields, the protection of family interests or the provision of needed support. As result, all assignments and tasks carried out by institutions either overlap or are not executed because every organization considers related issues to be issues for resolution by another institution.

There is a lack of mechanisms to assist in the realization of the rights and interests of children or to provide penalties in case of non-observance. Such mechanisms and procedures should be stated in the law “On the Rights of the Child”. A national plan of actions for the protection of childhood should be developed. It should provide a complex approach to this issue for executive authorities and governmental organizations.

A draft of the state programme “Children of Kazakhstan” is being developed. This complex programme is targeted at the development of actions for cooperation by the authorities. This document will determine the basic principles, priorities, and objectives of government policies for the protection of children rights and interests, and strategic directions for the prevention of social ostracization.

However, this programme has been under development for several years and has not been published or discussed yet.

We put our hopes into this programme and look forward to seeing it and discussing it.

I think that after the adoption of this programme, the issue of one administrator for all programmes will be resolved.


Within the legislature, we should consider the creation of laws “On State Support for Vacations for Families and Children”, “On State Support and Activities of youth Clubs and Centers”, “On Basic State Policy Regarding Housing of Youth”.

In this connection, we suggest:

First, increase targeted budget assistance for the support of families, children and youth and the protection of financing of the most important activates.

Second, increase the effectiveness of allocated funds by concentrating them in the most important and highest priority areas.

Third, include in the budget assistance for activities related to the health of children and housing for young families with low incomes.

By implementing such laws on the protection and support of families, children, and youth, we should help raise a generation of Kazakhstan citizens, guaranteed to survive through a start provided by the state. Financing of activities for the improvement of the situation of children, youth, and the family should not be considered as oppressive financing. It should be considered as investments in future.
Inter-Regional Disparities in Budget Expenditures and Methods of Closing These Gaps

Ms. Gulnar AKHMETZHANOVA
Acting Director of the Department for Regional Policy and Inter-Budget Affairs, Ministry of the Economy and Budget Planning of the Republic of Kazakhstan

The budget policy of the state is aimed at the achievement of equal access of the population to services that are financed by budget funds, especially education and health services. According to the Constitution and the legislature, the state should provide its citizens with services such as secondary education and guaranteed free medical assistance.

According to the budget code all budget levels are provided with the allotment of all revenue and expenditures. The main share of expenses for the provision of primary and secondary education and guaranteed volume of free services is financed from regional budgets.

Based on that, the financing of budget services for the provision of standards for state services depends on the system of inter-budget relations. Issues of inter-budget relations are described in the Budget Code. The basic principles of inter-budget relations are stated in the code and include the equality of budgets for all regions, cities of republican value, the capital and the republican budgets, budgets of areas and their relations with upper level regional budget. A second principle is the aligning of minimum budget provisions of administrative and territorial units and the provision of the same level of state services by executive authorities.

Currently, there are disadvantages in the system of inter-budget relations. Disadvantages include a lack of provisioning of the same level of state services by local authorities, inequality of budget provisioning for certain administrative – territorial units. This affects the calculation of general transfers. In this connection, budget expenses in education, health services and the social sphere vary in different regions of country both quantitatively and qualitatively. This is related to the level of development in different regions, climatic conditions, and the density and distribution of the population. In other words, the regional development of economy.
In this respect, the regulation of inter-budget relations by general transfers (subsidies and budget exemptions) and targeted transfers from higher level budgets as well as loans are provided as a tool for aligning the budget provisions and the principle of equal state services according to the Budget Code.

In looking at the revenues of local budgets in 2007, the level of budgets from region to region varies from KZT 13 thousand to KZT 118 thousand per citizen. This is related to the availability of natural resources. For instance, in western regions where oil and gas is located, budget incomes significantly differ from those regions where these resources do not exist or exist in lower numbers.

However, considering the subsidy and budget exemptions, expenses per citizen for local budgets decreases from 34 thousand to KZT 104 thousand (excluding Almaty and Astana cities, the range is KZT 34 thousand to KZT 57 thousand).

During the process of aligning budgets, subsidies and budget exemptions play a significant role in inter-budget relations. General transfers (subsidies and budget exemptions) should be legally approved for the period of three years and should not be changed within that period, according to the Budget Code. The total amount of subsidies for 2007 according to the law “On General Transfers” should be KZT 192b. The sum of budget exemptions coming to the national budget should be KZT 151b.

Even after allocation of general transfers from one budget to another, differences in the allocation of budget funds for providid state services are still present. This is related to the calculation of general transfers, including the calculation of forecasts of regional expenses which does not include the consumers, users of state services or other factors affecting the value of budget services. Based on this, those regions getting significant amounts budget funds have opportunities to invest significant funds in education and health services. Those regions that do not get additional budget revenues do not have opportunities to increase their expenses in the social sphere. For example, expenses for education in Atyrau region was KZT 28 thousand per one citizen, in Mangystau region, KZT 26 thousand, and in Zhambyl and Almaty regions respectively KZT 21 and KZT 18 thousand per citizen.

These problems are being discussed at different levels, such as at the level of executive authorities and the level of Parliament members. The law that declares the budget exemptions and subsidies between the republican and local budgets for three years was passed last year. This means that budget exemptions and subsidies were previously approved for the period of 2005-2007. This year, the Ministry must develop a new law regulating general transfers, which should state budget exemptions and subsidies for 2008-2010. The new law is currently under development and should include the recommendations and critiques of Parliament and the local authorities based on the new methodology of calculation by the Ministry of the Economy and Budget Planning. A working group was created for these purposes. This group includes members of Parliament, employees of central state authorities, and local executive authorities responsible for the formation of regional budgets.

This new methodology was developed based on world experience, with the cooperation of international consultants. The primary difference of this methodology is that it will take into consideration the number of service consumers in the regions and factorsthat affect expenses based on the particulars of regions. For example, to calculate the expenses for the provision of services for pre-school education, the number of pre-school aged children will be taken into account. The age structure of the population and the number of people will be used during the calculation of other expenses. Apart from this, special coefficients will be applied. They will reflect objective factors that affect price setting and the provision of state services funded by the budget. These factors include the population density, climatic conditions and regional territories. They will also include specific factors such as the necessity of ecological additions or rural additions. All these factors will be accounted for as coefficients.

In addition, the new methodology will be aimed at the stimulation of the regions in economic growth, expansion of the taxable base, and the increase in the independence of executive authorities while addressing socio-economic issues of regional development.

The amount of budget exemptions and subsidies should be determined for the 3 year period and should not be changed. They encourage the local executive authorities to expand the taxable base. In the meantime the determination of budget exemptions and subsidies depends on the efforts of local executive authorities in this expansion. In this regard, during calculation of general transfers we should take it into consideration. The level of revenue coming into the local budget should affect the level of expenses accounted for during the calculation of subsidies and exemptions.

The republican budget includes targeted current transfers and targeted development transfers allocated for 3 year periods and for the realization of state programmes. For example, for the state programme in education in 2007 transfers in-
included transfers for equipment for physics, chemistry and biology rooms in amount of KZT 2.5b, transfers for the maintenance of language multimedia laboratories totalling KZT 2b and transfers for routine personnel for education organizations for KZT 10b. For the realization of the state programme in health services, the following was included: medical personnel for medical organizations which totalled KZT 5.2b, material and technical supplies at KZT 16.5b, and transfers for medical examinations for specific categories of citizens, KZT 4b, KZT 2.6m for examinations of children up to 5 years.

Based on a new methodology, targeted transfers act as an instrument for the regulation of inter-budget relations for the period of 3 years. Targeted transfers for development now are allocated for the realization of state programmes, but are aimed at aligning the level of provisioning by social infrastructure and necessary institutions. First and foremost, development transfers are allocated for the construction of education and medical organizations. The availability of education institutions differs from region to region. Based on this, the Ministry of Education and Science, and the Ministry of Health, in cooperation with the Ministry of the Economy and Budget Planning, should determine medium term priorities for the construction of schools and hospitals.

The assignment for the government to construct 100 schools and 100 hospitals through public-private partnerships was set in the Address to the People of the Head of State. In 2007, KZT 15.5b have been allocated from the republican budget for the construction of schools. For the development of medical institutions, and construction and reconstruction, KZT 16b have been allocated from the republican budget. The availability of places in school in every region, every area, whether schools are forced to work in three shifts and the presence of schools in emergency condition are considered during such planning.

In conclusion, there are disadvantages to inter-budget relations. This means there are disadvantages in the provisioning of state services based on budget funds in regions. These disadvantages should be addressed by executive authorities and central state agencies and should be taken into account during the development of the new methodology, which will operate for the period from 2008 until 2010.

The Role and Forms of Civil Society Participation in the Budget Process at the Local Level

Ms. Valentina SIVRYUKOVA
Civil Society Development Project Coordinator, Information and Analytical Centre for the Study of Public Policy Processes in Post-Soviet Countries, Moscow State University and the Russian State Humanities University

Allow me to greet all participants of this conference and mention the significance and importance of this event in terms of the orientation of the budget policy to the prioritization of social problems, especially those related to the support of children and families.

I want to thank UNICEF for the organization of this conference with such a high level of representation from the governmental and international organizations.

Participants of this conference can be called an “intellectual society” that UNICEF was able to shape here in Astana for these two days.

Today we heard very important speeches, which permit us to acquire voluminous information on the topic of the conference, defining childhood issues that should be resolved by Kazakhstan.

There is a saying: “A drop of water reflects the features of ocean”. It is the same with the fate of a child; it reflects the features of the entire society. If we see that our children are happy, it means that we are moving in the right direction and do things that allow our children to live in a happy country and feel happy.

I would like to talk about non-government organizations and their effect on the budget process for the resolution of problems of children and families and other social problems important to society. Civil society has not only non-governmental organizations (NGOs) but other organizations, such as political parties, professional unions, and religious organizations. Nevertheless, NGOs work continuously, systematically determining their mission and working in certain professional areas.

This is very important for the government to understand in order to build the relationships that achieve final results. The UN in 1948 defined NGOs as those organizations that manage complex problems in the economy, social development, ecology, and law and monitor the effectiveness of the
work of the government. In the mean time, NGOs do not include closed type of organizations, and are freely accessible to people who want their services or want to participate in their activities.

How do NGO differ from other organizations? Firstly, they work on a continuous basis, not seasonal. Secondy and very importantly, real NGOs are created for their clients. Such NGOs develop stably, because there are some problems that exist in real life.

Next, the principles of NGOs include mobility and the possiblity to change forms, as well as methods that allow them to work fast to meet the needs of society. When we talk about NGOs we have to consider the participation of people in the resolution of their own issues and problems. This is a mechanism for the elimination of paternalistic psychology, when letters are addressed to someone on a high level asking for the resolution of problems. People learn to work and live by their own means.

Analyzing the situation in Kazakhstan, I can say that currently there is cooperation between the authorities and NGOs. We have been approaching it for the last 5-6 years by building relations. The first step was connected with the presentation of the non-government sector as a social power, which could work in positive cooperation. It was a civil forum with the participation of the president in 2003 that shaped cooperation with authorities.

At the same time, I want to mention that besides activities such as the first and second civil forums, we developed programme documents that allowed reflection on what we have, what we want and how to move in those directions. The documents include the Concept of the Development of Cooperation between NGOs and the State and the Concept of Civil Society Development. These documents are available and are in force.

The passing of the law “On State Social Order” was a big step toward such solid and objective cooperation. Cooperation without payment is one form of work, and cooperation on certain projects and programmes means a new stage in cooperation.

In this connection I would like to describe 11 steps which I see. These steps should be carried out in order to permit effective work between NGOs and government authorities at the local level and achieve get good and effective results from investments.

First of all, I would like to draw your attention to a very important fact. There are such NGOs that choose topics connected with the budget process. For example, Irina Unzhakova, who has worked for several years on gender problems, budget financing and social problems. I think she is a worthy partner who speaks one language. But there are also other types of NGOs that do not have this theme. They work on other issues such as poverty, incurable diseases and large families. The budget process and the knowledge of the law and Budget Code has not become their sector yet. But at this stage, we come to the point where such NGOs should start paying attention to this area in order to work on projects.

What do we have to do for this? I think we should understand which NGOs work in the regions. Statistics are one thing, practical knowledge, another. We can see several thousand NGOs existing in Kazakhstan. In fact, 5-6 times fewer NGOs work here. Therefore, we have to talk about actually working organizations.

Step two. It is very important that the law “On State Social Order” work effectively. Programmes and projects within the budget that are planned for tenders from NGOs is a very important topic. We have to know the needs, the amount of funds needed, for their realization? This work can be adjusted with the non-government sector. How? Work separately with every NGO or offer the consolidation of NGOs at the regional level in order to see the priorities of society and account for them in the budget. This may include the creation of consulting and advisory authorities, working on a continuous basis. It is clear that there are intelligent people, such as Ludmila Przhanitsina, who have the potential to participate in this process. There also should be one uniting idea, such as the search for types of labor payments, in order to achieve final results. It should not be only writing papers and documents, which cannot be used afterwards.

The next step, which should follow the previous step, is the overcoming of mistrust between the authorities and NGOs. I won’t elaborate on this issue. But it exists and mutual mistrust should be eliminated.

The next step is public monitoring of the use of state funds. This is one of the basic missions of NGOs. But it should be considered and thought over by the authorities, especially at the local level. In this work, we can get an effective evaluation of the real results of money for the resolution of social issues.

Here I would like to draw your attention to the fact that NGOs were interested in the development of services that could be provided by NGOs on the basis of tenders. Unfortunately, we understand it differently today. I think that state authorities should start this work, which is connected with the allocation of funds for the monitoring and independent evaluation of operating budget programmes and the evaluation of social projects.

Here we should talk in details about independent evaluation, which should be addressed by the administrator of the programme or its executor. This could be determined in the contract for the project. Monitoring provides an answer to, “How was the project done?”, “How was the programme done?”, and the evaluation is an answer to, “What did we get in the end?”. It is very important to start this kind of contractual relations we determine the objectives, deadlines and the final document. The other important question
is, “Who will use this document and what for?” Will it be read and forgotten? Or could we make decisions based on the information in it, change something, and then implement it in practice and use it in our work.

Today when we talk about an Accounting Committee monitoring the use of the republican budget, we only talk about monitoring targeted expenses, and not the effectiveness of programmes in terms of social benefits.

In order to realize the effectiveness of investments from the social perspective we will need other evaluations. Money is important because it helps achieve a goal. And this goal should be more important to us then the money spent for its achievement. The budget can be changed only if the programme is changed. To evaluate how correctly the programme was organized it is necessary to attract not only financial workers who can check the targeted expenses, but also specialists who can evaluate the effectiveness of executed programmes and projects.

In conclusion, I would like to draw the attention of the representatives of state authorities to the careful attention for programmes and missions carried out by a lot of NGOs, which attract international funds from international donors and other organizations, but not our budget funds. These programmes are very important for society, for example organizations working on HIV/AIDS, drug addiction and problems of childhood. It is necessary to analyze and understand what those NGOs are, where they are located and what prospects they have, so as to account for them in budget planning for the next years.

This is very important. We should not miss it, we should support it. Today UNICEF promotes very important programmes, such as “Peer to Peer”, “Child-friendly City”, “Implementation of the Institute for Children’s Rights”.. These programmes should be supported by the government and should be executed through the system of social order.

One more thing I want to mention: the development of the non-government sector. In this stage, prior to 2007, we have had results in the non-government sector, which were achieved by international foreign organizations. Now we have leaders and elites, which have had systematic training and are good professionals, willing to work with the authorities. But unfortunately, we don’t have a new generation of such people. We do not invest funds in them. We need a government programme for the development of the civil sector that can help people in acquiring professional experience and knowledge. The authorities need such partners in order to provide healthy cooperation.

Once again I want to thank everybody here for the input, which we have made in order to use the final document of this conference for our further development.

---

**PLENARY SESSION**

**Human Development – Priorities for a Sustainable Future in the 21st century**

**Sir Richard JOLLY**
Honorary Professor, Institute for Development Studies, University of Sussex, UK

Today children’s requirements get higher priorities. Which kind of world will modern children live in, including the children of Kazakhstan? Today’s little humans will take care of vital questions in 05 or 050, because most of the children born today will live in the second half of the XXI century. If we think about the future of these children and the budget, it is necessary to think about health, food, education and the development of their mentality to meet the requirements of new world. This means that we need a new approach to resolve more complex problems, not limited to only economic issues.

It is very necessary to develop a global perspective, which should include not only the republics of Central Asia.

Why do we need a new approach? Because GDP growth of is not stable, it should be changed. It is very difficult to move from stereotypes based on economic policy. For example, Australian economist Hamilton was analyzing the way to develop a full employment policy, which at the end of the road turned into an economic policy. But today, the world needs an understanding of the human development factor.

A factor of human development can be monitored in terms of the dynamics of the happiness index, for example in the USA in the 50s. This situation shows the happiness index in the USA from 1945 to the present moment. The peak was in 50s and growth per capita did not add to happiness by this index. Why not?

We can look at this index with examples from other countries. We could
Economic growth not delivering!

Indices of happiness in the US, UK and Japan peaked in the late 1950s

Since then, average incomes have more than doubled and people in these countries have more food, clothes, cars, holidays and shorter working weeks.... but they are not happier

try understanding how the index of happiness is related to income per capita. From the perspective of happiness, after the achievement of a certain level of financial income stops adding to the element of happiness. Kazakhstan is currently achieving the level of income that will not add happiness to its citizens.

So, if additional income will not add happiness, how do we resolve this problem? This is the first indicator that economic growth is not a significant factor. Therefore, politicians and economists should pay attention to this issue.

Economic growth also does not resolve this issue, because most of the time it causes the contamination of environment. At this time we can see a lot of people, including a lot of them in Kazakhstan, who get drinking and household water from the same source. This is one global imprint of using the resources. Global and national inequality grows continuously. One of example is water that is used by many people: water from swimming pools in fancy hotels. Its inherent inequality reflects reality and not only global statistics. Mrs. Nane Maria Annan, spouse of the former Secretary General of the UN, stated that 5% of the population use more water during their morning shower than 50% of the world population does during the day. She also added that the quality of water used by those 50% for drinking purposes is of very low quality and that those 5% would not even use this water in shower.

Present inequality differs from the inequality of 200 years ago. Hence, the most part of things available today is the result of economic growth, which we can see world wide. In 1820 the gap between the poorest and the richest regions of the world was three to one. In the last 100-150 years the difference between the poorest and the richest regions increased and is currently twenty to one.

One more reason for the instability of growth and the style of economic development is that two or three years ago, a number of speakers from the USA were talking about the overstating of the problem of global climate change. But, the UN’s “International Panel on Climate Change”, prepared one more report, signed by 1000 researchers from all over the world. This report confirms the increase in temperatures and the approach of global climate chaos. This is even worse than global change in climate. British researcher Ditz Nixton, who served as chief economic advisor for the British Government, identified the problem within the existing tendencies of economic growth. This means that there is a threat to people living in a tropical climate in Africa or other countries such as Bangladesh.

There is no index of happiness in Kazakhstan. Therefore, it would be appropriate to perform the surveys, which were carried out in at least 100 other countries, to develop such an index and acquire needed data. We would like to note that from the perspective of GDP, Kazakhstan was 74th in rating in 2004, but in terms of human development it was in the 79th position. Hence, we can say that human development follows behind the indicators of economic growth per capita.
If we look at the human development rating, Kazakhstan is in a lower position. In the top part of this rating there are countries such as Norway, Iceland, Australia, Ireland and Sweden. The USA holds the eighth position and UK is only in the 18th place. Korea improved significantly, but it is still not at the top of the list. We can learn from the experience of Scandinavian countries.

Human Development Index- ranking in 2006

<table>
<thead>
<tr>
<th></th>
<th>HDI rank</th>
<th>GDP $ppp</th>
<th>Le-60%</th>
<th>poverty &gt;$4/day</th>
<th>wom-en% P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kazakhstan</td>
<td>79</td>
<td>7.4</td>
<td>32</td>
<td>62</td>
<td>10</td>
</tr>
<tr>
<td>Norway</td>
<td>1</td>
<td>38.5</td>
<td>8</td>
<td>6</td>
<td>38</td>
</tr>
<tr>
<td>USA</td>
<td>8</td>
<td>39.7</td>
<td>12</td>
<td>17</td>
<td>15</td>
</tr>
<tr>
<td>UK</td>
<td>18</td>
<td>30.8</td>
<td>9</td>
<td>13</td>
<td>18</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>48</td>
<td>9.5</td>
<td>4*</td>
<td>2*</td>
<td>35</td>
</tr>
<tr>
<td>Russia</td>
<td>65</td>
<td>7.6</td>
<td>32</td>
<td>53</td>
<td>5</td>
</tr>
<tr>
<td>China</td>
<td>81</td>
<td>5.7</td>
<td>7*</td>
<td>17*</td>
<td>20</td>
</tr>
<tr>
<td>India</td>
<td>126</td>
<td>3.1</td>
<td>17*</td>
<td>35*</td>
<td>9</td>
</tr>
</tbody>
</table>

If we look at the human development rating, Kazakhstan is in a lower position. In the top part of this rating there are countries such as Norway, Iceland, Australia, Ireland and Sweden. The USA holds the eighth position and UK is only in the 18th place. Korea improved significantly, but it is still not at the top of the list. We can learn from the experience of Scandinavian countries.

We also have to consider the experience of other countries. We should look into countries where human development gets a lot of attention from the state. These countries do not include the greatest economic empires, paying too much attention to the economy, but not to the development of their human resources. So what does “Human Development mean? What does it include? It is when humans are at the center of the development process. Quoting Avizenna, we can say that the human mind has more alternatives and opportunities for its own development.

For children, it means providing survival and the development of children from their birth. A number of surveys were conducted on this topic. They show that from the moment of conception, all nine months of pregnancy and the first months of life define the physical body of the child. It means that the quality of life of this particular person at the age of 60 or 70 is determined in the early stages of his or her life. Therefore, it is very important to protect motherhood.

We would unite the problems of children, women and gender issues in the budget. This would include all the humanitarian issues. People are concerned about inequality amongst people. How is all this reflected in the economic strategy process? This means increase in choices given to the person, the strengthening of human capacities in many directions, not only through education and health services, but also through training people in making decisions and the development of democracy, along with development of human rights and reduction of inequality.

A lot of people still think that human life is just the social sector, the reduction of poverty, investments in education and public health services or just the Human Development Index. Human development includes much more than various indexes and separately adopted policies. Here we talk about the ideas of human development connected with such fundamental ideas of the UN, as peace, independence, development and human...
rights. All these ideas are reflected in UN charter. They are monitored in the Universal Declaration of Human Rights from 1948. In 30 or 40 years, four great ideas of humanity have been monitored closely by UN. They are not integrated and they are not separated.

The UN Security Council has been working on peace, other councils had to work on independence, the Commission for Development and the Commission for Human Rights were created. What happened to human development? Why were these intellectual and operational ideas united? Human development most probably includes those sectors, where all children’s problems should widen to be human development. Before 1948, when the Human Rights Declaration was signed, most black people in the USA could not vote, Great Britain had too many colonies, which also did not have any right to vote and in the USSR, GULAGs were present. The USSR also signed the Declaration of Human Rights. At the present moment, countries are striving for the implementation of laws and actions supporting the Declaration of Human Rights.

What is human development in action? This is the analysis, the structure of analysis, strategies and examples that provide the frames for global priorities. Here we can see the macro basis for the whole process of development for the long term including economic growth, opportunities and equality for everyone, especially children and the basis for the budget in a broader context – through the human development.

Indicators of childhood development are very important for human development. Here we should mention two or three strategies.

It is necessary to provide access to resources for poor people and strengthen the opportunities for rural and urban areas. Economic strategies for the generation of resources and the support of these processes should be developed. These strategies should be based on redistribution along with growth. This means that the direction of economic growth should be targeted to more development for the poorer levels of the population. The wealthy will stay wealthy. Instead of giving everything to the wealthy we can use the capacity of taxation policy and transfers to allow the poor population to get more out of redistribution.

In the 1970s the World Bank presented research that says that redistribution is required. Countries that followed this strategy had a better picture not only in redistribution, but also in the reduction, of poverty. Their overall growth was better.

These are the global priorities. The approach to human development is currently under analysis and is taken into account in more than 130 countries in the world. Kazakhstan regularly publishes Reports on Human Development. This Report published in many countries has a set theme work for analysis; each country is analysed within that theme. This gives the opportunity to show the inertness and concern with human development in countries along with other indicators. This sets the priorities. It is required for stability, changes, and the highlighting of global inequality.

I hope that Kazakhstan will implement budget initiatives, directed at human needs, especially children needs and gendered budgeting, and that people will start asking such questions such as “What is the world going to be like in the long term?".

Within the implementation of these processes, it is necessary to use not only the official data of the Agency for Statistics, but also existing databases of donors with the full list of indicators for developing countries and Eastern Europe. UNICEF and the World Bank support these efforts in last 15 years. In terms of Kazakhstan, it is possible to provide programmes, and scholarships for young Kazakh researchers and scientists for their study in Florence (the Innocenti Center). There they can gain international experience in this field. This kind of approach is needed for satisfaction of human needs and interests.
The participants of the international conference, representing the Parliament of the Republic of Kazakhstan, the Ministries and other national government agencies of the Republic of Kazakhstan, akimats (local government), Kazakhstani and international research organizations and academic institutions, as well as non-government and international organizations,

taking into consideration the commitments undertaken by the Republic of Kazakhstan upon the ratification of the Convention on the Rights of the Child, adopted by the United Nations General Assembly of November 20, 1989 and other international legal documents on social and economic rights, including the rights of the child,

welcoming the will of the President of the Republic of Kazakhstan, as expressed in the Annual Address to the People of Kazakhstan, ‘A New Kazakhstan in the New World’ and aimed at creating a supportive environment for the protection of motherhood and childhood and the improvement of the welfare of the population,

having discussed issues of increasing the social orientation and the efficiency of the republican and local budgets in the best interests of children and families in the Republic of Kazakhstan, recommend to:
THE PARLIAMENT AND THE GOVERNMENT OF THE REPUBLIC OF KAZAKHSTAN

• In accordance with the national priorities established in the Strategies for Development for 2010 and 2030, the President’s Annual Address to the People of Kazakhstan and the international commitments of the Republic of Kazakhstan within the UN Convention on the Rights of the Child and the UN Declaration of Millennium Development Goals, to place a strong emphasis on the needs and rights of children while developing appropriate legislative acts.

• To promote increased results-oriented funding for education, healthcare and social protection of children, young people and family as being the most effective tool for investment in human development, which is a prerequisite for economic prosperity and sustainable development of the country.

• To continue the analysis and adaptation of advanced international experience to the actual situation in Kazakhstan in results-oriented budget planning and budget implementation aimed at feasible social outcomes, including meeting of special needs and the protection of the rights of children and other vulnerable public groups within the public expenditures system.

THE PARLIAMENT OF THE REPUBLIC OF KAZAKHSTAN

• To continue with the improvement of budget legislation of the Republic of Kazakhstan, oriented towards achieving planned results and the transparency of planned activities.

• To assess the possibility of the creation of a special interagency team in the Parliament for the promotion of the rights of children when elaborating state strategies and plans for development and introducing budgets and budget initiatives.

THE GOVERNMENT OF THE REPUBLIC OF KAZAKHSTAN

• To develop a system of monitoring living standards with the use of indicators that track not only the processes of poverty reduction and increasing living standards, but also the quality of life within the framework systems to support motherhood and childhood.

• To run on a regular basis, intermediate statistical and social monitoring of indicators of living standards through analysis of the cause-and-effect relations and further dissemination of the results of this analysis among beneficiaries at different levels. To make optimal decisions in planning, monitoring and effectively implementing national (republican) and local budgets to use equally the regular methods of information collection through the system of public statistical reporting, and the internationally recognized alternative methods of social information collection, such as cluster surveys, demographic and health surveys.

• To continue increasing the public financing of the healthcare sector, to ensure universal access to the guaranteed healthcare services, and to increase their quality and effectiveness.

• To ensure further development of infrastructure and different forms of school and pre-school education in urban, and especially in rural, areas taking into consideration needs in: school and pre-school education establishments, professional education establishments, the development of a supply-and-demand monitoring system and, proposals for businesses to employ young people with an account of forecast economic development of regions of Kazakhstan.

• To develop measures to increase the effectiveness of public expenditures and to consolidate efforts of all parties involved to elaborate a system of monitoring of state programmes, especially social programmes funded from the state budget.

• While planning budget expenditures and developing budget programmes, to determine expected results and impacts including feasible quantitative indicators and measurement methods including the elaboration of key indicators that characterize quality, results and monitoring of current implementation and the impact expected from each type of public services and programmes.

AKIMAT – LOCAL GOVERNANCE

• To increase the effectiveness of the management of social programs at the local level; promote activities for improving the health of children and pregnant mothers using the principles of achieving planned results, transparency and the consideration of public opinion rather than relying on a cost-is-no-object approach.
NATIONAL COMMISSION ON FAMILY AND GENDER POLICY UNDER THE PRESIDENT OF THE REPUBLIC OF KAZAKHSTAN

- To continue implementation of the Gender Equality Strategy in the Republic of Kazakhstan for 2006-2016 aimed at improving the legislation related to family, healthcare and labor relationships in the best interests of family and children.

UNICEF KAZAKHSTAN

- To continue joint activities in cooperation with the Ministry of Education and Science of the Republic of Kazakhstan on the de-institutionalization of orphanages and boarding schools by introducing new forms of alternative upbringing in families of the citizens of RK as well as holding media campaigns to increase the awareness of the population on the implementation of the provisions of the UN Convention of the Rights of the Child.

Based on the recommendations of this international conference, to agree upon a further joint action plan for government agencies, international organizations and NGOs working in the area of protection and promotion of children’s rights and interests, rights of families with many children, children with disabilities, and other vulnerable public groups.

CONCLUSION

Kazakhstan, from the day of declaring its independence, has been actively cooperating with various international organizations within the generalization and further application of the experience of developed countries in increasing the effectiveness and efficiency of social policy in order to improve the level and quality of life of people and, hence, to decrease the poverty in the country, especially the poverty of children. The international organizations, such as the United Nations Children’s Fund (UNICEF), the World Bank, and the United Nations Development Fund for Women (UNIFEM), have actively collaborated with the Government of Kazakhstan, significantly contributed to forming sustainable human development in the country.

Currently, Kazakhstan requires development and improvement of an integrated systematic approach to solving social problems. Also, the key areas of social security management and performance measurements of the administrative structures and social institutions have to be made public. It should be of no less importance to synchronise administrative resources and established objectives; to secure a financial base for local authorities with the view of strengthening the administrative mechanism of the nationwide implementation of social policy in order to extend social reforms without hindrances. The above issues were discussed in the presentations made by participants of the conference, who represent various governmental structures. In particular, Mr. Mussiraly Utebaev, Member of the Senate of the Parliament of the RK, Chairperson of the Committee for Economics, Finances and Budgets, said that, “The basic parameters determining the degree and depth of the development of each economy includes indicators of the welfare of the population, including motherhood and childhood, which covers practically all the stages of the socio-economic development of the state.”

Having signed the Conventions on Human Rights and the Millennium Development Goals (MDG), governments, including the Government of Kazakhstan, are committed to providing disadvantaged groups with social, economic and cultural rights and to achieving the human development goals. Meeting these commitments requires significant state resources. The national budget is a mechanism of allocation of public resources and a key political instrument for fulfilling the provisions of the Convention on Human Rights and MDG Convention.
Planning the national budget is also a political process. Very often competition between various priorities takes place in the struggle for limited resources. The budget process must be considered an opportunity to protect the needs and the rights of children and other disadvantaged groups. Thus, protection of the interests of these groups in the budget planning process is the opportunity to highlight the needs of children needs and prioritize their rights in the use of public expenses.

In its activity, UNICEF adheres to an approach based on the observance of all human rights, particularly children’s, and thus underlines the interrelation and interdependence of human rights. This approach considers economic and social rights to be a key issue in development policy. From this point of view, economic growth should serve the human development goals. These goals were just a starting point in the reports presented by the well-known human development scientists who took part in the conference, namely, Sir Richard Jolly, Honorary Professor, Institute for Development Studies, University of Sussex, UK; and Prof. Giovanni Andrea Cornia, Professor of Economics, University of Florence.

Integrating the international practice with the purpose of using it in practice in Kazakhstan, the research available in the UNICEF was presented at the conference by Mr. Paul Martin, UNICEF Representative in Colombia. Based on this research it may be concluded that the budget planning methods used by countries of different social and economic development models enable them to increase the state impact on social policy, and thus:

- have impact on decision making concerning budget appropriations, in particular, the increase of public expenditure in the best interests of children and other disadvantaged groups;
- mobilize civil society efforts and encourage dialogue between the government and civil society;
- demonstrate the potential of macroeconomic policy in developing social satisfaction and promoting the human development goals at the global level.

The budget-related initiatives cover a wide range of measures, including:

1) technical appraisal of previous and/or future budgets; 2) raising of awareness, provision of technical information in order to de-mystify the budget; 3) outreach of impact on social and economic policy formation and budget outlays at the ministerial/sector level; 4) campaigns to inform and support members of parliament; 5) participation in the budget process through mobilization of the society and local representatives; 6) participation of non-government parties in the budget process at the national level through consultations; 7) monitoring through participation in budget performance or through publication of national accounts and charging procedure; 8) provision of the government agencies with information and support of negotiations held with international agencies regarding the government’s social and economic policy.

Following these areas, it is essential for Kazakhstan to study and adopt the best international practice in budget planning taking into account the budgets and budget-related initiatives oriented at needs of an individual, which can be classified into three categories by significance:

1. Budgets and budget-related initiatives in the best interests of needy population;
2. Gendered budgets and budget-related initiatives;

The main purpose of these initiatives is to prioritize the rights of children and other disadvantaged groups in the public expenditure system, which is well-timed and urgent for Kazakhstan at present. These budget-related initiatives differ in terms of the concerned members. Some of them are of concern to governments, others to civil society development organizations, and still others are in the interests of partnership between both. All these initiatives are aimed at social spending.

Taking into account the newness of this issue, Kazakhstan should develop a system of monitoring and evaluating governmental programmes funded from the national budget and, most importantly, social programmes within the framework of the further improvement of the welfare of the population, particularly, women and children. This kind of methodological approach is feasible, because monitoring and evaluation of budget appropriations and expenses are an essential part of the budget process due to two sound reasons. First, budget appropriations by the state may differ significantly from real payments and use of funds. Second, it is very important to monitor donor payments, including monitoring public expenses. This monitoring will be important if the society is concerned in what exactly the government acquires as public revenues and donor loans. Ms. Zinaida Zagoskina, Member of the Accounting Committee for Control over the Execution of the Republican Budget of the RK underlined this point in her presentation.

Development of programmes of monitoring and evaluation aimed at the protection of motherhood and childhood should be governed by the best interests of children and families when studying the budget planning process. This fact was confirmed by research performed by Kazakhstan
scholars and representatives of social-oriented NGOs. Ms. Meruert Makhmutova, Director of the Public Policy Research Centre and Ms. Irina Unzhakova, President of the ‘Status’ Federation of Women, and Member of the Commissions for Family and Gender Policy under the Akim of East Kazakhstan oblast and the Akim of Ust Kamenogorsk city presented results of their research at the conference.

From the point of view of methodology it should include the following stages:

- Definition of a target value by which it will be possible to evaluate the future trends in social expenses expenses and budget outlay/trends;
- Provision of information about trends in public expenditure trends and the impact of decentralization and delegation of social expenses in the best interests of children;
- Provision of data to support the necessity of budget planning in the interests of children in Kazakhstan.

In order to implement specific budget-related initiatives in Kazakhstan, dissemination of information and education programmes should be arranged to extend awareness of the necessity to study the budget from the point of view of the rights of children. Thus, the following should be set as specific frame goals:

- Paying increased attention in social policy and in decision-making processes to addressing problems of children’s, including those of children with special needs, particularly when concerning budget appropriations and resources allocation in Kazakhstan;
- Consolidation with the national integrated database of regional information on the process and structure of the budget for children’s needs;
- Mobilization of a civil society to organize the dialogue with the government on the improvement of the budget process transparency.

All programmes adopted by Kazakhstan have been developed in compliance with the National Strategy “Kazakhstan 2030” and the Strategic Development Plan of the Republic of Kazakhstan until 2010, approved in accordance with Kazakhstan 2030. These programmes are aimed at the implementation of the MDGs as defined by the UN General Assembly Millennium Declaration in New York in 2000.

In this context, budget-related initiatives in the best interests of children are efficient instruments used by concerned groups to implement the rights and meet the needs of children through budget planning. Participation in the budget process at the government level is the opportunity to mobilize resources in the best interests of children, and also to hold the government accountable to the MDG obligations. Promotion of budgets in the best interests of children is an efficient instrument to strengthen the protection of the children’s rights and to promote MDG at the global level.

These conceptual approaches to improve the budget process in the best interests of children and families were discussed at the sector sessions (an abstract is attached below) and later were included in recommendations of the conference.

Section one: Quality of Social and Economics Statistics as a Prerequisite for Social Policy and Budget Planning

During this session, conference participants discussed issues of the interrelation of indicators of the quality of life of the population, specifically, that of children, women, and families, with the development of budget policy goals based on the analysis of the compliance of statistic indicators used in Kazakhstan with the standards of advanced international methods and methodologies.

When discussing these issues conference participants noted that the Agency for Statistics of the RK does not have enough authority to ensure its independence from public structures, which leads to the deterioration of statistical data. Data pertaining to the standard of life of the population life and to poverty is obtained by the Agency through a sampled survey of Kazakhstan households, which has been performed on a quarterly basis in the recent past. If this kind of survey is not maintained and not supported financially or organizationally to ensure regular and practical implementation, then the quality of data obtained will be very poor.

The outcomes of the multi-indicator cluster survey (MICS) were briefly analyzed as well at this session; this survey was organized and implemented by the Agency with the support of UNICEF and other international organizations. Conference participants agreed with the arguments of the speaker that made a presentation related to the section topic; the point of the presentation was the importance of use of such types of advanced international methodologies and instruments by ministries and agencies in their routine work as additional sources of data for databases necessary to improve the monitoring of social development policy, specifically in the planning and budgeting processes of each government agency. Such an approach will make it possible to more effectively use available resources, both financial and organizational, in the process of improving budget initiatives oriented at the needs of people and specifically children.
Section Two: Social Sector Budget Planning and Financing Processes: Healthcare, Education and Social Protection

Presentations made at this session highlighted issues of budget planning in education, healthcare and social protection systems in the Republic as well as problems that have to be resolved for the sake of dynamic development in the interests of family and children, and the population as a whole.

In the course of this session, the suggestion was made to consider a new structure of financial relations in the sector of healthcare, one that is targeted at the enhancement of responsibility for financing republican and local budgets in order to avoid overlaps and possibly to facilitate the provision of services with an orientation to international practice in issues of the development of regulatory basis.

This proposal has led to the discussion of issues of access to health services, bringing up their quality, efficiency and especially activities aimed at the promotion of health of pregnant women and children.

Participants of the session noted that provision of services for the population does not really imply a shift in sector financing to rayon budgets but does require the increase of the volume of services to be provided in rural health facilities. The President of the Republic spoke about the construction of new health facilities in his Address to the People of Kazakhstan; in the course of three years, 100 schools and 100 health facilities will be built in those regions of the country that are desperately in need of them.

Also it was pointed out during the discussion that public financing is the major source of the development of education, healthcare and social protection. Within this context, the proposals made by the speakers aimed at improving the budget planning mechanism in the interests of the population of the entire country are especially important during the period of new national budget development.

Another important issue touched upon by the participants in the discussion was that the reproduction of labor resources, the care of social orphans, the participation of youth organizations in addressing social problems, the formation of legislative and regulatory bases adequate for current requirements; and in this connection proposals for schools designed to contribute to the involvement of children with disabilities in the normal educational process from the very beginning, should be used in the interests of family, children and gender development.

Participants of the given session strongly noted that ratification of the UN Convention of the Rights of the Child, sharing the Millennium Declaration initiatives, demonstrates the commitment of Kazakhstan to create a better, safer and less complicated world for all the people on Earth, which in the end defines the major objectives of economic policy of the state and these objectives are the basis for the development of socially oriented budgets.

Section Three: Child-friendly, Gender Sensitive and Results-based Approaches to Social Expenditure Planning

International experience in the field of the assessment of gender-based public policy and its reflection in the budgeting process (in Russia) and UNICEF experience in the area of human rights-sensitive and results-based programme planning and management was summarized in the course of this session.

When discussing these issues, participants spoke about understanding needs with regard to the implementation of children’s rights because it is through these needs that the rights of the child and human rights in general are implemented. The importance of taking into account these needs in the planning process has been highlighted alongside with the fact that results should be based on the needs. In fact, it is very important to take into account the needs of those population groups that are somewhat vulnerable from the point of view of their social status.

Having heard information on improving budget planning in Kazakhstan with the aim of ensuring more independence for administrators of budget programmes and enhancing their responsibility for the achievement of final results, participants of this session participants focused their attention on the fact that good quality programme planning and the use of a programme-targeted approach should in the first place imply the availability of clear goals and objectives and a hierarchy of those objectives that are aimed at the achievement of goals defined in strategic documents of the Republic of Kazakhstan.

Yet another important objective within the framework of this issue, in the opinion of the session participants, is the process related to the development of mechanisms of monitoring and assessing the efficiency of budget programmes. It is obvious that the assessment of mechanisms of monitoring and evaluation of budget programmes should be in any case based on those indicators that need to be developed at the stage of the development of budget programmes and then should be used to assess the efficiency of the given programmes, not only by the programme executors but also by external auditors as well. This issue could be complemented by the fact that there is a problem with the development of regulatory norms: participants suggested using norms based on age-and sex, which logically should be correlated with those needs and rights that have been discussed at the session meeting.
Apart from that, the discussion helped to identify not only the insufficiency of the regulatory basis but also the problems related to conceptual mechanisms and practical tools that are linked with a programme-targeted approach. This is why the participants pointed out the necessity of the development of a monitoring system with a focus on the list of indicators and a rigid hierarchy of their definition and targeted content, in other words, a rigorous functional division into qualitative and quantitative indicators. This process is directly linked with the process of applying mechanisms of budgeting and formulation of its goals and objectives.

At the same time, given international experience, conference participants noted the importance of a regulatory basis for the participation of both civil society and the beneficiaries of budgeted programmes in assessing their budgets and follow-up implementation, as well as the necessity of ensuring legislatively their access to this process.

Section Four: Social Budget Management at the Republican and Local Levels

Issues of the enhancement of the efficiency of management with regard to social programmes at the local level, ensuring that activities aimed at the promotion of the health of children and pregnant women were considered at the session meeting.

After a review of an analysis of the legislative basis with regard to the issue under consideration at the session meeting, the conference participants agreed that the reform of the Kazakhstan budget system has created good prerequisites for the reorientation of budget policy in the interests of users of public services; Doubtless children and their families should be given priority among these users. At the same time, both legislative and practical aspects of the development of budget funds and budget spending have been identified which are barriers on the way to better registration and financing of the interests of the family and children. The participants of this session said that given all these factors, it is necessary that local management bodies be guided in their activity by principles of orientation not to an expenditure-based approach but to achievement of planned results, to transparency and responsiveness to public opinion. It is these principles that have to contribute to the enhancement of the efficiency of social programme management at the local level, given that the budgeting process has a pyramid structure (bottom-up subordination) and is directly linked to the quality of management at the local level.

Discussions within the session once again highlighted the significance and the timeliness of holding a conference for Kazakhstan. The conference participants, representing different societal levels and different economic spheres, were unanimous in the opinion that issues of widening social orientation and the efficiency of both republican and local budgets in the interests of children and family in the Republic of Kazakhstan need to be addressed now. To that end international experience in this area should be summarized and adapted to the country situation.

The aforementioned budget initiatives include a wide set of activities that in various ways found their reflection in proposals made by the conference participants at group discussions and plenary meetings and in the adopted recommendations, specifically:

- technical expert examination of the past and/or planned future budgets;
- awareness raising, dissemination of technical information with the aim of demystification of the budget;
- promotion of the influence on development of social and economic policy and budget allocation at the Ministry/sector level;
- campaign on awareness raising and support to parliamentarians;
- participation in budget development through mobilization of society and local representatives in the budget;
- participation in budgeting at the national level through consultations with non-government parties;
- monitoring through participation in budget implementation or through publication of reports on public funds and spending;
- raising the awareness of government agencies and support to government negotiations with international institutes on issues of social-economic policy.

\* Overview of UNICEF Global and Regional Experience and that of other stakeholders interested in promotion of the Concept of Budget Planning in the Interests of Children. UNICEF. Astana, 2007.
LIST OF PARTICIPANTS

INTERNATIONAL CONFERENCE

INCREASING SOCIAL ORIENTATION OF BUDGETS AND EFFICIENCY OF PUBLIC EXPENDITURES AT NATIONAL AND LOCAL LEVELS IN THE BEST INTERESTS OF CHILDREN AND FAMILIES IN KAZAKHSTAN

9–10 April 2007, Senate of the Parliament of the Republic of Kazakhstan, Astana

Senate of the Republic of Kazakhstan
National Commission for Family and Gender Policy under the President of the Republic of Kazakhstan
United Nations Children’s Fund
Ministry of Labour and Social Protection of the Population of the Republic of Kazakhstan
Ministry of the Economy and Budget Planning of the Republic of Kazakhstan

UNICEF

Kazakhstan

Ministry of Labour and Social Protection of the Population of the Republic of Kazakhstan

Ministry of the Economy and Budget Planning of the Republic of Kazakhstan
Administration of the President of the Republic of Kazakhstan

1. Sabilya MUSTAFINA  Head of Unit, Social and Political Department

National Commission for Family Affairs and Gender Policy under the auspice of the President of the Republic of Kazakhstan

2. Aitkul SAMAKOVA  Advisor to the President of the Republic of Kazakhstan, Chairperson of the National Commission for Family Affairs and Gender Policy under the President of the Republic of Kazakhstan

3. Zhambul BEKZHANOV  Head of the Secretariat of the National Commission for Family Affairs and Gender Policy under the President of the Republic of Kazakhstan

4. Rashida NAUBETOVA  Deputy Head of the Secretariat of the National Commission for Family Affairs and Gender Policy under the President of the Republic of Kazakhstan

5. Saltanat ABDIKARIMOVA  Head of Unit for Economic Promotion of Women, Secretariat of the National Commission for Family Affairs and Gender Policy under the President of the Republic of Kazakhstan

6. Ulan KASSIMBEKOV  Head of Unit, Secretariat of the National Commission for Family Affairs and Gender Policy under the President of the Republic of Kazakhstan

7. Svetlana BURLACHENKO  Member of the National Commission for Family Affairs and Gender Policy under the President of the Republic of Kazakhstan

Representative of the President of the Republic of Kazakhstan to the Parliament

8. Rakhmet MUKASHEV  Representative of the President of the Republic of Kazakhstan to the Parliament

Representative of the Government to the Senate of the Parliament of the Republic of Kazakhstan


Senate of the Parliament of the Republic of Kazakhstan

10. Kassim-Zhomart TOKAEV  Chairperson of the Senate of the Parliament of the Republic of Kazakhstan

11. Mukhambet KOPEYEV  Deputy Chairperson of the Senate of the Republic of Kazakhstan

12. Mussiraly UTEBAEV  Member of the Senate of the Parliament of the Republic of Kazakhstan, Chairperson of Committee for Economics, Finances and Budgets

13. Kuanish SULTANOV  Member of the Senate of the Parliament of the Republic of Kazakhstan, Chairperson of Committee for Social and Cultural Development

14. Yermek ZHUMABAYEV  Member of the Senate of the Parliament of the Republic of Kazakhstan, Chairperson of Committee for Public Administration and Legal Policy

15. Akhan BIZHANOV  Member of the Senate of the Parliament of the Republic of Kazakhstan, Chairperson of Committee for International Affairs and Security

16. Ioghan MERKEL  Member of the Senate of the Parliament of the Republic of Kazakhstan, Chairperson of Committee for Regional and Sectoral Development

17. Bakbergen DOSMANBETOV  Member of the Senate of the Parliament of the Republic of Kazakhstan, Secretary of Committee for Economics, Finances and Budgets
<table>
<thead>
<tr>
<th></th>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>18.</td>
<td>Talgatbek ABAIDILDIN</td>
<td>Member of the Senate of the Parliament of the Republic of Kazakhstan, Secretary of Committee for Social and Cultural Development</td>
</tr>
<tr>
<td>19.</td>
<td>Kabdigaly AKHMETOV</td>
<td>Member of the Senate of the Parliament of the Republic of Kazakhstan, Secretary of Committee for Public Administration and Legal Policy</td>
</tr>
<tr>
<td>20.</td>
<td>Tasbay SYMAMBAYEV</td>
<td>Member of the Senate of the Parliament of the Republic of Kazakhstan, Secretary of Committee for Public Administration and Legal Policy</td>
</tr>
<tr>
<td>21.</td>
<td>Farida GALYMOV</td>
<td>Member of the Senate of the Parliament of the Republic of Kazakhstan, Secretary of Committee for Regional and Sectoral Development</td>
</tr>
<tr>
<td>22.</td>
<td>Yevgeny AMAN</td>
<td>Member of the Senate of the Parliament of the Republic of Kazakhstan, Member of Committee for Economics, Finances and Budgets</td>
</tr>
<tr>
<td>23.</td>
<td>Rashid AKMETOV</td>
<td>Member of the Senate of the Parliament of the Republic of Kazakhstan, Member of Committee for Economics, Finances and Budgets</td>
</tr>
<tr>
<td>24.</td>
<td>Alexandre GUSSINKY</td>
<td>Member of the Senate of the Parliament of the Republic of Kazakhstan, Member of Committee for Economics, Finances and Budgets</td>
</tr>
<tr>
<td>25.</td>
<td>Rairat ISCHANOV</td>
<td>Member of the Senate of the Parliament of the Republic of Kazakhstan, Member of Committee for Economics, Finances and Budgets</td>
</tr>
<tr>
<td>26.</td>
<td>Jakai NURGALIEV</td>
<td>Member of the Senate of the Parliament of the Republic of Kazakhstan, Member of Committee for Economics, Finances and Budgets</td>
</tr>
<tr>
<td>27.</td>
<td>Nussupzhan NURMANBETOV</td>
<td>Member of the Senate of the Parliament of the Republic of Kazakhstan, Member of Committee for Economics, Finances and Budgets</td>
</tr>
<tr>
<td>28.</td>
<td>Svetnala JALMAGAMBETOVA</td>
<td>Member of the Senate of the Parliament of the Republic of Kazakhstan, Member of Committee for Social and Cultural Development</td>
</tr>
<tr>
<td>29.</td>
<td>Nurlygaim JOLDASBAYEVA</td>
<td>Member of the Senate of the Parliament of the Republic of Kazakhstan, Member of Committee for Social and Cultural Development</td>
</tr>
<tr>
<td>30.</td>
<td>Anatoly BASHMAKOV</td>
<td>Member of the Senate of the Parliament of the Republic of Kazakhstan, Member of Committee for Social and Cultural Development</td>
</tr>
<tr>
<td>31.</td>
<td>Serik AYAGANOV</td>
<td>Member of the Senate of the Parliament of the Republic of Kazakhstan, Member of Committee for Social and Cultural Development</td>
</tr>
<tr>
<td>32.</td>
<td>Janseit SARSENKULOV</td>
<td>Member of the Senate of the Parliament of the Republic of Kazakhstan, Member of Committee for Social and Cultural Development</td>
</tr>
<tr>
<td>33.</td>
<td>Beksultan TUTKUSHEV</td>
<td>Member of the Senate of the Parliament of the Republic of Kazakhstan, Member of Committee for Social and Cultural Development</td>
</tr>
<tr>
<td>34.</td>
<td>Kuanish AITAKHANOV</td>
<td>Member of the Senate of the Parliament of the Republic of Kazakhstan, Member of Committee for Regional and Sectoral Development</td>
</tr>
<tr>
<td>35.</td>
<td>Jomartkaly JEKSEMBINOV</td>
<td>Member of the Senate of the Parliament of the Republic of Kazakhstan, Member of Committee for Regional and Sectoral Development</td>
</tr>
</tbody>
</table>
INCREASING SOCIAL ORIENTATION OF BUDGETS AND EFFICIENCY OF PUBLIC EXPENDITURES AT NATIONAL AND LOCAL LEVELS IN THE BEST INTERESTS OF CHILDREN AND FAMILIES

Republic of Kazakhstan

Leonid BURLAKOV  Member of the Senate of the Parliament of the Republic of Kazakhstan, Member of Committee for Regional and Sectoral Development

Jandarbek KAKISHEV  Member of the Senate of the Parliament of the Republic of Kazakhstan, Member of Committee for Regional and Sectoral Development

Idelbay IMANKULOV  Member of the Senate of the Parliament of the Republic of Kazakhstan, Member of Committee for Regional and Sectoral Development

Abish KEKILBAYEV  Member of the Senate of the Parliament of the Republic of Kazakhstan, Member of Committee for International Affairs and Security

Omirbek BAIGELDY  Member of the Senate of the Parliament of the Republic of Kazakhstan, Member of Committee for International Affairs and Security

Amanzhol BULEKPAYEV  Member of the Senate of the Parliament of the Republic of Kazakhstan, Member of Committee for International Affairs and Security

Onalbek SAPIEV  Member of the Senate of the Parliament of the Republic of Kazakhstan, Member of Committee for International Affairs and Security

Orinbay RAKHMANBERDIEV  Member of the Senate of the Parliament of the Republic of Kazakhstan, Member of Committee for International Affairs and Security

Iran AMIROV  Member of the Senate of the Parliament of the Republic of Kazakhstan, Member of Committee for Public Administration and Legal Policy

Serik AKILBAY  Member of the Senate of the Parliament of the Republic of Kazakhstan, Member of Committee for Public Administration and Legal Policy

Shamsat ISSABEKOV  Member of the Senate of the Parliament of the Republic of Kazakhstan, Member of Committee for Public Administration and Legal Policy

Yuri KUBAICHUK  Member of the Senate of the Parliament of the Republic of Kazakhstan, Member of Committee for Public Administration and Legal Policy

Zhumabek TUREGELDINOV  Member of the Senate of the Parliament of the Republic of Kazakhstan, Member of Committee for Public Administration and Legal Policy

Magzam KASSIMOV  Head of Administration of the Senate of the Parliament of the Republic of Kazakhstan

Majilis of the Parliament of the Republic of Kazakhstan

Kenzhegaly SAGADIEV  Member of the Majilis of the Parliament of the Republic of Kazakhstan, Chairperson of Committee for Finances and Budgets

Zaure KADYROVA  Member of the Majilis of the Parliament of the Republic of Kazakhstan, Chairperson of Committee for Social and Cultural Development

Sergei ZHALIBIN  Member of the Majilis of the Parliament of the Republic of Kazakhstan, Chairperson of Committee for Legislation and Judicial and Legal Reforms

Roman MADINOV  Member of the Majilis of the Parliament of the Republic of Kazakhstan, Chairperson of Committee for Agriculture
INCREASING SOCIAL ORIENTATION OF BUDGETS AND EFFICIENCY OF PUBLIC EXPENDITURES AT NATIONAL AND LOCAL LEVELS IN THE BEST INTERESTS OF CHILDREN AND FAMILIES

Republic of Kazakhstan

Erlan NIGMATULIN
Member of the Majilis of the Parliament of the Republic of Kazakhstan, Chairperson of Committee for Ecology and Nature Management

Vera SUKHORUKOVA
Member of the Majilis of the Parliament of the Republic of Kazakhstan, Chairperson of Committee for Economic Reform and Regional Development

Onalbay AYASHEV
Member of the Majilis of the Parliament of the Republic of Kazakhstan, Secretary of Committee for Social and Cultural Development

Victor EGOROV
Member of the Majilis of the Parliament of the Republic of Kazakhstan, Secretary of Committee for Finances and Budgets

Ermek ABASSOV
Member of the Majilis of the Parliament of the Republic of Kazakhstan, Member of Committee for Finances and Budgets

Vladimir BOBROV
Member of the Majilis of the Parliament of the Republic of Kazakhstan, Member of Committee for Finances and Budgets

Turarbek ASSANOV
Member of the Majilis of the Parliament of the Republic of Kazakhstan, Member of Committee for Finances and Budgets

Tulebek KOSMAMBETOV
Member of the Majilis of the Parliament of the Republic of Kazakhstan, Member of Committee for Finances and Budgets

Maral ITEGULOV
Member of the Majilis of the Parliament of the Republic of Kazakhstan, Member of Committee for Finances and Budgets

Alexandre MILYUTIN
Member of the Majilis of the Parliament of the Republic of Kazakhstan, Member of Committee for Finances and Budgets

Serk OSPANOV
Member of the Majilis of the Parliament of the Republic of Kazakhstan, Member of Committee for Finances and Budgets

Nurtay SABILYANOV
Member of the Majilis of the Parliament of the Republic of Kazakhstan, Member of Committee for Finances and Budgets

Tito SIZDYKOV
Member of the Majilis of the Parliament of the Republic of Kazakhstan, Member of Committee for Finances and Budgets

Aldyarbek TUSSUPOV
Member of the Majilis of the Parliament of the Republic of Kazakhstan, Member of Committee for Finances and Budgets

Oralbek JAKIYANOV
Member of the Majilis of the Parliament of the Republic of Kazakhstan, Member of Committee for Finances and Budgets

Amanzhol ZHAMALOV
Member of the Majilis of the Parliament of the Republic of Kazakhstan, Member of Committee for Finances and Budgets

Valery KOTOVICH
Member of the Majilis of the Parliament of the Republic of Kazakhstan, Member of Committee for Social and Cultural Development

Bekzhan ALIMZHANOV
Member of the Majilis of the Parliament of the Republic of Kazakhstan, Member of Committee for Social and Cultural Development

Amangely DUYSEKEYEV
Member of the Majilis of the Parliament of the Republic of Kazakhstan, Member of Committee for Social and Cultural Development

Dinar NUKETAYEVA
Member of the Majilis of the Parliament of the Republic of Kazakhstan, Member of Committee for Social and Cultural Development

Gadilbek SHALAKHMETOV
Member of the Majilis of the Parliament of the Republic of Kazakhstan, Member of Committee for Social and Cultural Development
<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Position and Affiliation</th>
</tr>
</thead>
<tbody>
<tr>
<td>75.</td>
<td>Bekbolat TLEUKHAN</td>
<td>Member of the Majilis of the Parliament of the Republic of Kazakhstan, Member of Committee for Social and Cultural Development</td>
</tr>
<tr>
<td>76.</td>
<td>Elena TARASSENKO</td>
<td>Member of the Majilis of the Parliament of the Republic of Kazakhstan, Member of Committee for Economic Reform and Regional Development</td>
</tr>
<tr>
<td>77.</td>
<td>Dariga NAZARBAEVA</td>
<td>Member of the Majilis of the Parliament of the Republic of Kazakhstan</td>
</tr>
<tr>
<td>78.</td>
<td>Saginbek TURSUNOV</td>
<td>Chairperson of the Commission for Human Rights under the President of the Republic of Kazakhstan</td>
</tr>
<tr>
<td>79.</td>
<td>Vyacheslav KALYUZHNY</td>
<td>Director of the National Centre for Human Rights</td>
</tr>
<tr>
<td>80.</td>
<td>Nina SHNITKOVSKAIA</td>
<td>Chief Expert of the Office of Ombudsperson</td>
</tr>
<tr>
<td>81.</td>
<td>Anar MESHIMBAYEVA</td>
<td>Chairperson of the Agency for Statistics of the Republic of Kazakhstan</td>
</tr>
<tr>
<td>82.</td>
<td>Yuri SHOKAMANOV</td>
<td>Deputy Chairperson of the Agency for Statistics of the Republic of Kazakhstan</td>
</tr>
<tr>
<td>83.</td>
<td>Marat KUSSAINOV</td>
<td>Vice-Minister of Economy and Budget Planning of the Republic of Kazakhstan</td>
</tr>
<tr>
<td>84.</td>
<td>Marziya BURANGALIEVA</td>
<td>Director of the Department for the Budget Process and Functional Analysis</td>
</tr>
<tr>
<td>85.</td>
<td>Gulnar AKHMETOVA</td>
<td>Acting Director of the Department for Regional Policy and Inter-Budget Affairs</td>
</tr>
<tr>
<td>86.</td>
<td>Zhamilya BOPIEVA</td>
<td>Director of the Department of Sectoral and Territorial Development</td>
</tr>
<tr>
<td>87.</td>
<td>Bauyrzhan KALZHANOV</td>
<td>Head of the Social Protection Unit, Department for Planning of Social Sector Budget Expenditures</td>
</tr>
<tr>
<td>88.</td>
<td>Bakhyt SULTANOV</td>
<td>Vice-Minister of Finance of the Republic of Kazakhstan</td>
</tr>
<tr>
<td>89.</td>
<td>Gulzhana KARAGUSSOVA</td>
<td>Minister of Labour and Social Protection of the Population of the Republic of Kazakhstan</td>
</tr>
<tr>
<td>90.</td>
<td>Gulshara ABDYKALIKOVA</td>
<td>Vice Minister of Labour and Social Protection of the Population of the Republic of Kazakhstan</td>
</tr>
<tr>
<td>91.</td>
<td>Lidiya GREBENKO</td>
<td>Advisor for the Minister of Labour and Social Protection of the Population of the Republic of Kazakhstan</td>
</tr>
<tr>
<td>92.</td>
<td>Kaini MANABAYEVA</td>
<td>Director of the Department for Social Standards and Rehabilitation of Disabled People</td>
</tr>
<tr>
<td>93.</td>
<td>Tatyana RHYUD</td>
<td>Head of Unit for Social Standards and Social Protection</td>
</tr>
<tr>
<td>94.</td>
<td>Assem NUSSUPOVA</td>
<td>Vice-Minister of Healthcare of the Republic of Kazakhstan</td>
</tr>
<tr>
<td>95.</td>
<td>Azamat ABDYMOMUNOV</td>
<td>Vice-Minister of Education and Science of the Republic of Kazakhstan</td>
</tr>
<tr>
<td>96.</td>
<td>Raissa SHER</td>
<td>Deputy Chairperson of Committee for Child Protection under the Ministry of Education and Science of the Republic of Kazakhstan</td>
</tr>
</tbody>
</table>
Increasing social orientation of budgets and efficiency of public expenditures at national and local levels in the best interests of children and families

Republic of Kazakhstan

Tatiana Nurgozhayeva
Director of the Budget Department

Gaukhar Saimassayeva
Chief Expert for Pre-school Education

Ministry of Foreign Affairs of the Republic of Kazakhstan

Erzhан Kazykhанов
Vice-Minister of Foreign Affairs of the Republic of Kazakhstan

Madina Jarbussonova
Extraordinary and Plenipotentiary Ambassador of the Ministry of Foreign Affairs of the Republic of Kazakhstan

Accounting Committee for Control over Execution of the Republican Budget

Omarkhan Oksikbayev
Chairperson of the Accounting Committee for Control over Execution of the Republican Budget

Zinaida Zagoskina
Member of the Accounting Committee for Control over Execution of the Republican Budget

Local Executive Bodies

Svetlana Ferkho
Deputy Akim of Ust-Kamenogorsk city

Balkiya Komekbayeva
Director of the Department for Education of South Kazakhstan oblast

Amirzhan Tussupbekov
Director of the Department for Finances of Astana city

Lyazat Aktauova
Deputy Director of the Department for Health of Astana city

Amantay Balkasheva
Deputy Director of the Department for Education of Astana city

Damezhan Sadvokassova
Deputy Director of the Department for Employment and Social Programmes for the Population of Astana city

Janat Nurpeissov
Deputy Director of the Department for Economy and Budget Planning of Astana city

Education and Research Institutions of the Republic of Kazakhstan

Ashimjan Akhmetov
President of Academy for Public Administration under the President of the Republic of Kazakhstan

Erlan Arinov
Chairperson of the Board of Directors of Centre for Market and Analytical Researches under the Ministry of Economy and Budget Planning of the Republic of Kazakhstan

Bektas Mukhamedjanov
Director General of the International Institute for Modern Politics

Sholpan Yessimova
Head of ‘Management of Human Resources’ Chair of Academy for Public Administration under the President of the Republic of Kazakhstan

Public Associations of the Republic of Kazakhstan

Aikan Akanov
Director of the Institute for Public Health of the Republic of Kazakhstan

Meruert Makhmutova
Director of the Public Policy Research Centre

Irina Unzhakova
President of the ‘Status’ Federation of Women, Member of Commissions for Family and Gender Policy under the Akim of East Kazakshtan oblas and the Akim of Ust-Kamenogorsk

Aliya Ilyassova
Director of the Institute for Monitoring and Evaluation of Social and Economic Development

Elvira Valtina
Director of the Children’s Fund in Kazakhstan

Laila Akhmetova
Coordinator of the ‘Children of Kazakhstan’ National Information Network
<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Position/Relevant Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>121</td>
<td>Sholpan BAIKOLOVA</td>
<td>Executive Director of Media-Academy</td>
</tr>
<tr>
<td>122</td>
<td>Jaken KALIULY</td>
<td>Chairperson of the UN Assistance Association in the Republic of Kazakhstan</td>
</tr>
<tr>
<td>123</td>
<td>Irina NEMSEN</td>
<td>Member of the ‘Zhuldyz’ Republican Union for Children Public Associations of Kazakhstan</td>
</tr>
<tr>
<td>124</td>
<td>Adilet MUKASHEV</td>
<td>Member of the ‘Zhuldyz’ Republican Union for Children Public Associations of Kazakhstan</td>
</tr>
<tr>
<td>125</td>
<td>Yevgeny LESHENKO</td>
<td>Member of the ‘Zhuldyz’ Republican Union for Children Public Associations of Kazakhstan</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Foreign Experts and Guests</strong></td>
</tr>
<tr>
<td>126</td>
<td>Richard JOLLY</td>
<td>Honorary Professor, Institute for Development Studies, University of Sussex, UK</td>
</tr>
<tr>
<td>127</td>
<td>Andrea Giovanni CORNIA</td>
<td>Professor of Economics, University of Florence and former Director of United Nations University WIDER (World Institute for Development Economics Research) in Helsinki</td>
</tr>
<tr>
<td>128</td>
<td>Paul MARTIN</td>
<td>UNICEF Representative in Colombia</td>
</tr>
<tr>
<td>129</td>
<td>Valentina SYVRYUKOVA</td>
<td>Civil Society Development Project Coordinator, Information and Analytical Centre for Study of Public Policy Processes in Post-Soviet Countries, Moscow State University and the Russian State Humanities University</td>
</tr>
<tr>
<td>130</td>
<td>Lyudmila RZHANITSINA</td>
<td>Professor in Economics, Institute for Economics of the Russian Federation, Academy for Public Administration under the President of the Russian Federation</td>
</tr>
<tr>
<td>131</td>
<td>Mekhman ABBAS</td>
<td>Director of the Department for Sustainable Development and Regional Politics of the Ministry of Economic Development of the Republic of Azerbaijan</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Diplomatic Missions and International Organizations</strong></td>
</tr>
<tr>
<td>132</td>
<td>Haoliang XU</td>
<td>United National Resident Coordinator in the Republic of Kazakhstan</td>
</tr>
<tr>
<td>133</td>
<td>Sergei SHATALOV</td>
<td>World Bank Country Manager to the Republic of Kazakhstan</td>
</tr>
<tr>
<td>134</td>
<td>Ivar VIKKI</td>
<td>OSCE (Organization for Security and Co-operation in Europe) Ambassador, OSCE Centre in Astana</td>
</tr>
<tr>
<td>135</td>
<td>John ORDWAY</td>
<td>Extraordinary and Plenipotentiary Ambassador of the United States of America to the Republic of Kazakhstan</td>
</tr>
<tr>
<td>136</td>
<td>Tetsuo ITO</td>
<td>Extraordinary and Plenipotentiary Ambassador of Japan to the Republic of Kazakhstan</td>
</tr>
<tr>
<td>137</td>
<td>Mukhammed ABALAKOV</td>
<td>Extraordinary and Plenipotentiary Ambassador of Turkmenistan to the Republic of Kazakhstan</td>
</tr>
<tr>
<td>138</td>
<td>Damira SARTBAYEVA</td>
<td>UNIFEM Regional Programme Director for the CIS</td>
</tr>
<tr>
<td>139</td>
<td>Gabit ISMAILOV</td>
<td>WHO National Liaison Officer</td>
</tr>
<tr>
<td>140</td>
<td>Robert SIMPSON</td>
<td>Head of USAID in Astana</td>
</tr>
<tr>
<td>141</td>
<td>Sholpan MAKHMUDOVA</td>
<td>USAID Project Management Specialist</td>
</tr>
<tr>
<td>142</td>
<td>Ogawa HISANORI</td>
<td>First Secretary of Embassy of Japan to the Republic of Kazakhstan</td>
</tr>
<tr>
<td>143</td>
<td>Kawai SHION</td>
<td>Third Secretary of Embassy of Japan to the Republic of Kazakhstan</td>
</tr>
<tr>
<td>144</td>
<td>Matsuo YOKO</td>
<td>Economic Officer of Embassy of Japan to the Republic of Kazakhstan</td>
</tr>
</tbody>
</table>
INCREASING SOCIAL ORIENTATION OF BUDGETS AND EFFICIENCY OF PUBLIC EXPENDITURES AT NATIONAL AND LOCAL LEVELS IN THE BEST INTERESTS OF CHILDREN AND FAMILIES

Republic of Kazakhstan

Emilio LOLLI  First Secretary Commercial of Embassy of Italian Republic to the Republic of Kazakhstan

Bota AYAZBAEVA Budget Transparency and Public Accountability Programme Director of Soros Foundation-Kazakhstan

Manshuk NURSEITOVA Senior Economist of Economic Policy Reform Project (USAID)

Aiman OSPANOVA Economist of Economic Policy Reform Project (USAID)

Sofia AN Project Coordinator for Kazakhstan of International Labour Organization

United Nations Children’s Fund (UNICEF)

Maria CALIVIS United Nations Children’s Fund (UNICEF) Regional Director for CEE/CIS

Carel DE ROOY UNICEF Representative to the Russian Federation

Hanaa SINGER UNICEF Representative to the Republic of Azerbaijan

Octavian BIVOL UNICEF Representative to the Republic of Bulgaria

Reza HOSSAINI UNICEF Representative to the Republic of Uzbekistan

Branislav JEKIC UNICEF Representative to the Republic of Belarus

Alexandre ZOUEV UNICEF Representative to the Republic of Kazakhstan

Elena SIALCHONAK UNICEF Deputy Representative to the Republic of Kazakhstan

Gordon ALEXANDER Senior Social Policy Regional Advisor, UNICEF Regional Office for CEE/CIS

Evgeny STANISLAVOV Regional Programme Officer, UNICEF Regional Office for CEE/CIS

Siraj MAHMUDOV Programme Planning Officer, UNICEF in Azerbaijan

Raimbek SISSEMALIEV Programme Officer, Head of the UNICEF Zone Office in Almaty

Faniya MUSSAYEVA Social Policy and Participatory Governance Officer, UNICEF in Kazakhstan

Aliya BIGARINOVA Social Policy and Participatory Governance Programme Assistant, UNICEF in Kazakhstan

Aikumis SEKSENBAYEVA Social Policy and Participatory Governance Programme Temporary Assistant, UNICEF in Kazakhstan

Tatiana ADERIKHINA Education and Child Protection Officer, UNICEF in Kazakhstan

Gulnaz KELEKEEVA Education and Child Protection Programme Assistant, UNICEF in Kazakhstan

Violetta KRASNIKOVA Education and Child Protection Programme Assistant, UNICEF in Kazakhstan

Aigul KADIOVA HIV/AIDS Officer, UNICEF in Kazakhstan

Sultanbek KHUDAIBERGENOV Communication Officer, UNICEF in Kazakhstan

Aliya KOSBAYEVA Health and Nutrition Officer, UNICEF in Kazakhstan

Aigul NURGABILOVA Family and Community Empowerment Programme Officer, UNICEF in Kazakhstan

Mariya SOSIBENKO Family and Community Empowerment Programme Temporary Assistant, UNICEF in Kazakhstan

Marat ISKENDIROV IT Specialist

Yevgeniya YAKUBOVSKAYA Senior Secretary, UNICEF in Kazakhstan

Rahel HURZELER UN Volunteer
INCREASING SOCIAL ORIENTATION OF BUDGETS AND EFFICIENCY OF PUBLIC EXPENDITURES AT NATIONAL AND LOCAL LEVELS IN THE BEST INTERESTS OF CHILDREN AND FAMILIES

International Conference

A PEOPLE-CENTRED VISION OF INTERNATIONAL DEVELOPMENT: INFLUENCING BUDGETS FOR THE RIGHTS OF VULNERABLE GROUPS

Desk review of UNICEF/Other Stakeholders’ Global/Regional Experience in Promoting the Child Friendly Budget Concept

RIAAS, Program Division, UNICEF, NY & UNICEF Country Office in Kazakhstan

Astana, 2007
TABLE OF CONTENTS

1 INTRODUCTION
2 EXECUTIVE SUMMARY
3 BACKGROUND
4 DEFINITION AND AN OVERVIEW OF “PEOPLE-CENTRED” BUDGET CONCEPT AND INITIATIVES: CHILD-FRIENDLY/PRO-POOR/GENDER-SENSITIVE BUDGET INITIATIVES
5 OVERVIEW OF UNICEF/OTHER STAKEHOLDERS’ EXPERIENCE IN ADVOCACY AND PROMOTION OF CHILD FRIENDLY BUDGET CONCEPT: IN VolVEMENT IN CHILD-FRIENDLY BUDGET INITIATIVE PROJECTS
5.1 BRAzIL: ADVOCACY PROJECTS PROMOTING CFBC
5.2 ECUADOR: INITIATIVES PROMOTING CHILD FRIENDLY BUDGET CONCEPT
5.3 SOUTH AFRICA: IDASA CHILD BUDGET INITIATIVE EFFORTS
5.4 TAMIL NADU, INDIA: PUBLIC AND PRIVATE SECTORS’ BUDGET INITIATIVE EFFORTS
5.5 WALES, UK: REVIEW OF PUBLIC EXPENDITURE ON CHILDREN
5.6 MOZAMBIQUE: JOINT GOVERNMENTDONOR-NGO CHILD BUDGET INITIATIVE
5.7 VIETNAM: STUDY ON THE BUDGET FOR CHILDREN
5.8 LESSONS LEARNT FROM CHILD FRIENDLY BUDGET INITIATIVES
6 PRO-POOR BUDGET INITIATIVES
6.1 INDIA: SOCIAL AUDITING PROJECT
6.2 PORTO ALEGRE, BRAzIL: PARTICIPATORY BUDGETING
6.3 ZUGDIDI, GEORGIA: PARTICIPATORY BUDGETING
6.4 BANGLADESH: BUDGET MONITORING AND INFLUENCING PUBLIC POLICIES FOR ADDRESSING THE NEEDS OF POOR PEOPLE
6.5 CANADA: ALTERNATIVE FEDERAL BUDGET INITIATIVE
6.6 GHANA: ADVOCACY CAMPAIGN FOR THE RIGHTS OF THE POOR
6.7 GHANA, KENYA, NIGERIA, SOUTH AFRICA, AND ZAMBIA: RESEARCH PROJECT ON BUDGET TRANSPARENCY AND PARTICIPATION IN THE BUDGET PROCESS
1. INTRODUCTION

This is a working paper based on a desk review conducted at UNICEF New York headquarters on UNICEF’s and other stakeholders’ global/regional experience in promoting the Child Friendly Budget Concept (CFBC). The desk review aims to undertake an analysis of UNICEF/other stakeholders’ budget advocacy work worldwide for ensuring social, economic, and cultural rights for socially vulnerable groups, such as children and women. The document also aims to explore approaches and strategies used by budget advocates to influence budget decisions for the rights of vulnerable groups.

The review paper was prepared to serve two objectives: firstly, to support the UNICEF Kazakhstan Country Office (CO) in its preparation for a major conference on Budget Planning and Funding of Public Expenditures at the National and Local Levels for the Benefit of Children and Families and; secondly, to contribute to the larger picture of the role UNICEF can play in development, advocacy, analysis, monitoring, and implementation of social investment.

This working paper is based on an analytical literature review of analyses of social investments and of national budget expenditure conducted within the framework of budget advocacy in developing countries. The paper reviews people-centred budget initiatives undertaken by UNICEF and other stakeholders globally, and summarizes major conclusions drawn from the results of the analysis.

7 GENDER-SENSITIVE BUDGET INITIATIVES
  7.1 AUSTRALIA: AUSTRALIAN WOMEN’S BUDGET
  7.2 PHILIPPINES: BUDGET ANALYSIS AND ADVOCACY CAMPAIGN FOR GENDER-EQUITABLE PUBLIC POLICIES
  7.3 SOUTH AFRICA: WOMEN’S BUDGET

8 PEOPLE-CENTRED BUDGET INITIATIVES: LESSONS LEARNT

9 CONCLUSION

10 REFERENCES
2. EXECUTIVE SUMMARY

The Millennium Summit as well as a series of UN conferences in the first half of the 1990s have helped to create an understanding that democracy, human rights, sustainability, and social development are interdependent. Development today is understood as sustainable human development, which is the process of enlarging people’s choices and opportunities for education, health care, income and employment. A human rights approach to development, as applied by UNICEF, refers to all human rights and thus emphasizes the interrelation and interdependence of human rights. The approach pays special attention to economic and social rights as the authentic concern of development policy. From this perspective, economic growth has to serve human development goals (Hamm, 2001).

By signing human rights conventions and the Millennium Development Goals (MDGs), governments committed themselves to realizing the social, economic, and cultural rights of vulnerable groups and accomplishing human development goals. The realization of these commitments requires substantial national resources. The national budget is a tool for allocating public resources and a key policy instrument of governments to realize the provisions of human rights agreements and the MDGs.

A government budget is also a political process. Conflicting priorities often compete for scarce public resources in the national budgeting process. However, this budgetary process should be viewed as an opportunity to advocate for the needs and rights of children and other socially vulnerable groups. Thus, advocacy around national budgets is an opportunity to voice children’s needs and prioritise their right to adequate resources through public expenditure.

This working paper identifies three categories of people-centred budgets and budget initiatives: pro-poor budgets and budget initiatives, gender-sensitive budgets and budget initiatives, and child-friendly budgets and budget initiatives. All three categories have very strong social policy implications and huge potential to advance the social, economic, and cultural rights of children, women, and other vulnerable groups globally.

People-centred budget initiatives embrace a large number of activities that have emerged in the last two decades. The primary goal of such initi-
The prioritisation of children and other socially vulnerable groups in public expenditure systems. Budget initiatives are diverse in terms of actors. Some of them are initiated by governments, others by civil society organizations, and some are a partnership of both. The common aim of these initiatives is to align budget expenditures with social development goals.

The analytical work carried out by budget advocates under the umbrella of people-centred budget initiatives also varies significantly. In most cases, initiatives focus on the process and transparency of the budgeting process. Other initiatives analyse the overall public expenditure system by comparing spending by area. Some examine budget allocations from the perspective of specific target populations, such as women and children and, yet, others focus on capacity building of budget-related topics.

The analysis conducted as a result of the desk review of people-centred budget initiatives showed a number of findings, the most important of which are: 1. People-centred budget initiatives significantly influenced national budget allocation decisions in terms of increasing public expenditure for children and other vulnerable groups; 2. Initiatives reinforced civil society mobilization and promoted a dialogue between governments and civil society; 3. The success of initiatives, i.e. the success of budget advocacy, significantly depended on transparency and participation in the budgeting process as well as technical expertise and a good understanding of the political aspect of budgeting by advocacy groups; 4. Initiatives demonstrated the potential of macroeconomic policies to address social content and promote the agenda of human development at a global level.

In September 2000, hundreds of heads of state met at the United Nations in New York and signed the UN Millennium Declaration. By adopting the original declaration in 2000, world leaders affirmed their commitment to meet a number of MDGs, which include halving the proportion of people living in poverty and hunger by 2015, ensuring primary schooling for all children, and reversing the spread of HIV/AIDS, malaria and other major diseases.

The promotion of economic, social, and cultural rights – the second generation of human rights – is also a legal obligation of the world’s gov-
ernments set forth in a variety of human rights declarations such as the Universal Declaration of Human Rights (UDHR), the International Covenant on Economic, Social and Cultural Rights (ICESCR), the Convention on the Rights of the Child (CRC), and the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW).

By signing these human rights declarations, including the CRC and the MDGs, governments committed themselves to realizing the social and economic rights of children and other vulnerable groups. Having made these commitments, governments were expected to integrate these goals into their development plans, mobilize resources, and ensure transparency and accountability in the budgetary process. However, many governments have not acted on their promises and the gap between the rich and the poor continues to widen.

Realizing the provisions of the conventions promoting these rights and accomplishing the MDGs require substantial national resources. The national budget is a mechanism for allocating public resources and very often the main instrument through which governments either comply or fail to comply with commitments as delineated in international human rights agreements. Thus, the national budget is a key public policy tool of governments to realize the provisions of human rights agreements and MDGs (Schultz, 2002).

Focus area five of the UNICEF Medium-Term Strategic Plan for 2006-2009 (MTSP) – Policy Advocacy and Partnerships for Children’s Rights – responds principally to MDG one and eight on eradicating extreme poverty and hunger and fostering global partnerships, as well as to the obligations of UNICEF to advance gender equality (MDG three) and support effective implementation of the CRC and the CEDAW. Through focus area five, UNICEF seeks to support states and societies to design and implement social and economic policies, legislative measures and budgetary allocations that enable governments to realize the obligations under these Conventions. This focus area promotes the transformation of UNICEF into a more effective partner for advancing the Millennium Declaration and its goals by generating evidence and knowledge on the effects of poverty and deprivation on children, by analysing the impact of social policies and budgetary allocations on children and women and to leverage resources on national and global levels for the realization of children’s rights.

However, there is potential conflict between oftentimes purely economic objectives of PRSPs and child-centred social policies (Gore & Minujin, 2003).

PRSPs can play a fundamental role in integrating social and economic policies and representing them in the budget. PRSPs are generally based on broad civil society participation, are results-oriented and focused on outcomes that would benefit the poor. PRSPs are also comprehensive in recognizing the multidimensional nature of poverty. On the other hand, budget initiatives can give visibility to efforts to integrate gender and children’s concerns in the PRSP, as well as bring transparency to the implementation process (Gore & Minujin, 2003).

To accomplish efficiency and effectiveness in the use of limited public resources, it is extremely important to reinforce a link between policy, planning, and budgeting. Specific instruments of a medium term perspective in budgeting, such as Medium Term Expenditure Frameworks (MTEF), are important in improving budget management in developing countries. The MTEF is related to the PRSP. The MTEF is a linking framework that allows state expenditures to be driven by policy priorities and disciplined by budget realities. It aims to connect policymaking, planning, and budgetary processes. The MTEF does not aim to replace the annual budget, but to provide a framework for resource allocation taking into account macroeconomic stabilization objectives (ODI, 2005).
4. DEFINITION AND AN OVERVIEW OF “PEOPLE-CENTRED” BUDGET CONCEPT AND INITIATIVES: CHILD-FRIENDLY/PRO-POOR/GENDER-SENSITIVE BUDGET INITIATIVES

Realization of social, economic, and cultural rights of vulnerable groups such as children brings into focus the national budget, which is a tool for realization of government's policy goals. National budget is a link between macroeconomic policy, social policy, political interests, and public resources. Budgets are influenced by economic objectives as well as political and international pressures. Budget is a specific tool utilized for addressing children’s and other vulnerable groups' needs and their rights to health, education, equality under the law, recreation, and other basic rights as delineated in the CRC and other human rights agreements (Gore & Minujin, 2003).

Government budgeting is also a political process. In the budgeting process, conflicting priorities often compete for scarce public resources. The national budget is a product of the negotiation of interests and agendas. Vulnerable groups, especially children, lack a political voice in budgeting process. Moreover, vulnerable social groups, especially children, lack even a representative voice in the budgeting process.

The government can be held accountable to the budget, which is a financial commitment to realize social policies. Budgeting process should be viewed as an opportunity to advocate for the needs and rights of children and other socially vulnerable groups and to voice their concerns and priorities for public expenditures. Advocacy around the budget process requires the empowerment of rights-holders to demand that duty-holders – in legislative and executive branches of government – allocate the resources necessary to realize social policies (Gore & Minujin, 2003).
The concept of a “budget as if people mattered” embraces a large number of initiatives that emerged during the last two decades. The overarching goal of such budget initiatives is the prioritisation of public expenditures and the collection of revenue in a socially equitable manner. Budget initiatives are diverse in terms of the actors involved. Some of them are initiated by governments, others by civil society organizations, and some of them are the partnership of both. Nonetheless, the common goal of these initiatives is to realign budgets with social justice priorities (Cagatay, Keklik, Lal, & Lang, 2000).

The type of analytical work carried out by budget advocates also varies. In some countries, initiatives focus on process and transparency issues. Others undertake broad analysis of overall public expenditures to compare spending by area, e.g. education vs. military. Some groups examine specific areas of spending, such as health care. Yet, others examine budget allocations from the perspective of specific target populations, such as children and women. A less developed area of work looks at the effectiveness of public spending (Schultz, 2002).

**What is a people-centred budget?**

Budgets are effective tools for attaining social equity goals. Budgets reflect governments’ vision of social and economic development and more generally societal values. The goal of people-centred budget initiatives is to reprioritise both expenditures and revenue-raising methods in order to promote social justice goals. People-centred budgeting is about both the content of budgets and the formulation process of the budget in ways that are transparent and participatory. Thus, people-centred budgets are also about good governance (Cagatay, Keklik, Lal, & Lang, 2000).

The intention of making budgets more participatory and transparent is part of a larger goal to democratise the formulation of a macroeconomic policy framework. In order to eliminate gender inequality and poverty, it is highly critical to take into account the voices and interests of women and poor people in the design of macroeconomic frameworks. The reasons named for excluding ordinary citizens from macroeconomic policy formulation include the belief that macroeconomic policy is a neutral subject which does not require the policy scrutiny and debate, it is devoid of social content, and is a technical subject left to experts (Cagatay, Keklik, Lal, & Lang, 2000).

However, the reality is that macroeconomic policy does not only have a technical content but also has a social content. These policies are often shaped in a context of power relations among economically differentiated social groups. Macroeconomic policies often determine which social groups benefit most and least as a result of the economic pie distribution. Thus, scrutinizing national budgets is an important tool for understanding the social content of macroeconomic policies and democratising the macroeconomic policy-making process (Cagatay, Keklik, Lal, & Lang, 2000).

For the purpose of this working paper, three categories of people-centred budgets and budget initiatives are distinguished: pro-poor budgets and budget initiatives, gender-sensitive budgets and budget initiatives, and child-friendly budgets and budget initiatives. All three initiatives have very strong social policy implications. The experience with initiatives suggests that macroeconomic policies can be formulated with a clear focus on social content and the goal of poverty alleviation and gender equalities. People-centred budget initiatives can provide useful lessons for formulation of PRSPs and the improvement of governance by increased transparency and accountability (Cagatay, Keklik, Lal, & Lang, 2000).

**What is a Child Friendly Budget (CFB)?**

Obviously, the CFB is not a separate budget for children. It is rather a state budget that devises equitable procedures and allocations and integrates multiple development goals and policy objectives. The CFB reflects the realization of children’s rights. Specifically, national budgets that adequately address children’s issues such as poverty, malnutrition, illiteracy, or child protection can be considered to be equitable child friendly budgets (Gore & Minujin, 2003)

**What is a Child Budget Initiative?**

The national budget can be considered inequitable and discriminatory if its dominant priorities leave out the rights of vulnerable social groups. Children are a vulnerable group that has no power to voice their needs and concerns in the budgeting process. Budget initiatives for children aim to ensure that state budgets reflect the realization of children’s rights. Budget initiatives for children imply budget analysis for its content, process, and impact on children. Budget initiatives also imply the analysis of the budget process in terms of the realization of children’s rights. Finally, budget initiatives for children aim to identify and influence the impact of budgetary resources and allocations, public institutions, and policy processes with the purpose of realizing children’s rights. An overall objective of budget initiatives for children is to promote the CFB concept (Gore & Minujin, 2003).

The child friendly budget initiative is an effective tool utilized by advocacy groups to realize children’s rights and needs through budgeting process. Involvement in the budgeting process at the national level is an opportunity to leverage resources for children and to hold governments’ account-
able to the commitments made by adopting the MDGs, signing the CRC and the Millennium Declaration. Promoting child friendly budgets is an effective tool for strengthening advocacy efforts for children's rights and advancing the MDGs globally (Gore & Minujin, 2003). Monitoring and evaluation of budgetary allocations and expenditures is a necessary part of budget advocacy for two compelling reasons. Firstly, government allocations could vary widely from actual disbursements and utilization of funds. Secondly, it is very important to monitor receipts from donors, which involves monitoring government expenditure. Such monitoring is important if society is interested what government receives as national revenue and donor loans (Save the Children, 2004).

5. OVERVIEW OF UNICEF/OTHER STAKEHOLDERS' EXPERIENCE IN ADVOCACY AND PROMOTION OF CHILD FRIENDLY BUDGET CONCEPT: INVOLVEMENT IN CHILD-FRIENDLY BUDGET INITIATIVE PROJECTS

This section will describe child budget initiative projects in the following countries: Brazil, Ecuador, South Africa, India, Wales, Mozambique, and Vietnam. UNICEF was directly involved in child budget initiative projects in Brazil and Ecuador. UNICEF was not involved in the child budget project of South Africa. However, the efforts in South Africa are considered to be pioneering and are particularly noteworthy for its impact.

5.1 Brazil: Advocacy projects promoting CFBC

With the adoption of a human rights-based approach to programming in the 1990s, UNICEF-Brazil began to support two major efforts to monitor the Brazilian national budget as related to its impact on child's rights. These two initiatives are the Child Budget (CB) referring to all government spending for the realization of children's rights, and the Municipal Kit. The third methodology – Participatory Budget (PB) – emerged later with the government of Brazil and also received UNICEF support. The PB aims to increase popular participation in financial decision-making.

The Child Budget Project: This is a national level effort with the aim to promote transparency in the use of public resources through monitoring national budgets and providing relevant information to decision-makers, civil society groups, mass media, and others. In 1995, along with other organizations UNICEF helped formulate the Pact for Children document,
which highlighted the importance of monitoring public policy and public financing as related to realization of children’s rights. The study revealed that government action and resources could achieve children’s rights. To realize the recommendations of the study, UNICEF began working with a Brazilian NGO, the Institute for Socio-economic Studies (INESC), with long-established expertise in monitoring public spending and programs. Together with UNICEF, INESC monitored national spending as related to attaining children’s rights (Gore & Minujin, 2003).

**Methodology:** Initially, a methodologically less complex approach was chosen for monitoring national expenditures. INESC focused only on the government’s direct expenditure for children. INESC tracked the spending of various ministries on projects and activities with a direct impact on child and adolescent rights. By totalling the spending on such projects by all ministries, INESC arrived at a total for Brazil’s Children’s Budget. This activity was undertaken in 1995-1998.

In 2000, the Brazilian government shifted to a more multisectoral approach of budgeting. Particularly, the government grouped spending according to “Program” rather than “Project.” In response to this, INESC changed its methodology as follows:

1. Identify all programs falling under the umbrella of the Children and Adolescent Policy (CAP)
2. From those identified, exclude those that do not have a direct relationship to meeting the needs of children and adolescents and to create an Overall Table of Projects and Activities with remaining programs
3. List projects and activities directly related to the CAP under the corresponding Program heading with reference to the agency responsible for its execution
4. Make graphs depicting the total spending of each entity on each Program, and the total spending of each entity on CAP-related activities
5. Make a table indicating the amount authorized in the budget, the amount spent, and the percentage executed in the period under study.

Thus, in 2000 the Children’s Budget covered public spending for 19 programs and 130 projects and activities undertaken by seven ministries and National Fund for Children and Adolescents. The budgets included the Program to Combat Abuse (involving the ministries of justice, social welfare, and sports and tourism) and Exploitation of Children and Adolescents and the Program for Social Reintegration of Adolescents in Conflict with the Law (involving the ministries of justice, sports and tourism, and the National Fund for Children and Adolescents).

**Impact:** The CB had three major impacts: (1) it increased public financing resources in favour of children and adolescents; (2) it reinforces the civil society mobilization and control over the budget allocation and implementation; (3) started a dialogue between the government and civil society over the budget, thus increasing the transparency of the process (Gore & Minujin, 2003).

INESC produced a bulletin with information on government spending as related to the CB Project. The bulletin information was widely used in budget discussions and political debates by members of congress, National Council for Defence of the Rights of Children and Adolescents (CONANDA), State Council on Child Rights, and others. Moreover, the impact of the Bulletin considerably helped in the social policy formulation and directly contributed to efforts of increasing budgetary resources for children and adolescents in the face of extremely tight fiscal environment in Brazil. It is noteworthy that in the years of 1995-1998, national spending on children was in gradual decline; however, after 1999 budget allocations began to increase. In real terms, spending on children grew by 42% between 1998 and 2001 as represented in the graph below; and the Children’s budget grew from 3.4% to 5.2% of federal spending, excluding debt payments (Gore & Minujin, 2003).

It should be noted that more success has been observed intervening in budget issues through the legislature by means of amendments than through the executive branch of government. UNICEF’s collaboration with INESC on the Children’s Budget demonstrates to rights-holders and duty-bearers the potential for a transparent governance process. It also

**Graph 1:**

**Children’s Budget Project’s Impact on government spending on children in Brazil in the face of extremely tight fiscal environment of the late 1990s.**
demonstrates the potential capacity of civil society groups to engage with government in the public resource allocation process and their ability to effectively act in favour of children’s rights. Moreover, the CB Project demonstrates that effective action in favour of children’s rights much depends on the access of civil society groups and decision makers to reliable information that was provided in the Bulletin (Gore & Minujin, 2003).

**Municipal Kits:** Allocation of public funds is a political process, where conflicting priorities often compete for scarce public resources in the budgeting process. The success in promotion of children’s rights through budget process considerably depends on different stakeholders’ understanding and access to information. UNICEF-Brazil believed that it is crucial for stakeholders committed to children’s rights to have access to necessary information and be aware of their potential impact on the budget process. In view of this, UNICEF-Brazil decided to make the budget process more accessible for ordinary citizens. In 1999, with UNICEF support a local foundation, Fundaçao João Pinheiro, developed the Kit. The Kit, a serious of five booklets, was developed to familiarize citizens, especially teachers and students, with budgetary process and to empower them to play an active role in the process. The Kit covers wide-range of topics, including public spending process and the role of public advocacy in influencing municipal spending.

The kits were distributed in two Brazilian states – Maranhão and Matto Grosso. In Maranhão, some 2,000 kits were distributed primarily to schools as part of a government’s larger effort, namely “Fiscal Education for Citizenship.” Matto Grosso was implementing fiscal reform and had created its own “fiscal education” program. Although this seemed to be a good condition for the Kits’ distribution, state authorities saw fiscal education and the Kit largely as an opportunity to educate taxpayers on their duty to pay taxes rather than their right to influence budgetary decisions. Some 500 copies of the Kit were distributed to 126 municipalities. This made it unlikely for Kits to reach the audience intended by UNICEF (Gore & Minujin, 2003).

### 5.2 Ecuador: Initiatives promoting Child Friendly Budget Concept

Starting from 1999, as Ecuador was facing an economic crisis, UNICEF-Ecuador decided that to protect children’s rights and mitigate the impact of the economic crisis on children, it was necessary for the government and society at large explore the roots of the crisis and develop meaningful solutions. The primary objective was to minimize the negative repercussions of the crisis for the poor, especially for children, by shaping public policies that take into account society’s obligation to its vulnerable members. Thus, UNICEF-Ecuador worked in the following directions:

1. budget analysis;
2. World Bank negotiations;
3. tax reform;
4. foreign debt; and
5. monitoring social spending (Gore & Minujin, 2003).

In the midst of the economic crisis, UNICEF-Ecuador decided that a new approach was needed. Particularly, UNICEF-Ecuador decided that a focus on national budget priorities was required in order to meet the objective – mitigate the social repercussions of the crisis on children. It was decided that UNICEF-Ecuador had to focus on building government and civil society capacity to shape public policies that are more equitable and help accomplish greater social justice in the country.

**Budget Analysis:** UNICEF brought together an experienced team of international and national consultants to analyse the economic situation and its implications for children with a focus on the national budget. The study concluded that social sector allocations did not help the poor, because the public expenditure system and the public resource allocation process were extremely inefficient and inequitable (Gore & Minujin, 2003).

The results of the study were presented to key figures in Ecuador, including the president, cabinet members, and other political leaders. UNICEF was also granted the access to the government’s database on the basis of which the impact of budgetary decisions on children’s welfare was analysed (Gore & Minujin, 2003). A periodic bulletin was produced on the basis of the results of the analysis. The bulletin was distributed to legislators, NGOs, and the media with the purpose of improving the understanding of the budget process and stimulating debate on prioritising children’s rights within the budget process. The bulletin information became a chief tool for advocacy, social mobili-
World Bank negotiations: UNICEF helped the government negotiate with the World Bank to develop an emergency assistance program financed by public funds rather than loans. The rights-based approach was integrated into the government’s Emergency Social Plan (Gore & Minujin, 2003). The Plan incorporated existing emergency assistance programs (such as school nutrition and income support) and new initiatives (including nutritional support for children under two and pregnant and lactating mothers, and the assistance to poorest families to send their children to school) into a coherent effort with a clear priority of addressing the needs of the most vulnerable groups. UNICEF’s most important contribution to the development of the plan was its focus on universal access to basic social services.

Tax reform: For 2001 and 2002 budgets, UNICEF produced simple publications to illustrate inequities in the national tax structure and spending during fiscal crises. UNICEF used media coverage to focus the tax reform debate on social justice rather than just balancing the budget. By 2002, tax revenues grew to 13.7% of national revenues, compared to 6.4% in 1999 (Gore & Minujin, 2003).

Foreign debt: UNICEF-Ecuador analysed the data from the Ministry of Economy and Finance and provided the Ecuadorians with a clear picture of the debt burden and its impact on the national budget. UNICEF then worked with the Ministry of Social Welfare and an international debt-relief NGO to develop a plan to allow the country to switch from debt repayments to social investment. The plan was presented to the Paris Club and the agreement was received to use a significant portion of Ecuador’s debt for social investment (Gore & Minujin, 2003).

Monitoring social spending: UNICEF supported the national Databank of Social Indicators to develop indicators on the situation of children and adolescents; created a citizen’s observatory that was comprised of an influential group of citizens to monitor the status of children and advise the government; encouraged the child rights monitoring at the municipal level in which mayors advocate for their communities with higher levels of government; and established citizen-based surveillance groups in indigenous communities (Gore & Minujin, 2003).

Impact: UNICEF efforts in Ecuador promoted a better understanding of budget process by the public as well as government officials, and greater transparency of the process. A clearer link was established between budgets and attaining social justice. Social and economic decision-making was linked, which triggered the 15.5% increase in social spending as compared to the allocation made in 2000. Finally, the potential for achieving more equitable public spending priorities was explored (Gore & Minujin, 2003).

As a result of UNICEF efforts, Ecuador’s 2001 social spending increased to $83 per person from $55 in 2000, which is close to its pre-crisis level of social spending ($86 in 1996). The analysis of the social spending also reveals that overall social spending as a percentage of total spending was declining from 1995 to 1999; whereas, social spending began to gradually increase starting from 2000. As the table below demonstrates, social spending as a percentage of total spending was higher in 2001 and 2002 than it was in 1996 (23.2% in 2002 as compared to 19.1% in 1996); however, the number of poor people had risen during the crisis and the situation of the Ecuadorian people improved only marginally (Gore & Minujin, 2003).

Table 1. Social spending as a percent of total spending, 1995-2002

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total government spending</td>
<td>4,308</td>
<td>5,076</td>
<td>4,347</td>
<td>4,448</td>
<td>4,933</td>
<td>5,628</td>
</tr>
<tr>
<td>Social spending</td>
<td>894.0</td>
<td>969.0</td>
<td>629.0</td>
<td>690.0</td>
<td>1,091.3</td>
<td>1,303.2</td>
</tr>
<tr>
<td>Social spending/total spending</td>
<td>20.8</td>
<td>19.1</td>
<td>14.5</td>
<td>15.5</td>
<td>22.1</td>
<td>23.2</td>
</tr>
</tbody>
</table>

Lessons learnt from Ecuador experience: The most important lesson learnt from the Ecuador experience is that a relevant advocacy message can stimulate change if it is based on widespread consensus and is perceived as a positive contribution to society. UNICEF-Ecuador promoted the idea that inequality greatly undermines promotion of human rights, democracy, and social justice. It is also important to note that these messages have far greater likelihood of accomplishing positive change if they are supported by reliable data and realistic suggestions how the desired change can be attained.

The severity of the social and economic crisis of 1999 in Ecuador encouraged UNICEF to respond directly by addressing the causes rather than continuing a strategy of small-scale innovative project activities. UNICEF’s new role in the field of public budget analysis and advocacy in budgetary process as regards to social spending was determined by the need to engage more actively in the economic and political spheres.
5.3 South Africa: IDASA child budget initiative efforts

UNICEF was not involved in the child budget initiative in South Africa; however, the South African experience is particularly noteworthy. South African experience came to inspire other countries, such as Mozambique, to develop a child budget. Child budget initiative efforts in South Africa were led by the Institute for Democracy in South Africa (IDASA). This is a national NGO whose mission is to promote sustainable democracy by building democratic institutions, educating citizens, and advocating for social justice. The Budget Information Service (BIS) is one of IDASA’s programs with the goal of poverty alleviation by means of the budget system of South Africa. The BIS addresses South Africa’s budget system through research, analysis, training, and capacity building. The Children’s Budget Project of the BIS helps the government and civil society meet children’s needs within budgetary constraints. The Project explores the relationship between children’s rights, public expenditure, and poverty alleviation (Gore & Minujin, 2003)

Since 1995, a number of publications have been produced within the Project:

1. A Pilot Study of the Sexual Offences Court;
2. Funding the Development of Young Children;
3. Keeping Children out of Jail: Is Enough Being Done?
4. Child Poverty and Budget: Are Poor Children Being Put First?
5. Budget 2001 Does Little for Child Poverty;

Child Poverty and Budget: Are Poor Children Being Put First?
National Program of Action for Children requires children to be prioritised in policy initiatives, budget allocations, and service delivery. Moreover, the South African government committed itself to alleviate child poverty in the National Program of Action for Children. This publication questions the commitment of the government.

Budget 2001 Does Little for Child Poverty was published in 2001. The publication analyses the 2001 national budget of South Africa and concludes that despite the commitments made, children have not been prioritised enough in the budget (Gore & Minujin, 2003).

Budgeting for Child Socio-Economic Rights: Government Obligations and the Child’s Right to Social Security and Education: The study set four major goals, which were:

1. to shed more light on what government is legally obliged to do for the delivery on children’s socio-economic rights in South Africa;
2. to pinpoint how the government is required to use its budget to meet these obligations;
3. to develop a methodology to monitor how well government is using the Budget to meet its obligations to deliver on children’s socio-economic rights;
4. to use the methodology to take a detailed look at two children’s socio-economic rights to see if and how government is meeting its obligations to realize these rights through the Budget (Cassiem & Streak, 2001).

The findings of the study conducted by IDASA revealed that there is a need for government to spend more and/or better to deliver on socio-economic rights of children. Moreover, the study found that there are real increases in resources available for spending on public services. IDASA further found that government has the obligations to children and it must allocate some of its budget every year to sustain and develop programs directed at the delivery of their socio-economic rights. Government is also obliged to use resources available for spending on children’s socio-economic rights efficiently and effectively. Finally, government has an obligation to have policies and plans that can address implementation problems that undermine the delivery of socio-economic programs to children. These budget obligations derive from legally binding international rights treaties and the South African Constitutions (Cassiem & Streak, 2001).

The ultimate aim of children’s budget was to make a useful contribution to improving the lives and opportunities of South African children, especially the most poor and disadvantaged. The goal was not only to monitor government budgets, but also to help build an effective discourse about the Budget as a tool for delivery on children’s socio-economic rights as delineated in the international human rights treaties, such as the CRC. In particular, this study attempted to draw public attention to government’s budget obligations in relation to child socio-economic rights. The framework for budget analysis used in this study provides a methodology to track both input and output side of programs aimed at realizing children’s socio-economic rights. The study was the first attempt of budget analysis from a child socio-economic rights perspective (Cassiem & Streak, 2001).

Government’s budget obligations to realize children’s socio-economic rights – the right to basic nutrition, shelter, basic education, basic health care services and social services – derive from legally binding international
human rights treaties as well as the South African Constitution. However, these documents serve as a broad template rather than a detailed blueprint. Government’s obligation to use budgets for the realization of socio-economic rights proves to be open to interpretation in various directions. Civil society and the Constitutional Court of South Africa may play a critical role in giving detailed content to this obligation. As was found by IDASA, there is an urgent need for more active and informed public debate in determining what it takes the government to move effectively towards the realization of children’s socio-economic rights within its resource constraints (Cassiem & Streak, 2001).

5.4 Tamil Nadu, India: Public and private sectors’ budget initiative efforts

UNICEF office in the State of Tamil Nadu has not directly been involved in local budget initiatives. Budget initiative efforts belong to public and private sectors in Tamil Nadu. The level of awareness and capacity already exists at national and local levels; however, the quality of budget analysis still needs to be examined. The efforts are:
1. Budget Analysis as Social Audit: Tamil Nadu Experiences;
2. India’s Children and the Union Budget;
3. Children on the State Agenda (Gore & Minujin, 2003).

**Budget Analysis as Social Audit: Tamil Nadu Experiences:** This is a report produced by a local NGO – the Tamil Nadu People’s Forum for Social Development. The NGO is part of a national initiative called People’s Budgetary Information and Analysis Services (BIAS). The publication analyses the social development in Tamil Nadu and summarizes the Forum’s experience with budget analysis as related to social development, monitoring, and social policy advocacy (Gore & Minujin, 2003).

**India’s Children and the Union Budget:** This is the publication on the results of the decade long national budget analysis from a child rights perspective. The analysis was conducted by the HAQ Centre for Child Rights, a national NGO that focuses on the advocacy for the rights to survival, childhood, and equal opportunity. Based on the results of the study, the Department of Women and Child Development of the government of India included a chapter on the child budget in its annual 2002-2003 report (Gore & Minujin, 2003).

**Children on the State Agenda:** This report was published in 2001. The publication presents the results of the analysis of the Tamil Nadu State budgets for 1998-2003. The analysis was conducted by a national NGO – the Indian Council for Child Welfare. The report analyses the budget in regards to education, health, nutrition, early childhood care and development, children in difficult circumstances, and girls’ education. The study examines relative and absolute budget allocation, intra-sectoral resource allocations, services provided, effectiveness of monitoring and training, sources of funds, etc. (Gore & Minujin, 2003).
5.5 Wales, UK: Review of public expenditure on children

Wales, UK has the highest rates of child poverty in Europe. One out of three children in Wales lives in poverty. The lack of transparency in public expenditure on children implied that without a more detailed analysis, it was not possible to determine whether the Welsh Assembly was using available resources to the maximum for the purpose of fulfilling children’s rights as delineated in the CRC (Save the Children, 2004).

As part of an ongoing advocacy campaign for children’s rights and as part of a larger project to explore the impact of devolution in Wales and new government structures on children’s and young people’s lives, Save the Children UK commissioned a review of public expenditure on children in Wales. Save the Children UK attempted to assess whether the priority that children’s rights had been given on the Assembly Government’s policy agenda were backed up by government financial allocations directed at improved service provision for the most disadvantaged and vulnerable children in Wales (Save the Children, 2004).

The purpose of the analysis of the public expenditure on children in Wales was to support Save the Children’s advocacy work by:

1. establishing baselines by which we can assess future trends in public expenditure and budget allocations;
2. providing information on trends in government spending and the impact of devolution on public expenditure on children;
3. providing evidence to support the case for establishing a children’s budget in Wales (Save the Children, 2004).

Specific objectives of the analysis were:

1. to review what was spent on children’s services including those within health, social services, and education from 1996-2001 in Wales at both local and national levels;
2. to review the impact of other budgetary allocations as they affect children in Wales, e.g. decisions regarding government spending on housing and transportation;
3. to identify trends in public expenditure as it affects children living in Wales over the pre- and post-devolution periods;
4. to provide comparative information with other parts of the UK (Save the Children, 2004).

The findings of the analysis demonstrated some positive trends in the level of public expenditure on children in Wales. The results illustrated a growth in spending on children over the period 1996/97 to 2000/01. In addition to an increase in spending on education, there has been a significant increase in the share of national social service expenditure on children in Wales (Save the Children, 2004).

Unfortunately, because of the time lapse with the availability of statistical data, it was impossible to document the impact of the new Assembly on budgetary decisions as they affect children in Wales. The latest year available for analysis was 2000/2001, too early in the life of the Assembly to determine any attributable changes. Although the report provided comparative social spending analysis on children in Scotland and England, it was still difficult to provide comprehensive comparative analysis of the spending. Nonetheless, the analysis illustrated an upward trend on social spending on children in Wales (Save the Children, 2004).

Save the Children UK used the report on the results of the conducted analysis, A Child’s Portion: Public Expenditure on Children in Wales, to push the case for establishing a children’s budget in Wales. The report was distributed to Ministers of the Welsh Assembly Government. Save the Children UK also followed through with advocacy activities designed to persuade the government of the need for a children’s budget (Save the Children, 2004).

The review provided Save the Children UK with useful information to support their advocacy work. It provided useful although not sufficient information to assist in determining whether the Welsh Assembly Government is spending the maximum extent of resources in line with Article 4 of the CRC, which obliges governments to fulfil children’s rights to the maximum extent of their available resources (Save the Children, 2004).
5.6 Mozambique: Joint government–donor–NGO child budget initiative

The children’s budget initiative in Mozambique emerged in 1998 as a part of the Agenda for Children, which is a joint government–donor–NGO initiative. Save the Children acted as one of the initial driving forces for carrying out children’s budget in Mozambique ad funded the activity. Save the Children Norway, Save the Children UK, and UNICEF convened a national seminar of governmental and civil society organizations, which served as an inception of the initiative. Inspired by South African experience of producing a children’s budget, the agreement was made that Mozambique should produce one too. This would reinforce the message to the government that there is a need for a more deliberate governmental focus on children (Save the Children, 2004). The children’s budget technical group comprised representatives from the Ministry of Finance and Rede da Crianca (a network for civil society organizations working with and for disadvantaged children), and two economic students from the University of Eduardo Mondlane (UEM). The technical group collected and analysed data pertinent to education, health, social welfare and justice sectors using secondary sources followed by interviews for discussion and clarification. Secondary sources included published annual national budgets; some data from sectoral ministries, the National Institute of Statistics, and multi-lateral and bi-lateral donors (Save the Children, 2004). The final children’s budget was produced in June of 2001. It was targeted at government decision-makers, donors and embassy representatives and selected civil society organizations, principally at national level. Rede da Crianca worked with members from existing children’s theatre groups to create a separate theatre group with the purpose of drawing attention to children’s budget issues at decision-making forums. This led to a success in raising awareness among decision-makers of children’s perspectives on national decisions relevant to them, such as educational spending. This also demonstrated that children were able to voice their views on complex and abstract issues of budgeting (Save the Children, 2004).

Lessons learnt from Mozambique:
1. The children’s budget in Mozambique is an analysis of the impact of the national budget on children. It is a sectoral analysis, which takes key sectors with a clear relevance for children’s survival, development, and protection, rather than being a call for budget ring-fencing for children’s issues.
2. The term “children’s budget” caused some confusion. Due to little budget analysis experience of civil society in Mozambique, the term was misperceived as either a project looking for funding or a separate attempt to have a children’s budget. It might have been better to use a different term.
3. The implicit challenge was related to providing a tool for relevant line ministries to lobby for greater resources. However, the full potential of this effort was not realized in Mozambique partly due to limited dissemination of the document.
4. A children’s budget that provides a sectoral analysis established a useful link with the Poverty Reduction Strategy (PRS) process, especially by creating an opportunity for civil society engagement in the PRS process.
5. A diversity of skills, of both organizations and individuals, were needed to complete the children’s budget. Rede da Crianca was a strong network, which expertises in working directly with children; however, the local organizations in the network had no competency in economic analysis and low level of understanding of the importance of centralized, state budget issues for civil society grassroots level work. It would have been useful to emphasize links between budget analysis and day-to-day NGO work with children in order to create more interest within the children’s organizations.
6. The civil society lobbying movement campaigning on issues of economic justice had relatively few economics specialists able to do this type of academic research.
7. Although the Ministry of Planning and Finance was enthusiastically committed to the children’s budget initiative at the start of the process, it did not play an active role in the time-consuming implementation phase of data collection, data analysis, and final report drafting. If greater demands are made by citizens to determine the government’s spending priorities, the ministry’s understanding and commitment to the implementation of the children’s budget may advance in the future.

Thus, the initiative to produce a children’s budget in Mozambique was driven by Save the Children UK, Save the Children Norway, and UNICEF. At the initial stage, national children’s rights organizations did not view budget-related research as a priority for them; however, by the time of the publication of the research, national NGOs became more aware of its potential importance to their work and consequently were more eager to use the material in their work. The full potential of the initiative has not been yet reached. Therefore, it is hard to record significant impact at local, national, and international levels. However, there has already been a significant progress accomplished (Save the Children, 2004).
5.7 Vietnam: The study on the budget for children

Vietnam is among the first nations to ratify the CRC and is striving to implement the convention. The government’s commitment to implement children’s rights was reflected in several policies, specifically in the Law on Protection, Care and Education for Children ratified by the National Assembly in 1991. Nonetheless, the link between policy commitments and financial commitments as reflected in national budget allocations is still obscure. The policy was not followed up by adequate government’s financial allocations. Moreover, national budget allocations significantly lack transparency. There is a major lack of political pressure on financial commitments of the government. This is especially true with regards to the issues pertinent to children since this vulnerable group has no political voice (Save the Children, 2000).

Having recognized the need to study budgets from the perspective of children’s rights, the research team commissioned by Save the Children engaged in the study on the budget for children. Specifically, the study examined the budget for primary education at district level with emphasis on budget expenditure on education for children with disabilities (CWD). The study also examined utilization of budget and other financial resources for CWD in some primary schools that have inclusive education classes for CWD.

The study set forth the following broad objectives:

1. To make children including CWD, more visible in policies and decision-making processes, especially those related to budget and resource allocations in Vietnam;
2. To collect information and details on the process and structure of education budgets at district level, with focus on expenditure on inclusive education for CWD;
3. To identify and clarify the link between budget and policies related to children’s (including CSW) rights to education.

The study was the first step towards creating momentum and an initial knowledge base for future studies of budgets in general and budgets for children in particular. As in many other countries, the budgetary process in Vietnam is usually very unclear to common people or even researchers because of its extreme complexity. The specific purpose of this study was to clarify the budget allocation process in Vietnam, with focus on the budget for education and training at district level (Save the Children, 2000).

Research methods utilized: The main approach utilized in the study was viewing budgeting as an incremental process. This implies that the analyses of the budget and other financial resources did not focus on the overall rationality (efficiency of financial resource allocation in economics) of a budget but on the rationality of the incremental part (the part that is changed from year to year). The rationale for this approach was that governments as well as researchers could not overcome main obstacles such as limited access to information and data, analysis capability, and even differences in evaluation theories. Therefore, any suggestion of rationality should be understood as rationality conditioned by specific local environment. In this case, the environment was affected by legal framework, which specified responsibilities for children’s education (Save the Children, 2000).
5.8 Lessons learnt from child friendly budget initiatives

The objectives, methodology, and quality of success of different initiatives do not only depend on a specific country context but also on the technical capacity, resources, and relevance of the initiating groups. The following table summarizes the activities of the initiatives described above:

Table 2. The summary of the activities of the child budget initiatives

<table>
<thead>
<tr>
<th>Budget initiative</th>
<th>National or local?</th>
<th>Led by civil society or government?</th>
<th>Public partnership or privately led?</th>
<th>Nature of effort*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil – Child Budget</td>
<td>National</td>
<td>NGO</td>
<td>Private</td>
<td>1, 2, 3</td>
</tr>
<tr>
<td>Brazil – Municipal Kit</td>
<td>Local</td>
<td>NGO</td>
<td>Partnership</td>
<td>1, 2</td>
</tr>
<tr>
<td>Brazil – Participatory Budget</td>
<td>Local</td>
<td>Govt</td>
<td>Partnership</td>
<td>1, 5</td>
</tr>
<tr>
<td>Ecuador – Child Budget</td>
<td>National</td>
<td>UNICEF</td>
<td>Private</td>
<td>1, 2, 3</td>
</tr>
<tr>
<td>Ecuador – Economic policy</td>
<td>National</td>
<td>UNICEF</td>
<td>Partnership</td>
<td>6, 8</td>
</tr>
<tr>
<td>South Africa</td>
<td>National</td>
<td>NGO</td>
<td>Private</td>
<td>1, 2, 3</td>
</tr>
<tr>
<td>Tamil Nadu, India</td>
<td>National, Local</td>
<td>NGO</td>
<td>Partnership</td>
<td>1, 2, 3</td>
</tr>
<tr>
<td>Wales</td>
<td>National</td>
<td>Save the Children</td>
<td>Partnership</td>
<td>1, 2, 3</td>
</tr>
<tr>
<td>Mozambique</td>
<td>National</td>
<td>Govt/Donor/NGO joint initiative</td>
<td>Partnership</td>
<td>1, 2, 3</td>
</tr>
<tr>
<td>Vietnam</td>
<td>National, Local</td>
<td>Save the Children</td>
<td>Partnership</td>
<td>1, 2, 3</td>
</tr>
</tbody>
</table>

Nature of effort* includes the following: The budget initiatives embrace wide-range of activities, such as (1) technical expertise of past and/or future intended budgets; (2) awareness raising, dissemination of technical information to de-mystify budgets; (3) advocacy to influence social and economic policy-making and budget allocations at ministerial/sectoral level; (4) advocacy to inform and support parliamentarians; (5) participation in budget drafting through community mobilization and locally-elected budget representatives; (6) participation in budget drafting at national level through consultations with non-state actors, CSOs, experts, academics, etc.; (7) monitoring by participation in budget execution or through publishing of public accounts and expenditure processes; (8) informing government actors and supporting government negotiations with international institutions on socio-economic policy (Gore & Minujin, 2003).

The success of advocacy through budget initiatives was widely determined by the level of technical expertise in budget analysis, the quality of information provided to decision makers and civil society representatives, transparency and participation in budgetary process, rethinking institutional processes and policy-making, and a good understanding of the political aspect of budgeting (Gore & Minujin, 2003).

**Budget analysis skills are key:** Technical expertise in budget analysis is essential to advocate for, negotiate, participate in, and support informed decision-making on public expenditure issues. This implies developing analytical tools that are tailored to the country context (Gore & Minujin, 2003).

**Empowerment begins with quality of information:** National budgets are usually complicated, unclear, and difficult to access. The results of the technical analysis need to be clearly presented to the audience in an easily comprehensible format (Gore & Minujin, 2003).

**Transparency and participation are interdependent:** Effective participation requires access to information and the capacity to analyse as well as the ability to challenge an act, hold government accountable, and influence the policy-making process (Gore & Minujin, 2003).

**Realizing children’s rights requires rethinking institutional processes and policy-making:** Budgets need to be addressed in a broader context taking into account the nature of policy-making process. Social policies need to be integrated into macroeconomic policy rather than be considered as an add-on to macroeconomic goals. This way, more equitable results can be attained (Gore & Minujin, 2003).

**Effective advocacy requires understanding the politics of budgeting:** Budgeting should not be perceived only as a technical process. Budgeting is also a political process; it is important to understand the interests and establish alliances with different stakeholders, such as state actors, media, academia, CSOs, and international partners (Gore & Minujin, 2003).

Since the mid-1990s TACRO countries have been addressing the need for more universal and equitable social policies, and Brazil has taken steps toward monitoring budget allocations for children. The unique contribution of UNICEF-Ecuador was to place children at the centre of the national agenda, prioritise public expenditures for children’s needs in the budgetary process, and call for change. UNICEF placed on the national political agenda the great challenge of human development: using the economic growth as the primary means for advancing human development.
6. PRO-POOR BUDGET INITIATIVES

6.1 India: Social auditing project

A very significant obstacle to participatory budgeting is the lack of information made available to the public. Social auditing is the process of verifying expenditures made as to their sufficiency with regard to stated social goals. Social auditing is a very important tool for improving accountability and making budgets responsive to the needs of those living in poverty. Social auditing and generally participatory budgeting require transparent systems of information flow (Cagatay, Keklik, Lal, & Lang, 2000).

There are a number of institutional mechanisms to track the use of public resources. Auditors, democratically elected parliamentarians, free press, and independent judiciary are important means of establishing accountability and good governance. When these institutions are weak, citizens’ movements organized around social auditing can serve as an important vehicle for increasing transparency and accountability (Cagatay, Keklik, Lal, & Lang, 2000).

Budget initiatives often deal with corruption problems. Very often, budget initiatives have had to deal with acquiring the right-to-information on budgetary allocations and expenditures. Mazdoor Kisan Shakti Sangathan (Movement for the Empowerment of Peasants and Workers, or MKSS) gave a new meaning to the right-to-information in the context of development. The MKSS worked in one of India’s poorest areas, Bhim Tehsil, Rajasthan. In 1990, the MKSS began to work on government’s transparency and accountability issues. It took the MKSS four years to acquire the right to view bills, vouchers and employment rolls of development projects from the government at the self-government level. It took the MKSS another three years to get the right to copy documents. The MKSS verified the information from government documents with villagers. They analysed the records and found the discrepancies between the records and villagers’ experiences as workers on public-works projects, as applicants for anti-poverty schemes, and as consumers in ration shops (Cagatay, Keklik, Lal, & Lang, 2000).

Starting from 1994, the MKSS began to hold public hearings. Elected representatives and local government officials were also invited to the
hearings. The MKSS revealed cases of corruption and used public pressure to force government officials and elected representatives to return the amount they had misappropriated to the same village (Cagatay, Keklik, Lal, & Lang, 2000).

The MKSS experience is very important from the perspective of promotion of the right to information and the participatory budgeting process. The experience is also noteworthy for its role in fighting corruption by means of citizens’ monitoring initiatives. The experience demonstrates the effectiveness of public hearings for conducting social audits and a tool for empowerment.

Other groups, such as DISHA (Developing Initiatives for Social and Human Action) in the state of Gujarat, analysed public allocations and actual expenditures from the state budget with the purpose of evaluating the government’s commitment towards fulfilling people’s right to universal primary education. They have established effective methods of monitoring financial allocations, and bringing the discrepancies in revenue and expenditure to the attention of the heads of local self-government institutions (Cagatay, Keklik, Lal, & Lang, 2000).

6.2 Porto Alegre, Brazil: Participatory budgeting

Decentralization of budgetary powers to the municipal level is an ongoing process in a number of countries, such as Brazil and India. Although decentralization presents as an opportunity for redistribution and accountability, it does not necessarily involve shifts towards pro-poor investment planning, spending decision, and taxation. In fact, decentralization without the mobilization of poor people and their participation in budgetary decisions may reinforce the power of local elites (Cagatay, Keklik, Lal, & Lang, 2000).

Participatory Budget (PB) is a mechanism of local government that was development in Brazil (O’Rourke, 2003). PB is also recognized as a significant area of innovation in democracy and local development (Cabannes, 2004). The underlying goal of the PB is to achieve a balance between representative democracy and participatory democracy by promoting direct citizen participation in the decision making process as regards to public funds allocation. This is a government-led methodology emerging in certain parts of Brazil for increasing popular participation in financial decision making. It aims to involve ordinary citizens in the determination of local-level spending priorities. UNICEF’s role in this initiative has been limited to supporting the local administration in certain towns to implement the initiative (Gore & Minujin, 2003). The PB is widely seen as an important step in ensuring greater popular participation in decision making and greater transparency and accountability in public spending.

Participatory budgeting process warranted the increased resource mobilization in Brazil. The strategy was initiated in 1989 by a former mayor Olivio Dutra and carried out by his successor. Porto Allgre’s PB grew out of a long democratic tradition of civil society active in community mobilization (Cagatay, Keklik, Lal, & Lang, 2000).

Under the PB, citizens and citizens’ groups are invited to work together to identify budgetary priorities. Afterwards, citizens elect leaders of the municipality who follow through. One of the main purposes is to strengthen a sense of citizenship among ordinary people, to encourage them to be politically active, and to strengthen their capacity for successfully influencing decision makers. The process also integrates marginalized groups, allowing them to compete for resources with economically and politically powerful groups.

Conflicting interests often arise in participatory budgeting, especially when all groups in society are encouraged to participate. Different groups of poor people have the diversity of needs which feeds into the difficul-
ties in determining expenditure priorities. Resolving conflicting interests may be a very difficult process that might significantly complicate national budgeting process. Finally, participatory budgeting is remarkable for transforming “clientelistic” budgeting into a more accountable bottom-up budgeting process (Cagatay, Keklik, Lal, & Lang, 2000).

The goals of the PB are consistent with the human rights-based approach to programming. Thus, although UNICEF did not participate in developing the PB concept, it is worth mentioning in the context of UNICEF’s overall goal for empowering citizens to be more active in budgetary process. The PB does not have a focus on attaining children’s rights. It rather encourages citizens’ political activeness. However, the results of the PB in Porto Alegre, Tiepin and Roraima reveal that the demands made by communities on local officials target the improvements that positively affect children. The most common demands were improvement of infrastructure, water supply, access to schools, and recreational opportunities.

6.3 Zugdidi, Georgia: Participatory budgeting

Oxfam’s partner in Zugdidi, Georgia, the Association of Disabled Women and Mothers of Disabled Children (ADW) supports four local communities to become involved in monitoring the Zugdidi budget. Throughout the project, the communities have learnt about their local budgets, monitored their implementation, and participated in drafting the 2005 budgets for their villages together with their local self-governance representatives. Under the project, quarterly bulletins have been published and monthly radio talks have been broadcasted highlighting budgetary processes. This has significantly contributed to successful lobbying for amendments to the budget of the city of Zugdidi. Unspent budget lines, which had previously often been embezzled, were directed to finance education and other social service expenditures (Oxfam, 2005).
6.4 Bangladesh: Budget monitoring and influencing public policies for addressing the needs of poor people

A group of researchers and activists from NGOs, media and other civil society organizations worked on a pro-poor participatory budget initiative in Bangladesh. The bottom-up budget initiative in Bangladesh promoted participatory methods in budget making. Bangladesh experience presents as a favourable political context for implementation of participatory methods in budget making by means of vibrant civil society (Cagatay, Keklik, Lal, & Lang, 2000).

The activities of the pro-poor budget initiative in Bangladesh range from monitoring of the budget impact on poverty to influencing public policies for addressing the needs of those living in poverty. Influencing public policies part of the initiative took the form of an innovative participatory appraisal study. Researchers conducted surveys in slums of Dhaka and in rural areas to determine people’s understanding of budget issues and the impact of the budget on their livelihoods. A similar survey was also conducted to determine a more “literate” group’s understanding of budget issues, which included members of the parliament, journalists, ex-finance ministers, various professional groups, and leaders of different political parties. The results of the surveys revealed that there is a very poor understanding of budgetary issues among both groups and that there is no difference between the level of poverty and education and the understanding of budgetary issues (Cagatay, Keklik, Lal, & Lang, 2000).

The team of researchers also initiated to prepare recommendations for a comprehensive participatory and pro-poor budgetary document. Recommendations covered such areas as framing, implementing, and governance of a participatory budget for Bangladesh. Specific recommendations included decentralization of the budgeting system and the delegation of authority to local governments, democratisation of the priority-setting process, pre-budget consultations with civil society, and gathering public feedback on expenditure choices from citizens. The research team also recommended the establishment of an Ombudsman Office, strengthening the capacities of the parliamentary budget committees, and strengthening the capacity of the Office of Auditor (Cagatay, Keklik, Lal, & Lang, 2000).

6.5 Canada: Alternative Federal Budget initiative

The Canadian Alternative Federal Budget (AFB) is a joint initiative of the Canadian Centre for Policy Alternatives and Choices, a coalition for social justice. It is developed in consultation with a number of labour, social and community organizations, as well as academia representatives and civil society activists across the country. The budget is usually launched in Ottawa and in a number of centres across the country simultaneously, a week or two before that of the government’s. The Canadian initiative promoted a holistic social vision. Major principles and commitments of the Canadian budget initiative are: full employment; a more equitable distribution of income; poverty alleviation; gender equality in economic life; protection of civil, political, economic, social, and cultural rights; environment protection, strengthening public services, and creating a more sustainable and peaceful world order (Cagatay, Keklik, Lal, & Lang, 2000).

The AFB, which is prepared each year since 1995, is a complete budget within a coherent macroeconomic framework. The proposal for an alternative budget includes alternative taxation and monetary policy as well as consideration of the linkages between global and local levels of finance and budgeting. The initiative is based on explicitly defined social policy goals, an alternative macroeconomic framework, and a participatory process (Cagatay, Keklik, Lal, & Lang, 2000).

The budget initiative initially came into existence as a response to the government initiated downsizing of public sector with the purpose of reduction of budget deficit. The government’s approach to deficit reduction was to cut social spending. The government believed that the expenditure cuts would trigger a fall in interest rates and revitalize the economy. However, the AFB challenged the government’s macroeconomic policy by arguing that the high interest rates were due to the monetary policy pursued by the government. The AFB offered a package of recommendations including introducing surtax on Canadian interest earnings on overseas bonds, promotion of the “Tobin tax” on international financial transactions, and a requirement for financial institutions to invest a minimum amount of their assets in community and small business development. Reduction of the interest rate was seen as a very important step for stimulating growth and reduction of the rate of unemployment (Cagatay, Keklik, Lal, & Lang, 2000).

The AFB does not leave poverty reduction to monetary expansion and fiscal policies alone, it also promoted anti-poverty measures through the following: regional development initiatives, increase in unemployment insurance benefits, increased funding for child care, funds for youth em-
employment creation, increased retirement benefits to low income benefits, and others. On the expenditure side, the AFB would strengthen and restructure social programs in a series of social investment funds, such as the unemployment insurance fund and an enhanced national child benefit. These proposals in combination with high employment growth would reduce poverty in Canada from 20 to 14 percent and child poverty by 50 percent by 2003 (Cagatay, Keklik, Lal, & Lang, 2000).

Approximately 70 percent of the funding for the AFB was projected to be acquired from the increased growth of economy, whereas the remaining would come from a revamping of the Canadian tax system. The overhaul of the tax system would be accomplished by levying taxes against corporations and wealthy individuals. On the other hand, taxes imposed on low-income individuals would be reduced. Finally, the AFB promoted green taxation for environment protection purposes (Cagatay, Keklik, Lal, & Lang, 2000).

The AFB is a result of various civil society conferences and roundtables. The AFB brings together conflicting demands made by different citizens’ groups and attempts to find a compromise solution. Although the Canadian government is far from adopting the full agenda of the AFB, it has significantly helped to shape public policy (Cagatay, Keklik, Lal, & Lang, 2000).

6.6 Ghana: Advocacy campaign for the rights of the poor

ISODEC is a Ghanaian NGO, which was founded in 1987. The mission of the organization is to promote social justice and fundamental human rights of poor and other disadvantaged groups in society. ISODEC is both a service provider and an advocacy organization. Water privatisation, free basic education, and the right to ARV treatment are some of the main advocacy campaigns ISODEC is involved in at the moment (De Renzio, 2004).

The centre for Budget Advocacy (CBA) was established in 2000 as one of ISODEC’s rights-based advocacy units. The goal of the advocacy unit is to consolidate work on improving the budget process and the efficiency in the use of public resources by promoting better budget process through consultation and participation of all stakeholders, accountability of public officials, and transparency in public financial institutions. Moreover, the CBA aim is to promote public awareness and interest in the budget process in Ghana as well as in the sub-region. The CBA also engages in monitoring central government transfers to local authorities (De Renzio, 2004).

The CBA’s main activities are the development of advocacy tools, such as annual pre-budget and post-budget statements which provide commentaries on government budget policy, and annual forums held across ten regions to collect public voices and opinions on the annual budget and send them to the President. The CBA also engaged in monitoring assembly funds, transparency of budget process, and education expenditure. The CBA is also engaged in training of local government officials and NGOs on budget issues (De Renzio, 2004).

The CBA activities had a very limited impact on budget policy matters due to the scarce interaction of CBA staff with policy decision makers. Some issues included in open letters to the President and budget statements produced by the CBA were later adopted by the government. However, there was a very limited application of recommendations to policymaking process (De Renzio, 2004).
6.7 Ghana, Kenya, Nigeria, South Africa, and Zambia: Research project on budget transparency and participation in the budget process

In 2003, civil society budget analysis organizations – IDASA of South Africa, Integrity of Nigeria, ISODEC of Ghana, University of Zambia, and Transparency International Kenya – published the results of a path-breaking research project on Budget Transparency and Participation in the Budget Process. The purpose of the study was to evaluate the extent to which these countries provided sufficient budgetary information and access to citizens and civil society organizations so that they could effectively participate in the budget process. The study also aimed to create a civil society agenda to press for changes in the budget process (IDASA et al., 2003).

The civil society organizations of the five countries had been in the process of building up active pro-poor budget research and advocacy wings before the beginning of this project. This study would complement the initiative and contribute to the efforts in promotion of open budget systems within the respective countries and serve as an example for other countries on the continent. Thus, the study results reinforced the advocacy efforts of the organizations to bring systemic changes in the transparency of public financial affairs (IDASA et al., 2003).

Research methods: The research team used semi-structured interviews with respondents in the executive and legislative branches of government as a primary data collection method. The qualitative data derived from the interviews was supplemented by the review of budget documentation, audit reports, policy papers, and legislation. The research team examined four stages of the budget process: drafting, legislative, implementation, and auditing. Each stage was examined in terms of the availability of information, the clarity of roles and responsibilities between institutions in the budget process, and the systems and capacity to generate budget information. Finally, the team analysed the legal framework supporting transparency and participation in the budget process (IDASA et al., 2003).

Results: The results of the analysis conducted by the research team suggest that although budget transparency and participation in the budgetary process was required in all five countries, the countries could be classified into three layers on the basis of the quality of performance on transparency and participation criteria. Based on these criteria, South Africa scored the highest and occupied the first layer, Ghana and Kenya occupied the second layer, and Nigeria and Zambia the third layer (IDASA et al., 2003).

The study showed that all countries showed growing civil society and legislature demand for transparency and participation in the budget process. The study also found that the recent shift in the political climate toward democratisation is an advantageous environment for initiating budget reforms as related to transparency and participation. The study also argued that improving public access to financial information that would empower citizens to influence government decision-making would reinforce the link between democracy and transparency. As a result of the conducted analysis, the research team outlined the recommendations the most important of which are:

1. Improve budget documentation as a critical first step forward in improving budget transparency and participation. Specifically, the recommendation stipulated the importance of fiscal policy statements that explain the policy base of allocation decisions;
2. Improve the legislative basis of citizens’ access to national budgeting information;
3. Establish the provision of comprehensive and timely information on estimated and actual expenditure and revenues in a budget law;
4. External reporting during the spending year should be obligatory, especially under a cash budgeting system;
5. Extra-budgetary spending should be brought onto budget;
6. The capacity of auditors should be enhanced.
7. GENDER-SENSITIVE BUDGET INITIATIVES

7.1 Australia: Australian Women’s Budget

The first gender-sensitive budget initiative was a government-led initiative implemented in Australia between 1984 and 1996. The Australian gender-sensitive budget initiative inspired other initiatives such as the Women’s Budget Initiative undertaken in South Africa. The federal Australian Women’s Budget was a comprehensive statement analysing the national budget. The focus of the statement was the analysis of expenditures rather than national revenue analysis. Government departments were requested to produce expenditure analyses for their programs’ gender impacts. The Treasury published the analyses as official budget papers. Three categories were distinguished in the analyses:

1. expenditures targeted at groups of men and women, or boys and girls, such as the ones on women’s health or training of specific groups;
2. equal employment opportunity expenditures by government agencies;
3. general budget expenditures to be analysed for their gender impacts (Cagatay, Keklik, Lal, & Lang, 2000).

Analysis of the 1985-86 South Australian women’s budget suggested that the expenditures specifically targeting women and girls were less than one percent of total expenditures. Initially, some government agencies claimed that their policies and expenditures were gender-neutral. However, general expenditure analysis from a gender perspective helped raise awareness of the bureaucracy about the general expenditures’ impact on women (Cagatay, Keklik, Lal, & Lang, 2000).

The women’s budget in Australia was introduced during a period of economic expansion by a social democratic government. The civil society involvement in the women’s budget was very limited. Feminist public officials and women advocating for gender equality played a key role in the initiative. With the start of neo-liberal debate and adoption of economic restructuring in late 1980s and 1990s, the commitment to gender-sensitive budgeting was significantly undermined. Neo-liberal economic thinking was in conflict with gender-sensitive macroeconomic policy analysis and was not favourable for gender equality promotion. This suggests that
gender-sensitive budget initiatives that are not sufficiently owned by civil society are susceptible to ideological shifts within the state (Cagatay, Keklik, Lal, & Lang, 2000).

Although Australia’s gender-sensitive initiative eventually failed, it is noteworthy for its inspirational impact on other countries. Recently, the reviving interest in gender-sensitive budgeting has been observed in Australia. The renewal of the interest in gender-sensitive budgeting is attributed to the way the Australia budget initiative had inspired other countries to engage in similar initiatives (Cagatay, Keklik, Lal, & Lang, 2000).

7.2 Philippines: Budget analysis and advocacy campaign for gender-equitable public policies

The gender-sensitive budget initiative in Philippines combined advocacy efforts with budget analysis. The Gender and Development (GAD) Budget Policy, which was introduced in 1994, required government agencies to allocate a minimum of five percent of total expenditures for the development, implementation, and evaluation of gender and development plans. This policy served as a very important means for operationalizing the Philippine Plan for Gender Responsive Development, a 30-year plan launched in 1995 for the implementation of the Beijing Platform for Action (Cagatay, Keklik, Lal, & Lang, 2000).

The major challenge to the policy was low compliance on the part of government agencies. The low compliance of government agencies was attributed to a number of reasons, such as the need for technical assistance, lack of necessary instruments for gender and development planning, lack of a clear system of monitoring agency performance, and resistance of budget officers. Strategies adopted to address these problems included mass briefings of GAD focal points with government budget officers, the development of instruments to facilitate the implementation of the budget policy, and many others. Eventually, performance-based budgeting was introduced in 1999. Non-compliant agencies eventually would lose five percent of their funds (Cagatay, Keklik, Lal, & Lang, 2000).

The Philippines Gender and Development Budget policy served as an example of a vibrant civil society movement’s role in the adoption and monitoring of gender-equitable public policies, including in the area of budgeting. Another lesson learnt was the importance of a result-oriented budget framework. Such a framework was important for the evaluation of progress towards the implementation of the Beijing Platform for Action. Overall, the policy was influential in terms of raising awareness on gender issues and national capacity building in the area of gender and development and the redirection of national resources towards gender-equitable policy realization (Cagatay, Keklik, Lal, & Lang, 2000).
7.3 South Africa: Women’s Budget

The most famous gender-sensitive budget initiative is South Africa’s Women’s Budget Initiative (WBI). The WBI published analyses of the sectoral budgets of the national government as well as some analyses of provincial budgets. The sectoral analyses were conducted in four directions:

1. To examine the position of women, men, boys, and girls in each sector. The WBI analyses the data not only according to age and gender but also according to race, class, and geographic location;
2. To examine whether government policies sufficiently address problems identified as a result of the analyses conducted in the first category listed above; 3. To examine whether resources allocated to realize gender-sensitive policies are sufficient to address the identified problems;
3. To evaluate the effectiveness of the use of resources in reaching the intended targets and goals.

WBI researchers belong to NGOs; however, they did not represent the grass-roots population. In order to reach out to a wider spectrum of the citizenry, the WBI published simplified versions of Women’s Budgets as a book entitled Money Matters: Women and the Government Budget. The target audience of the book is people with a minimum of 10 years’ of education, which has the potential to about one-third of South Africa’s adult population. The WBI also worked on developing training modules on budgets, advocacy around budgeting process, and public participation (Cagatay, Keklik, Lal, & Lang, 2000).

The principal achievement of the South African initiative is the way it reinforced advocacy around gender equality issues. The key outcome of the initiative is the inclusion of studies on gender issues into sectoral reports. Moreover, the Minister of Finance’s also addressed gender issues and other inequalities in budget speeches. The initiative also empowered parliamentarians interested in addressing gender issues to become more active in advocacy for women’s rights through budgeting. Thus, the South Africa’s budget initiative demonstrated the importance of civil society engagement in budgetary process and the need to align with the government, especially with the Ministry of Finance, in an effort to address gender inequalities within the scope of national budgets (Cagatay, Keklik, Lal, & Lang, 2000).

8. PEOPLE-CENTRED BUDGET INITIATIVES: LESSONS LEARNT

The budget initiatives discussed above illustrate the potential of macroeconomic policies to address social content and promote the agenda of poverty alleviation and gender inequalities. The initiatives demonstrate that transformation in approaches to macroeconomic policies is possible in countries with diverse social, economic and political conditions. The bases of this transformation are participatory approaches to national and sub-national budgeting. The participatory approaches embrace policies towards people-centred development and the democratisation of economic policy-making process (Cagatay, Keklik, Lal, & Lang, 2000).

The people-centred budget initiatives discussed above are diverse in content. Despite the diversity, there are a number of commonalities, namely:

- The initiatives reflected civil society and government efforts to bring about new economic policy and governance framework;
- Even when initiated by governments, they often assumed the context of larger social movements organized around poverty or gender inequality concerns and the effectiveness of the initiatives largely depended on the establishment of sturdy alliances across a diversity of groups working on a variety of social inequality issues;
- Ownership by civil society organizations and ordinary citizens largely determined the sustainability of these initiatives. The most successful initiatives were those, which accomplished a broad-based participation from citizens and citizens’ groups and succeeded in engaging governments at the local/national levels. Finance ministers were particularly important targets for engagement at the national level;
- Participatory budgeting generally requires democratic governance; participatory budget initiatives in particular, are important vehicles for further democratisation of governance not only in terms of civil and political rights, but also in terms of social and economic rights of citizens to have universal access to basic social services;
- People-centred budget initiatives required the use of existing analytical tools in innovative ways that were accessible to those without technical expertise in the field. The initiatives also entailed the devel-
opment of new analytical tools, such as in the area of gender-sensitive macroeconomic analysis;

• The budget initiatives started the process of social dialogue, which was necessary for the reconciliation of often competing and sometimes even conflicting goals and needs of different social groups. The initiatives helped raise the public awareness on the larger picture of poverty and social inequalities not only at the national level, but also at the international level.

Progress with people-centred budgets to date and the obstacles faced in the process need to be taken into account for determining further steps to be taken to make initiatives more effective and widespread. The steps also need to be taken to make budget initiatives more effective instruments for attaining social development, justice, and equity. These steps can be listed under two broad interconnected categories:

1. work on the analytical side for further development of knowledge, analytical and policy tools related to budgetary process and their translation into forms easily accessible by ordinary citizens; and

2. work on policy formulation, advocacy, and social mobilization around budgetary issues (Cagatay, Keklik, Lal, & Lang, 2000).

Finally, people-centred budget initiatives have major social policy implications. At the very least, people-centred budget initiatives can provide useful lessons for formulation of poverty reduction strategies and Poverty Reduction Strategy Papers (PRSPs) in particular, mainstreaming of all policies and programs to gender related inequities and the improvement of governance by increased transparency and accountability (Cagatay, Keklik, Lal, & Lang, 2000).

9. CONCLUSION

Vulnerable groups such as children do not have the power to advocate for themselves and voice their needs. It is a responsibility of the government and civil society to design social policies and allocate adequate public resources to address social issues affecting children. By signing the CRC and the Millennium declaration, governments committed themselves to realize social, economic, and cultural rights of children and other socially vulnerable groups and accomplish human development goals. The realization of these commitments requires substantial national resources. National budget is a tool that governments should utilize to realize the provisions of the CRC and the MDGs. It is a key policy instrument to realize children’s rights within public resource allocation process. Social policies and national budgets are primary instruments of the government to solve issues of marginalization and exclusion of such vulnerable groups as children. In this respect, child-friendly budget initiatives play an extremely important role in leveraging public resource allocation process in favour of children.

Social investment in children does not only serve the purpose of realizing children’s socio-economic rights as part of the commitments made by signing the CRC and the MDGs, but also contributes to fostering sustainable economic development. It has been found that children and youth have a critical value to future well-being of a country (Knowles & Behrman, 2005). Thus, the future of developing countries largely depends on investing in children and youth. A healthy and educated younger generation is an important determinant of economic growth because they are the future human capital. Good health, nutrition, and population policies are now widely recognized as important determinants of economic growth and prosperity. Specifically, nutrition and health positively affect labour productivity and economic growth of a country (Knowles & Behrman, 2005). Taking this into account, under-investment in children and youth, not only jeopardizes the compliance of governments to the CRC and realization of the MDGs, but also significantly hinders the future prospects of economic growth.

As the desk review analysis suggested, national budgeting is a political process where conflicting priorities often compete for scarce public resources. Appropriate social transfers for children can be negotiated via democratic institutions, such as voting. Negotiating social transfers in
favour of children and women in developing countries can be related to
development of a well-functioning political system, civil society, and other
democratic institutions. Engaging civil society representatives into policy
making can also significantly improve the policymaking process. This can
be accomplished by integrating public inputs in the policy formulation,
ensuring that the voices of citizens have been heard, and views have been
considered in the decision making process.

It is especially important to integrate voices of children in the policy mak-
ning process, the vulnerable group which does not usually have power to
voice their needs. Civil society mechanism gives an opportunity to citizens
to participate in policy debates that particularly interest or affect them.
Engaging civil society in policymaking process allows governments to build
public trust in government, improves quality of democratic governance,
and strengthens representative democracy. Thus, civil society involvement
in national budget allocation and public policy making processes can sig-
nificantly improve public spending effectiveness and efficiency.

The role of civil society is essential in budget advocacy. As was found in the
desk analysis of budget initiatives globally, budgeting process is an oppor-
tunity for civil society to advocate for the rights and needs of vulnerable
groups, such as children and women. Thus, budget advocacy is an oppor-
tunity for civil society to voice children’s needs and prioritise their rights
in public expenditure system. Civil society engagement in budget analy-
sis and advocacy can yield positive results, such as greater participation,
transparency, and accountability in relation to the budget. Finally, budget
advocacy can be utilized by civil society in order to leverage resource al-
location process and make budgets more equitable from the standpoint of
children’s rights realization.

Historically, governments have shown very little interest in allowing the
general public to participate in national budgeting process, thus leaving
the resource allocation process at the public officials’ discretion (McNeil &
Mumvuma, 2006). Moreover, as the analysis provided in the desk review
suggested, citizens and some civil organizations often think that budget is
a technical tool of government officials and politicians, which is not meant
for ordinary citizens with low level of technical education. However, as
was found in the desk review, national budgeting is not only a technical
process but also a political process, which has a very clear social content.
In this respect, it is noteworthy that public officials’ interests may consid-
erably differ from those of ordinary citizens. Therefore, it is important to
demystify technical aspect of budgeting and empower citizens to partici-
pate in national budget allocation decisions.

Budget advocacy and monitoring efforts of civil society can also lead to
greater recognition by ordinary citizens of civil society’s positive contribu-
tion to building good national and local governance. Budget analysis and
advocacy conducted by civil society have proven to have triggered policy
shifts in favour of vulnerable groups. Thus, the budget advocacy efforts of
civil society can lead to greater participation that influences various levels
of policy making process.

It is noteworthy that the sustainability of budget initiatives was largely
determined by the ownership by civil society organizations and ordinary
citizens. The most successful initiatives were found to be the ones, which
accomplished broad civil society participation. Moreover, the success of
budget initiatives largely depended on the level of government engage-
ment at both local and national levels. Therefore, it is particularly important
to intensify the dialogue between civil society and governments. UNICEF
COs should play a significant role in starting a social dialogue between
governments and civil society. COs should start the dialogue, which has
a big potential to bring about new social and economic policy and gov-
ernance frameworks in developing countries. Finally, the most important
strategies for UNICEF should be linking (a) children’s rights and public
policy with the MDGs; (b) with legislative reform in the context of CRC
implementation, and (c) with PRSPs and MTEFs.
10. REFERENCES


PUBLIC EXPENDITURES OF KAZAKHSTAN TO EDUCATION, HEALTHCARE, AND SOCIAL PROTECTION IN THE BEST INTERESTS OF CHILDREN AND FAMILIES

Astana, 2007
The report has been prepared by the Public Problems Research Center with support from the UN Children’s Fund (UNICEF) in Kazakhstan. The opinions expressed are those of the contributors and editors and do not necessarily reflect the policies or views of UNICEF. The designations employed in this publication and the presentation of the material do not imply on the part of UNICEF the expression of any opinion whatsoever concerning the legal status of any country or territory, or of its authorities, or the delimitation of its frontiers. Extracts from this publication may be freely reproduced with due acknowledgment of the source.

United Nations Children’s Fund Kazakhstan
10-A Beibitshilik St., Block 1,
Astana, 010 000
Web: www.unicef.org

Public Problems Research Center (PPRC)
050000, Almaty, Kazakhstan, street Kazybek b, 65, office 421
Tel: (+7 3272 67 04 32, 67 03 40, a fax: 67 03 46
E – mail: info@ pprc.kz
Website: www.pprc.kz
LIST OF TABLES

Table 1. Structure of local budget revenues, by percent of total
Table 2. Allocation of expenditures to the social sphere between state and local budgets, in percent GDP
Table 3. State budget expenditures by education levels, million tenge
Table 4. State and private education establishments and their contingent
Table 5. State and private expenditure on education in GDP percent and their share in general state expenditures
Table 6. Local budget expenditure on education
Table 7. Education expenditure by region in 2001, million tenge
Table 8. Average education expenditure per capita by region in 2001 and 2006
Table 9. Basic health indicators in 2005
Table 10. Principal causes of the death rate for reasons (per 100,000 people)
Table 11. Child morbidity among under 14 year olds per 100,000 children
Table 12. Public health services resources and their use
Table 13. State and private expenditure on public health services as GNP percent and expenditure share on public health services in the general state expenditure
Table 14. Public health services expenditures in local budgets structure
Table 15. Public health service expenditures for regions in 2001-2006
Table 16. Average per capita expenditures on public health services for regions in 2001 and 2006
Table 17. Social aid and social assistance expenditure in 2000-2006
Table 18. Social assistance expenditure in 2006
Table 19. Social assistance and social welfare expenditure in local budgets structure
Table 20. Social assistance expenditure for regions in 2001-2006
Table 21. Average per capita expenditure on social assistance by region in 2001 and 2006
Table 22. Addressees’ number and ASA monthly average size in the regions in 2005
INCREASING SOCIAL ORIENTATION OF BUDGETS AND EFFICIENCY OF PUBLIC EXPENDITURES AT NATIONAL AND LOCAL LEVELS IN THE BEST INTERESTS OF CHILDREN AND FAMILIES

Republic of Kazakhstan

348

349

LIST OF FIGURES

Figure 1. A place of Kazakhstan and other CIS countries in the world on an index of human development in 1990 and 2004
Figure 2. State budget expenditure in the social sphere in 1991-2006
Figure 3. Expected life span in 2000-2005
Figure 4. Infant mortality rate in 2005-2006 by region (for 1,000 live born)
Figure 5. Maternal mortality rate per 1,000 live births 2005-2006
Figure 6. HIV-infection morbidity rate 1997-2005
Figure 7. Population social assistance system

SUMMARY

The purpose of this research is to make a contribution to the discussion on public education, health care and social protection expenditures in favour of families and children.

The first part of the report is focused on budget legislation, the structure of the Kazakh budget system, basic budget process stages: preparation, adoption and evaluation of budget implementation; the inter-budget balancing system and the formation and use of the Kazakh National Fund. In concluding this part, attention is paid to the need to provide greater independence to local budget revenue accumulation and to create a system of incentives for local bodies. Further restructuring of the budget system should be directed at developing standards of calculating local budget expenditures, which makes it necessary to make calculations for one student, one patient, one needy person, and at developing transparent and clear systems of budget alignment.

The second part of the research is devoted to the review and analysis of existing social services in the interests of the family and children. The evolution of state budget expenditure in the social sphere and changes in human development indicators over the past 15 years have been reviewed.

The review analyses and evaluates the general condition of the education sector as well as public and private education financing. It also analyses in detail the distribution of education expenditure between levels of the budget system and local budget education expenditure and the disproportionate per capita allocation among regions.

Education: basic results. For education to fuel economic growth, it is necessary to make education available to all citizens in the Republic of Kazakhstan, regardless of income level.

Research shows that a country capable of reaching a literacy level that is 1 percent higher than the global average will increase labour productivity and GDP per capita by 2.5 and 1.5 percent respectively. A growth in labour productivity accounted for at least a 50 percent increase in GDP per capita in most OECD countries between 1994 and 2004. Kazakhstan needs to increase public education funding to over 8 percent of GDP annually, increasing the effectiveness of using budget funds at the same time.

The health care system analysis includes a review of the current state of...
the nation’s health, an assessment of state and private funding of health care, distribution of health care expenditures between levels of the budget system, local budget expenditures on health care and differences in per capita funding between the regions. Examples of ineffective use of budget funds for health care are given.

Public health care services: basic results. Kazakhstan is a country with a medium income, but health care funding is at the level of a low income country. Accordingly, the health indicators of Kazakhstan’s population stand are at a lower level than not only developed countries, but also developing countries. There are 4.6 million children and 4.3 million women of childbearing age living in Kazakhstan. The health protection of mothers and children accounts for over half (58 percent) the country’s population, and is significant not only presently but also for the country’s future.

The government needs to guarantee people’s health protection. A reduction in infant, child and maternal mortality should become a part of Kazakhstan’s state policy directed at the strengthening of the nation’s health. The expected increase in state funding of the health care system to 4 percent of GDP should be accompanied by an increase in the efficiency of using funds.

A review of the current social protection system and an analysis of public expenditure in support of families with children and other vulnerable groups is given in the final chapter of this section of the report. Analysing the distribution of funds allocated for social security and social protection between levels of the budget system, the review also analyses in detail relevant local budget allocations and differences in the distribution of per capita funding to the regions.

Social assistance and social protection: results.

The protection of motherhood and childhood, which is guaranteed by the Constitution, is poorly realized in practice. To maintain the rate of economic growth in the long term, the Government needs to think about the reproduction of future the labour force reserves. It is necessary to improve the system of social standards. The practice of using the MCI to calculate social payments, which has no economic substantiation, should be abolished. It is necessary to use the size of the minimum subsistence level to calculate allowances.

In conclusion, the review summarizes the results of the research and gives recommendations to ensure the protection of children’s rights to education, health care services and social protection.

Despite high rates of economic growth, many children in Kazakhstan continue to remain at risk. The research show that human development indicators have worsened over the past 15 years, hence the need to protect motherhood and childhood. A decrease in the share of public funding and the emergence of layers of poverty among the population have led to unequal access to education, health care services and social protection. There is still significant variation in per capita expenditure between different regions in Kazakhstan.

An improvement in education, health care and social protection indicators is important for ensuring a good quality of life. These indicators are also defining factors in economic development. Educated and healthy people have higher productivity levels.

In our opinion, a minimum subsistence level should be used to establish the poverty line. This will certainly increase the statistical number of poor people. At the same time, it will show the true picture of poverty in Kazakhstan. Providing help to this category of citizens will raise the level of protection of families with children and lead to an increase in access to education and health care services.

Existing methods of protecting motherhood and childhood are not yielding desirable results. All the problems related to children’s security should be resolved in a comprehensive way, not by dividing them into sectors. We consider that the creation of a special parliamentary committee for the protection of children’s rights will be an effective way of attracting attention to children’s problems.
INTRODUCTION

In this research, analysis of the legislation adjusting various stages of budget process in Kazakhstan was made: the drafting, adoption, implementation and evaluation of budgets, including actual state and local budget expenditures for education, public health services and social protection in the interests of the family and children.

UNICEF supported a study of state expenditures in the social sector (health care services, education and social protection) in Kazakhstan in 2003. There have been significant changes since then. The Budgetary Code took effect on 1 January 2005. Decisions to allocate additional funds from the budget to support motherhood and childhood were made in 2005-2006. The concept of the National Fund took effect on 1 July 2006. In line with this concept, all oil revenues are now accumulated in the fund. Thereafter, these funds are transferred to the state budget to fund development programmes of the country. In addition, the state programme for reforming the health care system for 2005-2010, the state programme for developing education in Kazakhstan for 2005-2010, the programme for further deepening of social reforms for 2005-2007 were adopted.

Growth in state budget revenues has led to rapid growth in state expenditures, which have grown twice as fast as GDP in recent years. This enabled the Government to expand funding substantially in the social sphere.

All this has led to the need to carry out a new study to establish to what extent the interests of the family were being considered in changing the amount of funds allocated from the state budget to education, health care services and social protection.

The purpose of this research is to contribute to a discussion on state expenditure in the spheres of education, health care services and social protection in the interests of families and children.
THE REPORT STRUCTURE

The research consists of a general section and specialized reviews. The general section includes a review of budget legislation, the structure of the Kazakh budget system, basic stages of the budget process, the system of inter-budget alignment and a new mechanism for forming and using the Kazakh National Fund.

The specialized review is devoted to a review of education systems, health care services and social protection and an analysis of state expenditure in the social sphere in the interests of families and children. It consists of four chapters. The first chapter is an analysis of the evolution of expenditures from the state budget in the social sphere and the trends of human development. The second chapter, which is devoted to education, carries a review of the education system and assesses state and private funding. It also presents an analysis of the distribution of funds for education between levels of the budget system and the disproportionate expenditures for education in different regions. The third chapter is devoted to public health services and analyses the current state of the health care system, state and private funding of public health services, the distribution of expenditures for health care between levels of the budget system and local budget funding of health care services. It also carries examples of the inefficient use of budget funds. The fourth chapter is devoted to social protection. It is a general review of the social protection system, the distribution of expenditures on social protection between levels of the budget system and analyses local budget expenditures on social protection and regional disproportions. The second, third and fourth chapter end with conclusions and recommendations. In conclusion, the study results are summarized and recommendations are given as to how to ensure the protection of children’s rights to education, health care services and social protection at the state level.

GENERAL REVIEW:
BUDGET LEGISLATION

Summary

The general part includes a review of budget legislation, the structure of the Kazakh budget system, various stages of the budget process: drafting, adoption and the evaluation of budget implementation, the system of inter-budget alignment, and also the mechanism of forming and using the Kazakh National Fund.

Recommendations were prepared based on the results of the review. It also substantiates the need to provide greater independence for local budgets in accumulating revenues and to create a system of incentives for local bodies. Further reform of the budget system should be aimed at developing guidelines to calculate the expenditure of local budgets (this requires calculations of expenditure per pupil, per patient and per needy person), and also at creating transparent and clear systems of budget alignment.
Introduction

The Kazakh state budget is one of the main tools used to implement state policy. Any budget system is aimed at achieving global goals such as economic efficiency, social justice, political stability, the rule of law and strong national unity.

The Kazakh state budget is the basic source of funding for education, public health services and social protection. In the mid-1990s, attempts to develop mandatory medical insurance and social insurance were made, but they failed. Thereafter, resources for off-budget funds – obligatory medical insurance, social insurance, the pension fund and employment fund – have been consolidated in the national budget since 1 January 1999.

Kazakhstan is a unitary state and this predetermines a centralized budget system. Local budgets have an insignificant number of budget rights and duties to resolve social and economic problems in the regions. Regions have different ways of accumulating taxes and different levels of expenditure. As a result of this, regions have different potential to raise tax revenues, hence various prospects for development.

Therefore, resolving social problems depends significantly on proper policy in redistributing revenues and expenditures between levels of the budget system, and the policy of budget alignment of life conditions.

1. Budgetary procedures

1.1. Budget legislation

The budget legislation reflects the order for budget formation, approval, execution and evaluation at basic management levels.

At the beginning of the 1990s, the budget system of Kazakhstan had not changed since it had been established during the Soviet period. Following independence of Kazakhstan, the nation started to develop its own budget policy. One of the first laws to be developed was the Law “On the Budget System”6. In the course of the reform of the budget system the organization of the budget changed, a new legal and normative base was formed, a policy in the sphere of budget revenues (including tax and non-tax) was developed, and state expenditures were optimised. With the accumulation of debts, the need to develop a debt policy was recognized. New institutions were created. In 1995 the Treasury began to operate. In 1996 the Accounting Committee for Evaluation of the Republican Budget Execution was created by presidential decree.

The Second Law “On the Budget System” was adopted in 1996. In 1998 major amendments were introduced to it. A successive attempt to reform the budget system was made through the adoption of a new law “On the Budget System” in April, 1999. In 1999-2001, attempts to develop a municipal loan scheme7 were made and a number of legal acts were adopted to regulate state loans and sovereign debts. To collect the accumulation of revenues from the raw material sector, the National Fund of the Republic of Kazakhstan was created by decree of the President of RK in August, 2000, resulting in the introduction of amendments and addendums to the Law “On the Budget System” in 2001.

In 2002, the transition to programme budgeting began: ministries and departments started to develop passports of each programme within the framework of the annual budget process8 in compliance with “Rules on the Development of Drafts of the Republican and Local budgets”. The introduction of programme budgeting and the adoption of programme passports resulted in significant changes in the budget process. The budget started to be considered as a basic instrument for distribution of budget

---

7 It must be mentioned that it can be called municipal lending only in cases where issuers were represented by the akimats of Almaty and Astana cities and in the other cases the issuers were represented by local executive bodies of separate oblasts.
8 Government regulation as of 29, May, 2002, № 592
funds by the Government for strategic priorities of the country socio-economic development.

It was decided to separate the budget planning function from budget execution and to create the Ministry of the Economy and Budget Planning as the authorized body for budget planning. The function of budget execution was left to the Ministry of Finance. In order to systematize the rapidly changing budget legislation it was decided to develop the Budget Code. The Budget Code was signed by the President in May, 2004, and came into force in 2005. Currently, the budget legislation is based on the Constitution of the Republic of Kazakhstan and is comprised of the Budget Code and other normative and legal acts whose adoption was stipulated by the Code.

1.2. Budget system structure

The following budgets are approved, executed independently in the Republic of Kazakhstan:

- The Republican Budget;
- 14 oblast budgets and budgets of Almaty and Astana cities;
- Rayon budgets (including cities of oblast significance)

The State Budget is a combined consolidated budget incorporating the republican and local budgets regardless of the balance of operations between them. It is used as analytical information and is not subject to approval. The structure of the consolidated budget consists of the following sections:

1) The Republican Budget;
2) Oblast budgets, budgets of cities of Republican significance and the budget of the capital;
3) Budget revenues directed to the National Fund of the Republic of Kazakhstan and transfers of revenues to the National Fund of the Republic of Kazakhstan, or to the accounts of the Government in the National Bank of the Republic of Kazakhstan.

The government prepares a draft of the Republican Budget to be approved by the Parliament. The Ministry of Finance regularly publishes data on the Republican and Local Budgets’ execution.

Local budgets are the budgets of the 14 oblasts, budgets of Almaty and Astana cities, which have a special status, and budgets of other cities and rayons. The Ministry of Finance publishes the data only regarding the oblast budgets, which are comprised of budgets of cities and rayons.

1.3. Budget process

1.3.1. Budget drafting

Procedures for budget development are defined in the Budget Code and Rules for the Development of Drafts of the Republican and Local Budgets to be approved by Government Decree.

The President of RK, local executive bodies of the oblasts, Almaty and Astana cities; rayons and cities form accordingly the Republican Budget Commission and the Budget Commissions of oblasts, Almaty and Astana cities, rayons and cities and define objectives and the order for their work.

The task of the Republican Budget Commission includes development of proposals on:

- Mid-term fiscal policy for the forthcoming three-year period;
- Determination of indicators of the draft of the Republican Budget for the corresponding financial year;
- Selection of budget programmes for financing in the forthcoming three-year period and in the scheduled financial year;
- On drafts of normative-legal acts stipulating to increase expenditures or decrease revenues of the Republican or Local Budgets;
- On adjustment of the Republican Budget for the corresponding financial year;
- Review of outcomes of assessment of the Republican Budget execution of programmes.

The objectives of the corresponding local Budget Commissions (for oblasts, cities, and rayons) are identical.

The Republican and Local Budget Commissions carry out their activity on a constant basis. The Budget Commission’s schedule of work is established according to the terms defined in the Rules for the Development of the Republican and Local Budgets.

The basis for development of the draft of the Republican Budget for the forthcoming financial year is the Mid-term Plan for Socio-Economic Development approved by the Government, the Mid-term Fiscal Policy of the Government for the forthcoming three years, the Sector Programmes, the Annual Address to the People of the President of Kazakhstan, the outcomes of execution of the Republican Budget of the last and current financial years and assessment of the effectiveness of Republican Budget Programmes.

Effectiveness assessment of budget programmes is at the initial stage. Only corresponding legal base is adopted so far.
Development of the draft of the Republican Budget requires the following prerequisite information and steps:

1. To determine indicators of the forecast of revenues for the forthcoming financial year.
2. To determine limits on expenditures for the current budget programmes and budget development programmes.
3. Submission of applications for budget allocation by administrators of the Republican Budget Programmes.
4. Consideration of applications for budget allocations from administrators of the Republican Budget Programmes.
5. Development of the draft law on the Republican Budget for the forthcoming year.

**Drafts of local budgets are developed similarly.**

Consideration and determination of the final version of the oblast budget draft, the budget of the city of Republican significance, and the capital city for the forthcoming financial year are completed not later than September 15 of the year proceeding the planned financial year.

Not later than October 1 the local authorized body on budget planning prepares a draft decision of the Mashlikhat on the oblast budget (including Almaty and Astana cities) for the forthcoming year on the basis of the final version of the draft of the oblast budget for the forthcoming financial year the Mashlikhat and submits it for consideration to the oblast local executive body.

The draft decision of the Mashlikhat about the oblast budget for the forthcoming financial year is submitted to the the Mashlikhat by the local executive body of the oblast not later than October 15 of the current year.

The budget process at the rayon level is similar, but it is conducted two weeks later than the terms defined in the budget calendar of the oblast.

### 1.3.2. Approval of budgets

Approval of the Republican budget takes place at a joint session of the Parliament not later than December 1 after its separate consideration, first at the level of the Mazhilis, and then at level of the Senate. The Law “On the Republican Budget” is signed by the President.

Within two weeks after the Law “On the Republican Budget” comes into force, the Akims of oblasts and Astana and Almaty cities verify and adjust the earlier indicators of forecasts of the budget and submit them for consideration to the the Mashlikhats. According to the Budget Code, the local budgets are approved by the the Mashlikhat not later than two weeks after submission.

The decision of the the Mashlikhats regarding local budgets shall contain such indicators as volumes of revenues, expenditures, crediting, budget deficit and deficit financing, the norms for revenue distribution between oblast budgets and budgets of rayons, cities, the size of reserves of the local executive bodies, and the list of local budget programmes which are not subject to appropriation. At that time, the budget is submitted in the form of an appendix to the decision of the the Mashlikhat, which is made strictly according to the structure of the budget established by the Budget Code and the single budget classification.

### 1.4. Audit and evaluation of budget execution

The basic requirement for ensuring transparency in the tax and budget sphere is regular verification of the accounts of state bodies by the highest auditing body independent from the executive authority.

After an audit it is necessary to ensure that the audited department has publicly presented written statements on measures that were undertaken by it in response to the auditors’ comments and proposals.

The auditing bodies shall not be under the control of the executive authority. “The Lima Declaration on the Guidelines for Rules of Auditing” calls for the independence of auditors from state bodies. 10.

The main principles, types and standards of control over execution of the Republican and local budgets are defined by the Budget Code.

Control over execution of budgets is undertaken by the following bodies:

- The Accounting Committee on control over Execution of the Republican Budget under the President of RK;
- The Committee for Financial Monitoring and State Procurators;
- The Structural Division of the Ministry of Finance;
- The Treasury and its regional bodies;
- The Inspection Commissions of Maslikhats; and
- local representative bodies.

The Accounting Committee is comprised of nine members. The chairman and two members are appointed by the President for five years, the Mazhilis and the Senate each appoint an additional three members for five years. The secretariat of the Accounting Committee employs only 30 employees. Such a small number of staff are not capable of ensuring the complete auditing of all ministries and departments. 11.

---

10 [http://www.intosai.org/] .
The Accounting Committee has the right to employ experts from state bodies and auditing organizations to ensure quality control and conduct independent expert appraisal. This right came into being with the passing of “Rules on the Organization and Conduct of External evaluation of the Execution of the Republican Budget” and “Rules for the Assessment of the Effectiveness of Programmes During Eternal Evaluation of Budget Execution”. Implementation of this measure will facilitate implementation by the Accounting Committee of the objectives assigned to it.

The Ministry of Finance provides monthly and quarterly information about the execution of the execution of the Republican Budget and on the settlement of the principal of government debt.

The local executive bodies of rayons and cities submit monthly reports on the execution of the budget to the higher executive body and corresponding the Mashlikhat. The local executive bodies of oblasts submit a monthly report on execution of their budget to the Ministry of Finance.

The Ministry of Finance of the RK submits to the Government a monthly report on the execution of the State Budget, the Republican Budget, the budgets of oblasts, and the budgets of Astana and Almaty cities on the first day of the month following the reporting period.

According to the Budget Code, the Government submits to Parliament and the Accounting Committee an annual report on the execution of the Republican Budget for the last year with appendices submitted not later than May 1 of the current year. The local executive bodies not later than June 1 of the year following the reporting year submit to the local representative bodies an annual report on execution of the corresponding local budget for the reporting financial year with an explanatory note and appendices.

The Accounting Committee submits to Parliament a report on execution of the Republican budget before June 1. According to its content it is a conclusion to the report of the Government on execution of the Republican Budget. After submission to Parliament the report is published on the website of the Accounting Committee: www.esep.kz all reports on execution of the budget in recent years can be found at this site. In 2005 for the first time the report was also published in a popular national newspaper.

The Accounting Committee’s report analyses the macroeconomic conditions of the execution of the Republican Budget and compares the forecast and actual macroeconomic indicators of the country’s development. The report contains analysis of all sources of revenues as well as expendi-

---


---

The Accounting Committee does not conduct the audit of the National Fund. The authority of the Accounting Committee according to the Budget Code does not include such a task. Auditing of the National Fund of the RK is still undertaken by representatives of international audit companies that are members of the “big four”.

The Accounting Committee of Kazakhstan does not conduct auditing of national companies. In recent years significant budget funds in Kazakhstan are allocated for the creation of various joint stock companies. The Accounting Committee, by virtue of limited capacity does not conduct audits of the funds allocated by it from the budget. The Government does not submit any reports about the use of these funds to Parliament.
2. Budget alignment. Local budgets

Different levels of regional budget allocation call for a need to align budget revenues. The oblasts rich in mineral resources have a high level of industrial production and, consequently, high tax potential. The oblasts with much agricultural production have a low level of tax proceeds.

Given this situation, it is Government policy to redistribute funds through the Republican Budget. From 1991 to 1998 individual norms were used for regulation of the budget based on the division of taxes between Republican and local budgets. The oblasts incapable of financing their own obligatory expenditures even when 100% of taxes are left in the oblasts are ensured subsidies from the Republican Budget.

Starting from 1999, certain kinds of taxes are bound to the Republican and local budgets respectively. In addition, for the purpose of budget alignment, the mechanism of subsidies and withdrawals exists; Part of the income from wealthier oblasts is transferred to the Republican Budget. Further, subsidies are allocated from the Republican Budget to poorer oblasts.

Subsidies are assigned to fill the gap between expenditure and revenue. At the same time, there are no special formulas used to calculate the amount to be transferred. The level of expenditures is calculated for each oblast on the basis of data from the previous year with adjustments for inflation, while revenues needed for financing of oblasts are either left in the oblast (if the oblast is a donor) or transferred from the Republican Budget (if the oblast is a recipient).

Revision of the division of taxes between levels of the budget system starting from January 1, 2002 has resulted in a reduction of revenues among local budgets; fewer revenues were withdrawn from oblast-donors, while oblast-recipients had to transfer more funds. As a result the number of oblasts receiving subsidies increased from 7 to 9.

Moreover, starting from 2002 an annual allocation of target transfers to local budgets has been put into practice for the construction of schools, hospitals, waterworks and other infrastructure. For these, there are no special formulas.

Further, centralization of revenues since 2004 has increased the number of oblasts that receive subsidies to 12. Local revenues without transfers currently allow only three out of a total of 15 local budgets to execute their expenditure obligations. All other local budgets depend on subsidies transferred from the Republican Budget. In other words, a significant part of local budgets is formed not at the expense of their own revenues.

Starting from 2005 the size of budget subsidies and withdrawals (general transfers) were established in absolute values for a three-year period with a breakdown by year.

Currently, in accordance with the Budget Code the Inter-budget relations are regulated:

1) Between the Republican and oblast budgets, the budget of the city of Republican significance, the capital city:
   - Transfers;
   - Budget credits;

2) Between oblast and rayon (including cities of oblast significance) budgets:
   - Transfers;
   - Budget credits;
   - Norms on distribution of revenues

Transfers are subdivided into general transfers, targeted one-time transfers and targeted development transfers.

The share of official transfers from the Republican Budget has increased in the structure of revenues of local budgets from 14.7% in 1999 to 40.3% in 2006 (Table 1).

Tax proceeds are predominant in the revenues of local budgets and their reduction since 2002 is an effect of the diversion of proceeds from corporate income tax to the Republican Budget.

The social tax is a significant share of the tax proceeds. It was introduced in 1999\(^1\). Its share makes up nearly a quarter of total tax proceeds. Another important share of tax proceeds for local budgets is made up of individual income tax\(^1\).

Value added tax (VAT) only reflects the proceeds of Astana since legislatively VAT was completely transferred to the Republican Budget and only in Astana until 2004 when it was divided between the Republican Budget and the budget of Astana at the ratio of 50:50.

Non-tax proceeds represent revenues from business activity and property, administrative dues and payments, proceeds from fines and sanctions. Their share makes up only 1% of revenues of local budgets.

\(^1\) The social tax rate decreased from 8% in 1999 to 1% in 2001 and to a differentiation of 7% at the highest level of remuneration and to 0% at lower levels of remuneration of labor in 2005

\(^1\) The budget code established that division of proceeds from social and individual income taxes between oblast and rayon budgets is conducted according to the rates defined by oblast maslikhats. The individual income tax rate, which used to increase depending on the level of remuneration of labor from 5% to 30%, is currently replaced by a single rate of 10%.
Table 1. Structure of local budgets’ revenues, in % to total

<table>
<thead>
<tr>
<th></th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>I Proceeds</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Tax proceeds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>including</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>corporate tax</td>
<td>12.6</td>
<td>26.3</td>
<td>20.3</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>individual income tax</td>
<td>16.0</td>
<td>16.0</td>
<td>17.8</td>
<td>20.6</td>
<td>19.2</td>
<td>16.4</td>
<td>16.4</td>
<td>16.1</td>
</tr>
<tr>
<td>social tax</td>
<td>31.4</td>
<td>25.3</td>
<td>32.2</td>
<td>34.6</td>
<td>32.4</td>
<td>28.0</td>
<td>26.3</td>
<td>23.0</td>
</tr>
<tr>
<td>property tax</td>
<td>10.9</td>
<td>8.3</td>
<td>8.6</td>
<td>8.7</td>
<td>7.5</td>
<td>Н/Д</td>
<td>Н/Д</td>
<td>Н/Д</td>
</tr>
<tr>
<td>VAT</td>
<td>3.8</td>
<td>3.8</td>
<td>2.4</td>
<td>2.4</td>
<td>1.9</td>
<td>1.4</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Excise</td>
<td>1.8</td>
<td>1.3</td>
<td>1.1</td>
<td>5.5</td>
<td>4.3</td>
<td>3.6</td>
<td>3.1</td>
<td>3.1</td>
</tr>
<tr>
<td>Non-tax proceeds</td>
<td>5.0</td>
<td>3.2</td>
<td>3.4</td>
<td>1.0</td>
<td>1.1</td>
<td>1.5</td>
<td>1.3</td>
<td>0.6</td>
</tr>
<tr>
<td>Income from operations with capital</td>
<td>0.0</td>
<td>0.0</td>
<td>0.7</td>
<td>1.0</td>
<td>1.3</td>
<td>2.2</td>
<td>3.4</td>
<td>6.4</td>
</tr>
<tr>
<td>Received official transfers</td>
<td>14.7</td>
<td>13.8</td>
<td>12.4</td>
<td>19.9</td>
<td>25.2</td>
<td>34.8</td>
<td>37.1</td>
<td>40.3</td>
</tr>
</tbody>
</table>

Source: calculated on the basis of the data of the Ministry of Finance RK

3. National Fund of the Republic of Kazakhstan

The Decree of the President of August 23, 2000 created the National Fund of the Republic of Kazakhstan for accumulation of state savings (savings function) and also to decrease dependence of the Republican and local budgets on world raw material prices, particularly oil and gas (stabilization function).

The National Fund is intended to ensure stable socio-economic development of the state and to decrease the dependence of the country’s economy on the oil sector and from the impact of adverse external factors. The National Fund represents the assets of the state in the form of financial assets kept in the account of the Government in the National Bank of the Republic of Kazakhstan and also in the form of other property, except for intangible assets.

The savings function provides for the accumulation of financial assets and other property except for intangible assets, and earnings from assets of the National Fund in the long-term at moderate risk level. The stabilization function is intended for maintaining a sufficient level of liquidity for assets of the National Fund.

Part of the National Fund used for accomplishment of a stabilization function is defined by the size necessary to ensure a guaranteed transfer.

The formation and use of the National Fund are determined by the situation in the world, international commodities and financial markets, the economic situation in the country and outside it, the priorities for national socio-economic development alongside macroeconomic and fiscal stability and observance of the basic goals and objectives of the National Fund.

The accounting and reporting on the operations of the National Fund are in national currency.

The trust management of the National Fund is undertaken by the National Bank. The National Fund is placed in foreign financial instruments approved for these purposes and the list is defined by the Government jointly with the National Bank based on proposals of the National Fund’s Management Council.

Sources of the National Fund formation are:
1) Budget revenues directed to the National Fund;

15 More detailed information on the formation and use of the National fund of the RK can be found in the work: P. Steiner, M. Mahmutova “Saving of the incomes received from oil production: Experience of Alaska and Kazakhstan” // Policy Studies – N 4(9). – 2005. – Public issues analysis center.
2) Investment earnings from the National Fund’s management;
3) Other revenues and incomes which are not forbidden by legislation.

The legislation envisions the following expenditures of the National Fund:
1) Guaranteed transfers to the Republican Budget for implementation of budget development programmes for the corresponding financial year;
2) Targeted transfers to the Republican Budget for the purposes defined by the President of the Republic of Kazakhstan;
3) The expenses associated with the National Fund’s management and annual auditing.

The size of the guaranteed transfer from the National Fund shall not exceed one third of the Fund’s assets for the end of a financial year that proceeds the year for the Republican Budget development.

Assets of the National Fund as of January 1, 2007 equal 14 billion USD totalling 19% of GDP.

In 2004 the State Social Insurance Fund was recreated.

Conclusion
Over 15 years of reforms the country’s budget system has undergone significant changes: the sources for the Republican and oblast budgets formation were legislatively defined, and directions for expenditure of these funds were specifically determined. However, there are still weak points in the budget process. They are as follows:

- Planning and forecasting of budgets for all levels;
- Absence of stable revenue sources for local budgets;
- Weak motivation for budget execution in-situ;
- Mechanism for alignment through subsidies and withdrawals;
- Management of communal property at a local level;
- Monitoring of execution and evaluation of local budgets.

Distribution of revenues between the levels of the budget system was decentralized in the middle of the 1990s when the Government of RK “put the burden” on local budgets for all social expenditures in an attempt to support the budget deficit level in line with IMF requirements. As a consequence, the so-called “non-symmetric fiscal decentralization” has taken place where expenditures are decentralized while revenues are not.

The system for revenue alignment between oblasts does not contain any clear cut criteria that could be based on financing for minimal standards of social services or anything else. This leads to considerable variation in expenditure per student or per patient in different regions of the country.

Division of expenditure into current and capital (the so-called development budgets) is also highly conditional, since international practice assumes financing of capital expenditures at the expense of attracted loans or issue of securities, but in our case financing can be carried out only at the expense of target transfers of the Government. An attempt to issue securities by local executive bodies has practically failed. The Budget Code defines that local executive bodies have the right to borrow only from the budgets.

Further reformation of the budget system calls attention to the following issues:

- Development of norms for calculating expenditures of local budgets thus necessitating calculations per student, per patient, per poor person etc;
- Ensuring more autonomy and independence of local budgets in accumulation of their revenues. In this respect, it is necessary to develop a system of incentives for local bodies which currently does not exist;
• Development of transparent and understandable systems for budget alignment.

Summary

This part of the research will analyse the Kazakh public budget expenditure for education, public health and social services in the interests of the family and children, and also socially vulnerable groups of the population, in order to identify strong and weak points in ensuring family welfare.

The report will review in detail the general state of the education, public health, and social services systems, and analyse public budget expenditure for education, public health and social services. The scope of public funding for above sectors and allocation of responsibility to bear expenses between different levels of the budget system will be considered, and household education and public health expenditures will be evaluated within the frameworks of this report. In addition, the efficiency of budget expenditures will be reviewed and the inter-regional differences in local budgets in funding education, public health and social services will be analysed.

The upshot of this research is recommendations developed to improve public access in Kazakhstan to education, public health and social services services as well as to enhance the funding of the social sector and improve the level of safety of mothers and children.
Introduction

State support of the social sector is indicative of the level of human capital development. On the UN global Human Development Index (HDI), Kazakhstan moved from 54th place in 1990 to 79th to 2004. The HDI calculation is based on such indicators as average life expectancy, literacy rates, the level of adult education and GDP per capita. All these indicators fell in the 1990s; in 1995 Kazakhstan dropped to 93rd place among 177 countries. Recent economic growth caused the gap to narrow, but it was not until 2003 that the 1990 level of aggregate education coverage of country’s population aged 5 to 24 against the total number of population was reached. In 2004, the GDP per capita of 1990 was attained and slightly surpassed. The only indicator that is still indicative of a significant HDI lag from the 1990 level by 25 points is average life expectancy.

On average, annual economic growth of almost 10% in Kazakhstan between 2000 and 2006 was the result of record-breaking prices on world commodity markets, mainly, oil markets. Oil is Kazakhstan’s primary foreign currency earner. GDP per capita income has tripled, from 1,100 USD in 2000 to 5,043 USD in 2006. As a result, Kazakhstan can now be referred to as a middle-income country.

The Constitution of the Republic of Kazakhstan (article 27) proclaims that “motherhood and childhood shall be under the protection of the state”. How is that put into practice?

This part of the report will try to find answers to the following questions:

• How much budget money is spent on the social sector and how is it spent?
• How is education, public health and social services expenditures allocated between different levels of the budget system and between the regions?
• How does government fund the social sector and what is public funding?
• What should be the public funding policy for this sector?
• Does public funding ensure social equality?
• Is the level of current public funding sufficient?
1. State budget expenditures to social sector

Public expenditure on education, public health, and social services tended to decline for a period of 15 years (picture 2) from 1991. Thus, in 1991 public budget expenses for education made up 6.5% of GDP, in 2005 they nearly halved and added up to just 3.4% of GDP. Public health expenses in 1991 made up 3.6% of GDP, and only 2.5% of GDP in 2005. Social safety expenses made up 4.6% of GDP in 2005, though it was 4.9% of GDP back in 1991 when there was less poverty in Kazakhstan.

2. Education

2.1. Overview of the Education System

Education is one of the most crucial indicators of the level of a country’s development. Kazakhstan inherited from the USSR an education system characterized by a well-developed network of education institutions, high indicators of children’s and youth coverage by education, and nearly 100% adult literacy.

The Constitution of the Republic of Kazakhstan (article 30): “The citizens shall be guaranteed free secondary education in state education establishments. Secondary education shall be obligatory. A citizen shall have the right to receive on a competitive basis a higher education in a state higher education establishment. The citizens shall have the right to pay and receive an education in private education establishments on the basis and terms established by law. The state shall set uniform compulsory standards in education. The activity of any education establishment must comply with these standards.”

Since independence in December 1991, the scope of education funding and indicators in the education sector changed drastically. Along with the private sector emerging in education, and the diversification of financing sources, a number of quality indicators for education fell, and the budget funding dropped.

Recent discussions on education prospects are centred around the following issues:

- Content and outcomes of education do not correspond to present or future demands of the labour market or society;
- Youth unemployment remains high;
- The level of education of students is decreasing, while the gap between the urban and rural areas, between Russian and Kazakh schools, and between regions is growing;
- The content of the education and learning methods (the national standards of education) at all levels of the education system still follow the old methodology focused on the transfer of knowledge (general school education) and training of narrow specialists (vocational education); they do not teach the crucial skills to pupils and students;
- Low quality of teachers’ qualifications remains one of the major impediments to enhancing the efficiency of the education system.

To resolve these issues, a number of strategic documents on education pol-
The low population density gave rise to ungraded schools. The data of the Agency for Statistics failed to single these out, but the Public Education Reform Programme discovered 4,272 ungraded secondary schools (52% of the total number of the school) with 429,100 children (14.1% of the total number of students). Tuition fees at such schools are 30% - 100% higher (depending on the district) than at common schools; the former lack teachers. Schools are located far away from the community, and children need to be bussed to school. For instance, 37,000 children had to be bussed in 2004.

**Vocational education.** Primary and secondary vocational education can be obtained in vocational schools, lyceums and colleges and is combined with general secondary education. Primary vocational education comprises training, re-training, and advanced training of the labour force, specialists, and the unemployed.

The reduction of public funding put vocational and technical schools at risk of liquidation. The training of a qualified labour force and medium-level specialists nearly vanished. Today vocational and technical schools are all state-run as the private sector is uninterested in training qualified manpower. In 2005-2006, 104,200 students studied at 307 vocational and technical schools (lyceums) in more than 300 professions.

The number of colleges grew from 318 in 2001-2002 to 415 in 2005-2006, only thanks to the establishment of private colleges. The cohort of students grew by 201,400 over this period reaching 397,600 (Table 4).

**Tertiary education.** Privatisation of Tertiary Institutions over the past five years caused the number of public institutions to drop and that of private institutions to increase (Table 4). Today the country’s tertiary education system comprises 51 public and 130 private Tertiary Institutions with nearly equal numbers of students. Nine leading universities have special national status (it is assumed that they are not subject to privatisation).

**Advanced training and continuing education** are available from education institutions, scientific and training centres, and public employment services. Those can be provided through the public budget or contractually. Continuing education for the education system staff is available from the National Institute of Advanced Training, and for scientific methodical and leadership of the education system, from oblast and city extension course institutes for teachers.

To date, despite numerous problems in the education sector, the following Millennium Development Goals were attained:

1) To ensure by 2015 primary education to children across the world, for both boys and girls;

2) To eradicate, preferably by 2005, gender inequality in primary and secondary education, and not later than 2015 at all levels of education.
2.2. Public financing of education

Between 1991 and 2001 the share of public expenses for education fell by half (from 6.5% to 3.2% to GDP). In 2002-2003 expenses ranged within 3.2%-3.3% of GDP, and grew to 3.4% of GDP only in 2004-2006, which was twice as low as in countries with a high human development level. Thus, in 2002-2004 budget funding for education in Norway was at the level of 7.7% of GDP, with 7.0% in Sweden, 6.5% in Finland, 6.0% in Hungary, and 5.7% in Estonia. Between 2003 and 2006, expenses of public budget for education grew from 23 billion tenge to 101,400 billion tenge. Still, expenses for education as a percentage of GDP remained at the same level and are still low and should be increased in the public budget expenses for such a crucial element of human development.

Table 3. Public budget expenses by levels of education, million tenge

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RB</td>
<td>LB</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pre-school study</td>
<td>2,975</td>
<td>3,322</td>
<td>3,880</td>
<td>4,553</td>
<td>5,742</td>
<td>-</td>
</tr>
<tr>
<td>and training</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>N/A</td>
</tr>
<tr>
<td>General secondary</td>
<td>60,007</td>
<td>67,224</td>
<td>81,744</td>
<td>98,906</td>
<td>124,979</td>
<td>11,287</td>
</tr>
<tr>
<td>study</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>N/A</td>
</tr>
<tr>
<td>Primary vocation</td>
<td>2,693</td>
<td>3,018</td>
<td>3,910</td>
<td>5,299</td>
<td>6,540</td>
<td>286</td>
</tr>
<tr>
<td>study</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>N/A</td>
</tr>
<tr>
<td>Secondary vocation</td>
<td>2,662</td>
<td>2,528</td>
<td>2,989</td>
<td>3,495</td>
<td>5,001</td>
<td>5,086</td>
</tr>
<tr>
<td>study</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>N/A</td>
</tr>
<tr>
<td>Tertiary and post</td>
<td>8,120</td>
<td>9,344</td>
<td>11,783</td>
<td>12,763</td>
<td>15,506</td>
<td>29,480</td>
</tr>
<tr>
<td>graduate study</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>N/A</td>
</tr>
<tr>
<td>Other programmes</td>
<td>4,959</td>
<td>17,640</td>
<td>14,671</td>
<td>24,505</td>
<td>33,547</td>
<td>20,111</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>N/A</td>
</tr>
<tr>
<td>Total</td>
<td>81,416</td>
<td>103,075</td>
<td>118,977</td>
<td>149,521</td>
<td>191,315</td>
<td>66,249</td>
</tr>
<tr>
<td>% to GDP</td>
<td>3.1</td>
<td>3.1</td>
<td>3.2</td>
<td>3.4</td>
<td>3.8</td>
<td>0.9</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2.8</td>
</tr>
</tbody>
</table>


The share of public expenses for education grew from 14.1% in 2000 to 15.4% in 2004 falling to 13.2% in 2005 as a result of increased public expenses that outstripped the growth in GDP.

A considerable part of public expenses for education is funded through local budgets (Table 1). Expenses for education make up a quarter of local budgets. It will be further reviewed how the duty to cover expenses are allocated between the national and local budgets.

The analysis of public financing in terms of expenses has showed that the considerable portion of education costs – 68% – is spent on secondary education (Table 2). This seems logical as the Constitution guarantees mandatory “free secondary education in state education establishments” (article 30). Tertiary education is the next largest expense, making up 8.1%. Pre-school education, primary vocational and secondary vocational education is publicly funded from the remains which vary from 2.6% to 3.4%.

2.3. Private financing of education

Education is currently financed by public funds as well as private funds – money from parents, organizations, or other sponsors. To make an evaluation of the total budget volume for education, the share of private sector in funding for education shall be defined.

Data drawn in Table 4 will demonstrate the share of public and private sectors in education in 2001-2005, that is, the number of institutions by level of education and their cohort.

We shall attempt to determine the volume of private funding for education. The absence of data makes impossible the assessment of education costs of economic entities. To illustrate, foreign companies are obliged to disburse 1% of their profits for local staff training.

We shall evaluate the cost of the population on the basis of household budget analysis made by the Agency for Statistics of RK. The household survey showed that average expenses for education per capita were 2,990 tenge per annum in 2004, and 3,815 tenge in 2005. People spend money on Pre-school, secondary, secondary special and tertiary education. The population’s education costs were 44.9 billion tenge in 2004 or 0.6% to GDP. All public education costs (both public and households) made 190.7 in 2004 with the share of households making 19% and that of the state 81%. The average costs of urban residents made 3,682 tenge, and that of rural residents 2,129 tenge per annum.

Table 4. Public and Private Education Institutions and their Cohort

<table>
<thead>
<tr>
<th>Level of education</th>
<th>Public</th>
<th>Private</th>
<th>% of public</th>
<th>Public</th>
<th>Private</th>
<th>% of public</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pre-school</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2001</td>
<td>956</td>
<td>147</td>
<td>86.7</td>
<td>124.6</td>
<td>15.8</td>
<td>88.7</td>
</tr>
<tr>
<td>2002</td>
<td>954</td>
<td>141</td>
<td>87.1</td>
<td>132.0</td>
<td>15.5</td>
<td>89.5</td>
</tr>
<tr>
<td>2003</td>
<td>967</td>
<td>139</td>
<td>87.4</td>
<td>140.5</td>
<td>16.0</td>
<td>89.8</td>
</tr>
<tr>
<td>2004</td>
<td>984</td>
<td>136</td>
<td>87.9</td>
<td>151.7</td>
<td>17.1</td>
<td>89.9</td>
</tr>
<tr>
<td>2005</td>
<td>1049</td>
<td>130</td>
<td>89.0</td>
<td>168.4</td>
<td>17.0</td>
<td>90.8</td>
</tr>
<tr>
<td><strong>General secondary schools</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2001-2002</td>
<td>8240</td>
<td>164</td>
<td>98.0</td>
<td>3063.7</td>
<td>19.779</td>
<td>99.4</td>
</tr>
<tr>
<td>2002-2003</td>
<td>8160</td>
<td>170</td>
<td>98.0</td>
<td>3093.7</td>
<td>19.840</td>
<td>99.4</td>
</tr>
<tr>
<td>2003-2004</td>
<td>8092</td>
<td>155</td>
<td>98.1</td>
<td>3023.0</td>
<td>19.955</td>
<td>99.3</td>
</tr>
<tr>
<td>2004-2005</td>
<td>8069</td>
<td>147</td>
<td>98.2</td>
<td>2915.4</td>
<td>18.841</td>
<td>99.4</td>
</tr>
<tr>
<td>2005-2006</td>
<td>8017</td>
<td>136</td>
<td>98.3</td>
<td>2806.5</td>
<td>10.577</td>
<td>99.6</td>
</tr>
<tr>
<td><strong>Number of evening schools</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2001-2002</td>
<td>48</td>
<td></td>
<td></td>
<td>24.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2002-2003</td>
<td>47</td>
<td></td>
<td></td>
<td>24.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2003-2004</td>
<td>66</td>
<td></td>
<td></td>
<td>27.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2004-2005</td>
<td>75</td>
<td></td>
<td></td>
<td>26.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2005-2006</td>
<td>76</td>
<td></td>
<td></td>
<td>26.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Vocational schools (VS)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2001-2002</td>
<td>284</td>
<td></td>
<td></td>
<td>87.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2002-2003</td>
<td>287</td>
<td></td>
<td></td>
<td>90.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2003-2004</td>
<td>288</td>
<td></td>
<td></td>
<td>98.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2004-2005</td>
<td>296</td>
<td></td>
<td></td>
<td>101.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2005-2006</td>
<td>307</td>
<td></td>
<td></td>
<td>104.2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


In 2005, the average annual number of population made 15.147 tenge; accordingly, 57.8 billion tenge of education costs were covered by the population. In 2005, GDP reached 7.453 billion tenge, and the share of population costs thus added up to 0.8% of GDP. On comparison with data from Table 1, it is obvious that costs paid by the population have nearly matched the costs of the national budget. This enables us to rate the share of household costs in the cumulative costs of education (in the absence of data on corporate costs) in 2005 as 18.4% and that of the public budget as 81.6%. In 2005, the yearly costs of the urban population came to 4,671 tenge and that of the rural population was 2,763.

Even though the Constitution guarantees free secondary education, nearly all schools collect fees from parents for school repairs, the purchase of visual aids and extra pay for teachers. In the 1990s, the Ministry of Education officially authorized the opening of special school accounts for funds from parents and sponsors. To ensure the transparency of the spending of this money, school boards were established. As open procedures for the spending of money were not ensured everywhere, abuses of powers took place; in 2006 the Ministry of Education announced a ban on the collection of fees from parents. Is the ban an adequate solution to the problem?
Table 5. Public and General Costs of Education as a Percentage to GDP and Share of Education Costs in Total Public Costs

<table>
<thead>
<tr>
<th>Financial year</th>
<th>Public and private costs of education, in % to GDP</th>
<th>Costs of education as a share of total public costs, %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Public costs</td>
<td>Population costs (households)</td>
</tr>
<tr>
<td>2004</td>
<td>3.4</td>
<td>0.6</td>
</tr>
<tr>
<td>2005</td>
<td>3.4</td>
<td>0.8</td>
</tr>
<tr>
<td>2006</td>
<td>3.5</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Sources: Statistical Bulletins of the Ministry of Finance of the RK for 2004-2006; 2007 budget draft

2.4. Allocation of expenditures for education between the levels of the budget system

Allocation of education costs between the levels of the budget system did not change significantly over the past 10 years. The funding of tertiary and postgraduate study is assigned to the national budget. Local budgets cover Pre-school, secondary and secondary vocational education. Local budgets comprise the budgets of 14 oblasts, the two cities with special status Almaty and Astana, and the budgets of cities and districts under oblasts. Allocation of responsibility to finance education in the oblasts varied until 2004; some areas had this function centralized at the oblast level, others had it transferred to the level of city and district budgets. The Budget Code that took effect in 2005 stipulated duties between the national, oblast, special status cities and district budgets as follows.

The national budget shall finance:
- General secondary education of gifted children at national education institutions;
- Holding national-level school sports competitions;
- National training of specialists with secondary vocational degree;
- Training of specialists with higher vocational or postgraduate vocational degree;
- Advanced training and retraining of staff at the national level;
- Supply of textbooks, learning and methodical complexes for national education institutions as well as fellow countrymen studying at foreign schools under international treaties;
- Development of textbooks, learning and methodical complexes, tutorials, and programmes;
- Rehabilitation of children at education institutions of national significance.

The oblast budget shall fund:
- Purchase and supply of textbooks for public oblast education institutions;
- Extended sport education for children and youth;
- Primary vocational study;
- General secondary education in special education programmes;
- General secondary education of gifted children at specialized education institutions;
- Holding oblast-level school sports competitions;
- Secondary vocational study;
- Local-level advanced training and retraining of staff;
- Mental health examination of children and teenagers and supply of psychological, medical and pedagogical consulting aid to the population;
- Rehabilitation and social integration of children and teenagers with developmental disorders.

The budget costs of the national-level city and the capital on education are allocated as follows:
- Pre-school education and study for children;
- Arrangement and supply of mandatory free secondary education of the population at public learning institutions, inclusive of evening (shift) study and secondary study available from boarding schools;
- General secondary study under special education programmes;
- General secondary education of gifted children at specialized education institutions;
- Holding school sports competitions at cities of national significance and capitals;
- Primary vocational education;
- Secondary vocational education;
- Local-level advanced training and retraining of staff;
- Mental health examination of children and teenagers and psychological, medical and pedagogical consulting to the population;
• Rehabilitation and social integration of children and teenagers with developmental disorders.
• Extended education for children and youth;
• Purchase and delivery of textbooks for public education institutions in the city of national value and the capital.

**The district (oblast-level city) budget shall finance:**
• Pre-school education and study for children;
• Organization and supply of mandatory free secondary education for the population at public learning institutions, including evening (shift) study and secondary study at boarding schools;
• Holding school district (city) level sports events;
• Purchase and delivery of textbooks for district (city of oblast level) public education institutions of a city of national value and a capital;
• Extended education for children and youth.

**In addition, the structure of the district (oblast-level city) budget shall provide for district-wide budget programmes in a city, a district-level city, a village (aul), and aul (settlement) district for:**
• Support of institutions for Pre-school education and study;
• Free transportation of school children to school and back to the aul (settlement)

**Table 6. Education Costs in the Budget Structure for 1999-2006**

<table>
<thead>
<tr>
<th>Financial year</th>
<th>Costs of Local Budgets, million tenge</th>
<th>Education Costs of Local Budgets, million tenge</th>
<th>Share, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>214,974</td>
<td>65,326</td>
<td>30.4</td>
</tr>
<tr>
<td>2000</td>
<td>303,809</td>
<td>71,097</td>
<td>23.4</td>
</tr>
<tr>
<td>2001</td>
<td>394,055</td>
<td>86,558</td>
<td>22.0</td>
</tr>
<tr>
<td>2002</td>
<td>378,549</td>
<td>104,698</td>
<td>27.7</td>
</tr>
<tr>
<td>2003</td>
<td>468,793</td>
<td>130,976</td>
<td>27.9</td>
</tr>
<tr>
<td>2004</td>
<td>608,796</td>
<td>167,363</td>
<td>27.5</td>
</tr>
<tr>
<td>2005</td>
<td>783,484</td>
<td>213,534</td>
<td>27.3</td>
</tr>
<tr>
<td>2006</td>
<td>1,000,150</td>
<td>259,724</td>
<td>26.0</td>
</tr>
</tbody>
</table>


The responsibilities for education funding have thus not changed between the central and regional levels, but rather became more specified and fixed for oblasts and districts. Pre-school and secondary education is covered by district budgets; primary vocational and secondary vocational education is supported through oblast budgets.

The share of local administration in total public costs of education grew from 75% in 1995 to 86.4% in 2002, reaching 83% in 2005. It was mentioned above that a considerable portion of public funds are for secondary education. As such costs are covered by local budgets, the costs of education exceed a quarter of all costs of local budgets. In 2002-2005 nearly 28% of local budget costs were for education (Table 6).

**Table 7. Costs of Education by Oblasts in 2001-2006, million tenge**

<table>
<thead>
<tr>
<th>Oblast</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public budget</td>
<td>106,419</td>
<td>121,145</td>
<td>148,989</td>
<td>190,748</td>
<td>256,935</td>
<td>327,291</td>
</tr>
<tr>
<td>National budget</td>
<td>19,861</td>
<td>16,447</td>
<td>23,241</td>
<td>34,571</td>
<td>66,249</td>
<td>101,405</td>
</tr>
<tr>
<td>Local budgets</td>
<td>86,558</td>
<td>104,698</td>
<td>130,976</td>
<td>167,363</td>
<td>213,534</td>
<td>259,724</td>
</tr>
<tr>
<td>Akmola oblast</td>
<td>4,479</td>
<td>5,494</td>
<td>6,837</td>
<td>9,182</td>
<td>12,009</td>
<td>14,953</td>
</tr>
<tr>
<td>Aktubinsk oblast</td>
<td>4,649</td>
<td>5,533</td>
<td>7,205</td>
<td>8,915</td>
<td>11,427</td>
<td>14,275</td>
</tr>
<tr>
<td>Almaty oblast</td>
<td>8,659</td>
<td>10,039</td>
<td>13,407</td>
<td>16,231</td>
<td>20,144</td>
<td>23,875</td>
</tr>
<tr>
<td>Attyrau oblast</td>
<td>4,612</td>
<td>5,976</td>
<td>7,045</td>
<td>7,980</td>
<td>8,996</td>
<td>10,866</td>
</tr>
<tr>
<td>East Kazakhstan</td>
<td>8,295</td>
<td>9,262</td>
<td>11,512</td>
<td>13,896</td>
<td>17,408</td>
<td>20,802</td>
</tr>
<tr>
<td>Zhambyl oblast</td>
<td>4,780</td>
<td>5,786</td>
<td>8,173</td>
<td>10,608</td>
<td>12,658</td>
<td>15,980</td>
</tr>
<tr>
<td>West Kazakhstan</td>
<td>5,143</td>
<td>6,825</td>
<td>7,436</td>
<td>8,843</td>
<td>11,513</td>
<td>14,413</td>
</tr>
<tr>
<td>Karaganda oblast</td>
<td>6,682</td>
<td>8,467</td>
<td>10,029</td>
<td>13,691</td>
<td>16,919</td>
<td>18,948</td>
</tr>
<tr>
<td>Kyzylorda oblast</td>
<td>3,582</td>
<td>4,734</td>
<td>5,956</td>
<td>8,060</td>
<td>11,235</td>
<td>12,690</td>
</tr>
<tr>
<td>Kostanai oblast</td>
<td>4,324</td>
<td>5,072</td>
<td>6,627</td>
<td>8,727</td>
<td>11,053</td>
<td>14,208</td>
</tr>
<tr>
<td>Mangistau oblast</td>
<td>3,675</td>
<td>3,561</td>
<td>4,318</td>
<td>5,743</td>
<td>6,791</td>
<td>8,946</td>
</tr>
<tr>
<td>Pavlodar oblast</td>
<td>4,830</td>
<td>5,694</td>
<td>7,043</td>
<td>9,123</td>
<td>11,370</td>
<td>14,268</td>
</tr>
<tr>
<td>North Kazakhstan</td>
<td>3,844</td>
<td>4,716</td>
<td>5,769</td>
<td>8,112</td>
<td>10,665</td>
<td>13,564</td>
</tr>
<tr>
<td>South Kazakhstan</td>
<td>10,799</td>
<td>13,713</td>
<td>17,181</td>
<td>22,948</td>
<td>29,033</td>
<td>35,866</td>
</tr>
<tr>
<td>Almaty</td>
<td>6,128</td>
<td>7,199</td>
<td>8,383</td>
<td>9,569</td>
<td>13,011</td>
<td>16,813</td>
</tr>
<tr>
<td>Astana</td>
<td>2,077</td>
<td>2,628</td>
<td>4,056</td>
<td>5,736</td>
<td>9,301</td>
<td>9,256</td>
</tr>
</tbody>
</table>


M. Makhmutova. Allocation of obligations for expenses between the levels of Kazakhstan’s budget system. Research document under OSI/LGI project. KIMEP. – Almaty 2003.
Table 8. Education Costs by Oblasts per Capita in 2001 and 2006

<table>
<thead>
<tr>
<th>Oblast</th>
<th>2001</th>
<th>Mid-year population in 2001 (thousands pop.)</th>
<th>2006</th>
<th>Mid-year population in 2001 (thousands pop.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Akmola oblast</td>
<td>6,088.91</td>
<td>735.6</td>
<td>20,002.68</td>
<td>747.6</td>
</tr>
<tr>
<td>Aktubinsk oblast</td>
<td>6,938.81</td>
<td>670.7</td>
<td>20,658.47</td>
<td>691.0</td>
</tr>
<tr>
<td>Almaty oblast</td>
<td>5,586.45</td>
<td>1,558.7</td>
<td>14,809.88</td>
<td>1,612.1</td>
</tr>
<tr>
<td>Atyrau oblast</td>
<td>10,294.64</td>
<td>448.1</td>
<td>22,806.17</td>
<td>476.5</td>
</tr>
<tr>
<td>East Kazakhstan</td>
<td>5,555.93</td>
<td>1,493.6</td>
<td>14,956.76</td>
<td>1,427.9</td>
</tr>
<tr>
<td>Zhambyl oblast</td>
<td>4,872.58</td>
<td>981.2</td>
<td>15,898.92</td>
<td>1,005.1</td>
</tr>
<tr>
<td>West Kazakhstan</td>
<td>8,571.67</td>
<td>603.1</td>
<td>23,595.0</td>
<td>610.9</td>
</tr>
<tr>
<td>Karaganda oblast</td>
<td>4,913.24</td>
<td>1,360.9</td>
<td>14,174.15</td>
<td>1,336.8</td>
</tr>
<tr>
<td>Kyzylorda oblast</td>
<td>3,770.53</td>
<td>950.7</td>
<td>20,416.70</td>
<td>621.6</td>
</tr>
<tr>
<td>Kostanai oblast</td>
<td>4,551.58</td>
<td>605.2</td>
<td>15,756.03</td>
<td>901.8</td>
</tr>
<tr>
<td>Mangistau oblast</td>
<td>6,125.00</td>
<td>327.7</td>
<td>23,403.53</td>
<td>382.3</td>
</tr>
<tr>
<td>Pavlodar oblast</td>
<td>15,093.75</td>
<td>766.0</td>
<td>19,181.29</td>
<td>743.9</td>
</tr>
<tr>
<td>North Kazakhstan</td>
<td>5,057.89</td>
<td>697.3</td>
<td>20,481.69</td>
<td>662.3</td>
</tr>
<tr>
<td>South Kazakhstan</td>
<td>5,319.70</td>
<td>2,032.2</td>
<td>15,885.02</td>
<td>2,257.9</td>
</tr>
<tr>
<td>Almaty</td>
<td>13,122.06</td>
<td>1,133.2</td>
<td>13,265.22</td>
<td>1,267.5</td>
</tr>
<tr>
<td>Astana</td>
<td>1,833.19</td>
<td>467.2</td>
<td>16,460.96</td>
<td>562.3</td>
</tr>
<tr>
<td>Average</td>
<td>6,730.995</td>
<td>18,210.28</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maximum</td>
<td>15,093.75</td>
<td>23,595.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minimum</td>
<td>1,833.186</td>
<td>13,265.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>0.51</td>
<td>0.19</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


Education costs from the local budget vary greatly by regions (Table 6). It should be noted that every region has a different climate, different costs of public utilities, a different number of children of school age, number of teachers, varied qualifications of teachers, number of ungraded schools, distance from residence to school, and so forth.

Table 6 shows that the highest amount of financing in 2001 was in South Kazakhstan oblast. This is explained by the fact that the oblast has a large rural population (63.3%) and families with many children. Schools are badly needed in the oblast; in 2001, 50 schools ran three shifts. Budget costs per pupil were only 12,500 tenge a year, while the national average was 16,500 tenge p.a. The lowest amount of education financing was in Kyzylorda oblast.

The chances are that people would obtain their portion of education costs depending on the oblast they live in. Per capita costs showed that the variation between the maximum financing in Pavlodar oblast (15,093,75 tenge) and the minimum in Astana (1,833,186 tenge) was 8.2 times. Such a low level of budget funding for education in Astana can be explained by the fact that most education costs in Astana are covered by the national budget (allocated for the construction of new schools). It would be more specific to accept the per capita rate of education costs in Kyzylorda oblast, 770.5 tenge, as the minimum, which is 4 times less than the maximum.

How has the funding of education from local budgets changed in relation to per capita income over past five years?
The enhancement of income level of local budgets and allocation of targeted transfers made it possible to somewhat balance per capita education costs between oblasts in 2006. The maximum, in West Kazakhstan oblast (23,595.0 tenge) is 1.7 times higher than the minimum of Almaty (13,265.2 tenge).

Conclusions and recommendations

An analysis of the education sector funding showed the following points. Even though the cost of education is growing at both national and local levels, cumulative costs of education from the public budget as a proportion of GDP is still half the level of such countries as Norway with 7.7% of GDP, Sweden, 7.0% of GDP, Finland, 6.5% of GDP, Hungary, 6.0% of GDP and Estonia, 5.7% of GDP. The Dakar Convention "Education for All" recommended spending 6-7% of GDP on public health.

To make education fuel economic growth, there is a need to ensure access to education for the country’s entire population regardless of income. As shown in the studies that used literacy as a indicator to measure human capital, a country able to attain a literacy rate 1% higher than the global average will attain labour productivity and GDP per capita increases of 2.5% and 1.5%, respectively. The growth of labour productivity ac-

---

24 M. Makhmutova. Allocation of obligations for expenses between the levels of Kazakhstan's budget system. Research document under OSI/LGI project. KIMEP. – Almaty 2003.
In view of the poor funding of education in Kazakhstan over the past decade, we believe it is necessary to increase the volume of public funding for education to at least 8% of GDP p.a. along with the enhancement of the efficiency of the use of budget funds.

The education costs from the national budget have grown due to the increased portion of costs for “national-level advanced training and re-training of staff” which covers the short-term training of civil servants in prestigious Western universities such as Harvard. Without a doubt, civil servants need advanced training. Still, short-term courses have become a vacation, and their funding has failed to produce sufficient positive outcomes to justify them. Instead, the focus should be on the selection and appointment of civil servants to high-level positions.

From our standpoint, it would be more rational to re-allocate such flows to local budgets for pre-school training of children which is in a miserable condition and currently financed on leftovers.

Education costs are a protected budget item not subject to cuts, though budget funds were not fully utilized by the end of financial year both at the central and regional level. To a significant extent, budget spending lags behind schedule in the first three quarters and catches up in the fourth quarter, rendering spending of budget funds ineffective.

Poor public funding for vocational institutions and the absence of private institutions of this kind have already led to a lack of qualified the labour force, making private and public partnership in this area much needed.

Public funding shall aim to resolve such issues of pre-school, primary and secondary vocational education as:

- Development of a network of children’s pre-school institutions, and primary vocational study institutions in rural areas;
- Development of primary vocational education in technical and science-intensive areas;
- Law drafting involving employers into the process of establishing vocational study and personnel training programmes;
- Establishment of an independent system for assessing the quality of vocational education and certifying qualifications;
- Enhancing the efficiency of the advanced training and retraining system for engineers and teachers in primary and secondary professional schools.

3. Public Health

3.1. Current State of Public Health

A healthy population is a major condition for sustainable economic development in any country.

The Constitution of the Republic of Kazakhstan declares the right to health protection (article 29): “People of the country have the right to free medical aid in a guaranteed volume established by the law. The paid-for medical aid is available from public and private health institutions and health practitioners as provided for by the law”.

Table 9. Basic Indicators of Population Health in Kazakhstan

<table>
<thead>
<tr>
<th></th>
<th>Kazakhstan (2005)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life expectancy</td>
<td>65.9</td>
</tr>
<tr>
<td>Men</td>
<td>60.3</td>
</tr>
<tr>
<td>Women</td>
<td>71.8</td>
</tr>
<tr>
<td>Infant mortality per 1,000 live-births</td>
<td>15.2</td>
</tr>
<tr>
<td>Maternal mortality per 1,000 live-births</td>
<td>36.2</td>
</tr>
<tr>
<td>Any cause of death, SMR* / 100000</td>
<td>1,037.3</td>
</tr>
<tr>
<td>Cardiovascular diseases, SMR / 100000</td>
<td>535.5</td>
</tr>
<tr>
<td>Malignant tumourstumours, SMR / 100000</td>
<td>121.7</td>
</tr>
<tr>
<td>Traumas and poisoning, SMR / 100000</td>
<td>147.9</td>
</tr>
<tr>
<td>Respiratory diseases, SMR / 100000</td>
<td>58.7</td>
</tr>
<tr>
<td>Intestinal diseases, SMR / 100000</td>
<td>49.4</td>
</tr>
<tr>
<td>Contagious and parasitic diseases, SMR / 100000</td>
<td>28.3</td>
</tr>
<tr>
<td>Tuberculosis incidence rate / 100000</td>
<td>444.5</td>
</tr>
<tr>
<td>Syphilis incidence rate / 100000</td>
<td>272.8</td>
</tr>
<tr>
<td>AIDS incidence rate / 100000</td>
<td>0.06</td>
</tr>
</tbody>
</table>

Source: Agency for Statistics of RK
* SMR – standardized mortality rate

The reform of the public health system in the 1990s led to a public-private partnership and per capita funding of public health emerged. There was an attempt to introduce mandatory medical insurance, but this was scrapped in 1998. Private clinic, diagnostic, rehabilitation and recreational centres emerged.

Economic and political changes have greatly changed health indicators. The health of Kazakhs has been rapidly deteriorating over the past 15 years.

A vulnerable spot in Kazakhstan’s human development system is population health indicators. The indicators calculated for Kazakhstan considerably differ from those calculated by the World Health Organization (WHO) and the United Nations Development Programme Human Development Index (HDI).

**Average Life Expectancy**

The WHO evaluation provided in the Review of Public Health in Kazakhstan in 2005, shows that Kazakhs born in 2003 have an average life expectancy (LE) of 61 years (67 years for women, and 56 years for men). Hence the WHO calculation significantly differs from data from the Agency for Statistics of RK based on the current registration of mortality rate, which declares the average life expectancy (LE) to be 65.9 years: 60.3 years for men and 71.8 for women.

UN data in the 2006 Human Development Report indicated the average LE in Kazakhstan between 2000-2005 was one of the lowest at 69 years (Figure 2). The average LE in Kazakhstan is below developed countries as well as developing countries. The average global LE is 67 years, with 64.9 years in developing countries, 77.6 years in OECD countries, and 68.1 years in Central and Eastern Europe and CIS.

---

Causes of Population Mortality

In 2005, the overall mortality rate grew by 20% compared to 1990. The population mortality rate added up to 10.4 per 1,000 people in 2005 against 10.2 in 2004 and 9.7 in 1999. Circulatory disorders, oncological diseases, intoxication and trauma are the leading causes of death. The rate of deaths from oncological diseases has increased; death rate from blood circulation was 1.5 times higher in 2005 against 1990. The mortality from respiratory diseases has dropped; mortality from contagious and parasitic diseases was lower in 2005 than in 1980 but higher than in 1990.

Table 10. Major Causes of Population Death in the Republic of Kazakhstan by Causes (per 100,000 people)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Contagious and parasitic diseases</td>
<td>3.8</td>
<td>3.5</td>
<td>3.2</td>
<td>3.2</td>
<td>3.0</td>
<td>3.1</td>
<td>3.0</td>
<td>3.0</td>
<td>2.8</td>
</tr>
<tr>
<td>Cancerous and benign tumours</td>
<td>1.6</td>
<td>1.6</td>
<td>1.6</td>
<td>1.5</td>
<td>1.5</td>
<td>1.5</td>
<td>1.5</td>
<td>1.5</td>
<td>1.5</td>
</tr>
<tr>
<td>Blood circulation diseases</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Respiratory diseases</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Intestinal diseases</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
</tr>
<tr>
<td>Accidents, traumas and poisoning</td>
<td>0.8</td>
<td>0.8</td>
<td>0.8</td>
<td>0.8</td>
<td>0.8</td>
<td>0.8</td>
<td>0.8</td>
<td>0.8</td>
<td>0.8</td>
</tr>
<tr>
<td>Other causes</td>
<td>0.6</td>
<td>0.6</td>
<td>0.6</td>
<td>0.6</td>
<td>0.6</td>
<td>0.6</td>
<td>0.6</td>
<td>0.6</td>
<td>0.6</td>
</tr>
<tr>
<td>Overall mortality indicator</td>
<td>7.9</td>
<td>7.6</td>
<td>7.4</td>
<td>7.3</td>
<td>7.1</td>
<td>7.1</td>
<td>7.0</td>
<td>7.0</td>
<td>6.8</td>
</tr>
</tbody>
</table>

Source: data of the Agency for Statistics of RK

Infant Mortality

Kazakhstan’s infant mortality indicator, as WHO data showed, is the highest in the greater European region.

Data from the Agency for Statistics of RK showed that infant mortality in 2005 grew against 2004 (14.5) to 15.2 per 1,000 live births. The causes of infant deaths are states emerging in the perinatal period, which caused the death of 2,006 babies in 2005 (1,881 in 2004).

The rate of infant mortality varied greatly by oblast with the highest mortality rate in Kyzylorda oblast (23.09 per 1,000 live births) exceeding the national average by 1.6 times (Figure 4). The national average rate of infant mortality were exceeded in East Kazakhstan (18.97), Mangistau (17.37) and Kostanai (16.56) oblasts.

According to the UN data published in the Human Development Report for 2006, infant mortality in Kazakhstan was to 6.3 per 1,000 live-births in 2004. Such a great variation in data can be explained by Kazakh standards that consider a live birth as a baby with a term of pregnancy of 28 weeks and body weight of 1000g and over. When the weight is below 1000g, a baby will be registered in the official statistical data if the baby stays alive for 7 days. WHO has recommended a definition of live birth when at least one of four indicators is present: breathing; cardiac movement; muscular movement; or a pulsing umbilical cord. The statistics should include babies after 22 weeks pregnancy having a weight of 500g or more. Kazakhstan has adopted the four above indicators, but opinion on the weight has not been agreed upon.

Beginning in 2002, ten maternity hospitals in Almaty and Almaty oblast were involved in a pilot project supported by USAID to move to the new principles of live birth registration. Every live birth with a weight of 500g and a pregnancy term of 22 weeks were registered as live births. As a consequence, official rates of infant mortality more than doubled. This does not mean that more children are dying; the statistics had simply become more accurate and objective. Over the four years of the project’s implementation it became possible to convince officials not to fear statistical deterioration; this will lead to the diagnosis of the causes of infant mortality more accurately.

On March 1, 2006, the Government of Kazakhstan approved a plan for the
transformation to live birth criteria recommended by WHO. Nationwide registration of live births in line with the new criteria will be introduced from 2008. This means that statistical data on infant mortality will grow significantly reflecting the real picture of infant mortality in the country. This will allow comparison of indicators with other countries and, most importantly, to adopt measures for timely medical aid and a reduction in infant mortality rates.

The mortality rate of children under five is equally important. In 2000, the heads of state of UN member nations adopted the Millennium Development Goals Declaration (MDG) at the New York summit. One of the declaration’s major goals is infant mortality reduction and improved maternity protection. The declaration set the goal of reducing the mortality rate of children under five by two-thirds and reducing maternity rates by three-quarters by 2015.

The mortality rate of children under five in Kazakhstan, as shown in UN Human Development Report for 2006, added up to 7 per 1,000 live-births in 2004. The data of the Agency for Statistics of RK\(^1\) showed that the mortality rate of children under five was 17.7 per 1,000 live-births in 2004, growing to 18.83 in 2006. WHO believes that the registration of the mortality rate of children under five is obviously incomplete, which also indicates that the data on infant and neonatal\(^2\) mortality is also marked down, as incomplete registration mostly covers children under one year of age.

### Maternal Mortality

The indicator of maternal mortality in Kazakhstan is one of the highest in the countries in the European region. In addition, the indicator has been slowly rising over recent years. According to the national evaluation of maternal mortality on the basis of clinical data, this indicator was 36.9 in 2004 and 40.5 in 2005 per 100,000 live births, growing to 44.9 per 100,000 live births in 2006 by preliminary data (Appendix 1).

Indicators of maternal mortality in 2006 grew in seven oblasts and in Almaty, including growth of three times in Aktubinsk oblast, and two times in Akmola and Karaganda oblasts. Maternal mortality in Kyzylorda oblast at 96.6 exceeds the national average of 44.9. The Ministry of Health of the RK noted that six incidents of non-disclosure of maternal mortality were shown in West Kazakhstan, Zhambyl and Kyzylorda oblasts.

---


One of the causes of high maternal mortality is the low index of women's health; only 0-0% of women are healthy, others have some form of disease. Maternal mortality is caused directly by abortions (16.8%), haemorrhage (29.7%), sepsis (7.9%), and abdominal pregnancy (3.0%).

**Morbidity Rate**

Table 11. Morbidity rate of children of 0-14 years of age per 100,000 children

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of diseases per 100,000 children, total</td>
<td>78937.9</td>
<td>86237.2</td>
<td>87606.1</td>
<td>92820.0</td>
<td>96292.3</td>
</tr>
<tr>
<td>Including:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contagious and parasite diseases</td>
<td>4528.1</td>
<td>4605.0</td>
<td>4324.1</td>
<td>4199.4</td>
<td>3882.4</td>
</tr>
<tr>
<td>TumoursTumours</td>
<td>81.9</td>
<td>68.6</td>
<td>74.2</td>
<td>80.7</td>
<td>80.9</td>
</tr>
<tr>
<td>Blood, circulatory organ diseases and immune disorders</td>
<td>2410.9</td>
<td>3052.2</td>
<td>3190.2</td>
<td>3229.8</td>
<td>3769.0</td>
</tr>
<tr>
<td>Endocrinical diseases, nutritional and metabolism disorders</td>
<td>1177.4</td>
<td>1487.7</td>
<td>1363.7</td>
<td>1417.4</td>
<td>1518.4</td>
</tr>
<tr>
<td>Nervous disorders</td>
<td>1951.6</td>
<td>2531.7</td>
<td>2332.9</td>
<td>2507.2</td>
<td>2669.7</td>
</tr>
<tr>
<td>Eye and eye diseases</td>
<td>2751.4</td>
<td>3284.8</td>
<td>3229.3</td>
<td>3308.1</td>
<td>3263.4</td>
</tr>
<tr>
<td>Ear and mastoid diseases</td>
<td>2536.4</td>
<td>2908.6</td>
<td>2677.5</td>
<td>2733.8</td>
<td>2880.9</td>
</tr>
<tr>
<td>Blood circulation diseases</td>
<td>444.3</td>
<td>546.8</td>
<td>495.8</td>
<td>541.8</td>
<td>440.4</td>
</tr>
<tr>
<td>Respiratory diseases</td>
<td>44077.3</td>
<td>46357.6</td>
<td>48828.7</td>
<td>52934.5</td>
<td>55450.5</td>
</tr>
<tr>
<td>Intestinal diseases</td>
<td>5170.8</td>
<td>6097.4</td>
<td>6060.2</td>
<td>6086.2</td>
<td>6289.2</td>
</tr>
<tr>
<td>Urogenital diseases</td>
<td>1543.3</td>
<td>1808.7</td>
<td>1867.6</td>
<td>1912.3</td>
<td>1879.0</td>
</tr>
<tr>
<td>Skin and hypoderm diseases</td>
<td>5271.6</td>
<td>5560.3</td>
<td>5235.6</td>
<td>5440.4</td>
<td>5373.0</td>
</tr>
<tr>
<td>Musculoskeletal and connective tissue diseases</td>
<td>900.5</td>
<td>1443.3</td>
<td>1301.3</td>
<td>1265.1</td>
<td>1242.7</td>
</tr>
<tr>
<td>Conditions characteristic of the perinatal period</td>
<td>1384.4</td>
<td>1669.9</td>
<td>1947.9</td>
<td>2259.7</td>
<td>2359.7</td>
</tr>
<tr>
<td>Congenital anomalies (birth defects), deformations and chromosomal disorders</td>
<td>381.5</td>
<td>445.8</td>
<td>457.6</td>
<td>489.0</td>
<td>524.3</td>
</tr>
<tr>
<td>Traumas and poisoning</td>
<td>3461.9</td>
<td>3559.2</td>
<td>3403.1</td>
<td>3595.8</td>
<td>3719.2</td>
</tr>
</tbody>
</table>

**Source:** Statistical Book of Kazakhstan 2006 / Agency for Statistics of RK. Almaty 2006

The rate of total mortality grew in 2005 and came to 100,163.2 per 100,000 of population against 99,627.7 in 2004 and 47,972.8 in 1999.33

The causes of the unsatisfactory state of health are the poor public health system and inadequate responsibility of people for their health. The state of health is greatly affected by the hygienic and epidemiological situation causing contagious, occupational and somatic diseases.

The rate of child morbidity in all major groups of diseases has been growing over recent years (Table 10). In 2005, the portion of blood diseases, endocrinical diseases, nervous disorders, eye, ear, respiratory, intestinal, urogenital, skin, and musculoskeletal diseases among children under 14 grew against 2001 (by 1.5 times), traumas and poisoning occurred more frequently. Disorders characteristic of the perinatal period have grown considerably (by 1.7 times) as have congenital abnormalities (by 1.4 times), which are connected primarily with the health of pregnant women.

**Tuberculosis**

Kazakhstan, according to the WHO European Bureau, has the highest regional TB occurrence rate. The disease is epidemic; in 2005, 444.5 patients with TB for every 100,000 people were admitted in therapeutic institutions. The mortality rate has doubled since 199534. The TB dispensary had 67,600 sick people registered35; 147.3 people per 100,000 people were found to have TB for the first time. The highest mortality rate is registered in Kyzyldorda oblast with 233.3 incidents per 100,000 population; this indicator is only higher in urban population, 262.4. Also, anomalously high indicators are found in the Atyrau oblast, 209.7 incidents, and 250.7 incidents per 100,000 urban population.36

**AIDS**

Kazakhstan ranks fourth in detection of new incidents of HIV-infection among CIS countries, after Russia, Ukraine and Belarus. A total of 4,531 HIV-positive people were registered by 2006. The detection of HIV-infection began in 1987 among foreign students, and the epidemiological situation was fair until 1996. However, HIV-infection rates sharply increased since 1996 and are still growing.

---

33 Population health of the RK and health institution activities in 2005/ Ministry of Health of the RK – Astana-Almaty 2006 – P 23
34 Kazakhstan over the Years of Independence 2006. Agency of the RK for Statistics. – P 296
35 Statistical Year Book 2006. Agency of the RK for Statistics. – P 100
The peak of mortality rate occurred in 2001 with 1,175 HIV incidents registered.

In 2006, an HIV outbreak affected South Kazakhstan. The infection of 82 children and 11 mothers (data as of 15 December 2006) occurred in Shymkent’s public health institutions. The area of risk of infection covered those who received blood transfusion and were treated at medical organizations of Shymkent City and oblast.

Public Health Resources

The number of hospital institutions dropped from 1,788 in 1990 to 1,061 in 2005, accordingly, the number of beds reduced from 227,800 to 117,600.

Table 12. Public Health Resources and Their Use in Kazakhstan

<table>
<thead>
<tr>
<th>Availability of beds per 100,000 population</th>
<th>Kazakhstan (2006)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability of doctors per 100,000 population</td>
<td>755</td>
</tr>
<tr>
<td>Availability of paramedics staff per 100,000 population</td>
<td>359</td>
</tr>
<tr>
<td>Average period of hospitalisation, days *</td>
<td>16.9</td>
</tr>
</tbody>
</table>


Mother and Child Health Protection

The Public Programme of Public Health Reformation for 2005-2010 comprises a chapter on mother and child health protection. The expected outcomes of the implementation of the Programme include the reduction of infant mortality to 10 per 1000 live-births and reduction of maternal mortality to 30 per 100,000 live-births by 2010.

The primary regulatory acts on the protection of motherhood and childhood include:

- Law on Marriage and Family of 1999;
- Law on Family-Type Children Villages and Youth Homes of 2001;
- Law on Children’s Rights of 2002;
- Law on Social and Medical Pedagogical Rehabilitational Support to Children with Disabilities of 2002;
- Law on Public Health System of 2003;

Individual issues of the protection of motherhood and childhood are provided for in the Law of the RK on Population Health Protection of 7 July 2006.

In 2006, it was decided by the Government to introduce in 2008 the registration criteria for live-born babies recommended by WHO, and it thus seems doubtful that infant mortality goals incorporated in the State Programme will be attained.

Moreover, the implementation of some of the UN’s Millennium Development Goals seems problematic:

1) To reduce between 1990 and 2015 the mortality rate of children under 5 by two-thirds;
2) To reduce between 1990 and 2015 the maternal mortality rate by three-quarters;
3) To halt by 2015 the spread of HIV/AIDS and introduce a new trend of disease reduction;
4) To halt by 2015 the spread of malaria and other primary diseases and introduce a new trend of disease reduction.

---

37 Approved by Presidential Decree of the Republic of Kazakhstan of 13.09.2004 No. 1438
3.2. Public Health Expenditures

Between 1991 and 2001 Kazakhstan’s public health costs nearly halved: from 3.6% to 1.9% of GDP, later growing to 2.3% of GDP in 2006. By GDP level per capita Kazakhstan may be referred to as a middle-income countries, while the level of public health financing puts the country at the level of poor African countries such as Uganda with 2.2% of GDP, and Angola with 2.4% of GDP. To compare, public health costs in 2003-2004 in Belarus made up 4.9% of GDP, in Russia 3.3% of GDP, in Estonia 4.1% of GDP, and Lithuania 5% of GDP. Norway occupying a steady first place in the world Human Development Index spends 8.6% of GDP on public health, Germany 8.7% of GDP, Sweden 8.0% of GDP, and France 7.7% of GDP. Budget costs of public health in the Czech Republic make 6.8% of GDP, Slovenia 6.7% of GDP, and Croatia 6.5% of GDP.

The Public Programme of Public Health Reformation for 2005-2010 set the goal of reaching a minimum level of public health costs of 4% of GDP as recommended by WHO only by 2010 according to the plans of the Government of Kazakhstan.

Table 13. Public and Private Public Health Costs as a Percentage of GDP and Portion of Health Costs in Overall Public Costs

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Public Costs</th>
<th>Population Costs (households)</th>
<th>Private Costs</th>
<th>Health Costs as a Portion in Overall Public Costs, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>2.4</td>
<td>0.2</td>
<td>N/A</td>
<td>10.6</td>
</tr>
<tr>
<td>2005</td>
<td>2.5</td>
<td>0.16</td>
<td>N/A</td>
<td>9.5</td>
</tr>
<tr>
<td>2006</td>
<td>2.3</td>
<td>N/A</td>
<td>N/A</td>
<td>10.7</td>
</tr>
</tbody>
</table>

Source: Statistical Bulletins of the Ministry of Finance of the RK for 2004-2006

For the past 6 years, public health costs amounted to 10% of public budget costs (Table 12). Public funding of health is intended primarily for the provision of free guaranteed medical aid financed from the local budgets, as well as for implementation of the national programmes to combat tuberculosis and other diseases.

The costs of the national budget shall be intended for:
- provision of highly-specialized medical aid;
- organization of emergency medical services in case of of national-level natural and man-caused emergency situations;
- medical rehabilitation in public health institutions of national status;
- provision of medical aid to people with mental disorders (diseases) in need of watch and ward;
- legal and forensic examination;
- arrangement for treatment of sick people abroad;
- combating especially dangerous infections;
- processing of blood, its elements and treatments for national level health public institutions;
- ensuring the epidemiological welfare of the population through services of occupational and environmental safety at the national level, at borders, and in transportation facilities;
- medical service of military men, law enforcement officers, their family members as well as pensioned military men, law-enforcement officers, and other citizens as provided for regulatory acts of the Republic of Kazakhstan;
- activities in the area of population health, save for costs covered by local budgets.

The national budget shall finance one-fifth of public health costs. Health programmes financed from the national budget are administered by six programme administrators: ministry of health, ministry of interior, ministry of defence, ministry of education and science, the national guard, and administration of the President of the RK. The Ministry of Health administers 92% of health costs of the national budget.

A specialized Protection of Motherhood and Childhood Programme of the national budget administered by the Ministry of Health has provided for the following costs:
- In 2003, 784.1 million tenge were spent on the provision of specialized medical aid: 117.9 million tenge per 1,720 people at the National Research Center for Mother and Child Health Protection; 205.7 million tenge (2,595 patients) at the Scientific Center of Paediatrics and Paediatric Surgery; 41.9 million tenge at the National Child Rehabilitation Center “Balbulak”, and 258.2 million tenge (with 6,000 treated patients) for children rehabilitation, and pharmaceuticals procured for 150 leucemik children treatment; 
- In 2004 – 880.0 million tenge;

Ibid

• In 2005 – 1,314.2 million tenge (11,017 patients treated);
• In 2006 – 2,292.9 million tenge. In addition to the maintenance of the National Child Rehabilitation Center “Balbulak”, capital transfers to public enterprises are provided, namely, to the National Research Center for Mother and Child Health Protection, Scientific Center of Paediatrics and Paediatric Surgery, National Child Clinical Hospital “Aksai”, and National Children Sanatorium “Alatau” for the procurement of at least 219 items of medical and non-medical equipment, vehicles, and overhaul of Children Sanatorium “Alatau”. Of the total amount 748.9 million tenge will be spent on compensation of costs of highly-specialized medical aid following the establishment of the National Motherhood and Childhood Center in Astana;
• The draft budget for 2007 includes 5,246.5 million tenge without specifying the funds that grew by 2,563.5 million tenge against last year.

Health costs in the budget are itemized in one line, which makes it difficult to identify which portion of costs will be for individual needs such as in-patient treatment, wages, procurement of pharmaceuticals and medical equipment, payment of utility bills, and so on. Neither a draft budget nor its performance report specifies beneficiaries of budget programmes.

To a considerable extent, public funding of the health sector is covered by local budgets. In 2005, health costs in the structure of local budgets equalled one-fifth of overall expenditures (Table 14).

Table 14. Local Budgets Local Health Costs in 1999-2006

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Local Budget Costs, million tenge</th>
<th>Local Budgets Health Costs, million tenge</th>
<th>Share,%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>214,974</td>
<td>36,252</td>
<td>16,8</td>
</tr>
<tr>
<td>2000</td>
<td>303,809</td>
<td>46,724</td>
<td>15,4</td>
</tr>
<tr>
<td>2001</td>
<td>394,055</td>
<td>48,430</td>
<td>12,3</td>
</tr>
<tr>
<td>2002</td>
<td>378,549</td>
<td>59,102</td>
<td>15,6</td>
</tr>
<tr>
<td>2003</td>
<td>468,793</td>
<td>74,112</td>
<td>15,8</td>
</tr>
<tr>
<td>2004</td>
<td>608,796</td>
<td>107,074</td>
<td>17,6</td>
</tr>
<tr>
<td>2005</td>
<td>783,484</td>
<td>150,316</td>
<td>19,2</td>
</tr>
<tr>
<td>2006</td>
<td>1,000,150</td>
<td>185,783</td>
<td>18,6</td>
</tr>
</tbody>
</table>

Source: Statistical Bulletins of the Ministry of Finance of the RK for 2000-2005

Until 2004, the health costs of Kazakhstan’s oblasts were funded from the regional (or city) and oblast budgets. Beginning in 2005, the Budget Code has stipulated responsibilities to cover health costs for oblast budgets, as district budgets and budgets of cities of oblast level do not cover health costs.

Расходы на здравоохранение областных бюджетов и Алматы и Астаны предназначены на:
• Ensuring guaranteed medical aid with the exception of areas financed from the national budget;
• Provision of the occupationla and environmental welfare of the population with the exception of areas financed from the national budget;
• Procurement of vaccines, immuno-biological medicines and other medical treatments in accordance with the legislation of the Republic of Kazakhstan;
• Processing of blood, blood components and preparations for local health institutions;
• Other health matters with the exception of areas financed from the national budget.

The budget of a region (or city of oblast level) provides for budget programmes for a region in a city, district-level city, village, aul (settlement), aul (rural) district for the organization of emergency transportation of critically ill patients to the nearest health institution that supplies medical aid.

Some measures were taken to standardize the supply of medical services. The Government annually approves the List of Guaranteed Medical Aid. The Rules of Supply of Paid Medical Services in Health Institutions and the Procedure for Use of Funds Received from Paid Services Supplied by Public Health Institutions as well as the Rules of Compensation of Costs of Medical Institutions by Budget Funds were approved. The Minister of Health by its decree approved the Regulation on Operation of Medical Institutions that Supply Medical and Sanitary Aid. The Ministry of Health established the Committee for Medical Services Quality Evaluation.

In 2005, the costs of guaranteed free medical aid amounted to 118.5 billion tenge, coming to 7,405 tenge of costs per individual on average (56 USD at an average annual rate), which is 1,972 tenge more than in 2004. The highest costs per individual, 13,716 tenge (around 104 USD), is in

41 Draft National Budget for 2006. Governmental Decree of 27.08.2005 No. 20/4671
42 Governmental Decree of the RK “On Approval of the Rules of Compensation of Costs of Medical Institutions through Budget Funds and Supply of Paid Services in Health Institutions and the Procedure of Utilization of Funds Received from Paid Services Supplied by Public Health Institutions”. 6.10.2006 No. 965
the Mangystau oblast, and the lowest 6,765 tenge (51 USD) in Almaty oblast.

In 2006, 134.9 billion tenge was allocated for guaranteed free medical aid; the forecast shows costs of 8,397 per individual or 992 tenge more compared to 2005.

Overhaul: construction of hospitals is covered by the national and local budgets via target transfers allocated to them.

Just like education, access to health services varies depending on the region an individual lives in (Table 15).

Table 15. Public Health Expenditures by Oblasts in 2001-2005, million tenge

<table>
<thead>
<tr>
<th>Oblast</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public budget</td>
<td>62323</td>
<td>71119</td>
<td>89781</td>
<td>131184</td>
<td>185456</td>
<td>223373</td>
</tr>
<tr>
<td>National budget</td>
<td>13892</td>
<td>12018</td>
<td>19108</td>
<td>29224</td>
<td>56283</td>
<td>80012</td>
</tr>
<tr>
<td>Local budgets</td>
<td>48430</td>
<td>59102</td>
<td>74112</td>
<td>107074</td>
<td>150316</td>
<td>185783</td>
</tr>
<tr>
<td>Akmola oblast</td>
<td>2931</td>
<td>3733</td>
<td>4646</td>
<td>6473</td>
<td>8430</td>
<td>9700</td>
</tr>
<tr>
<td>Aktubinsk oblast</td>
<td>2099</td>
<td>2204</td>
<td>2737</td>
<td>4727</td>
<td>6506</td>
<td>7235</td>
</tr>
<tr>
<td>Almaty oblast</td>
<td>2396</td>
<td>3605</td>
<td>4265</td>
<td>7768</td>
<td>10787</td>
<td>13492</td>
</tr>
<tr>
<td>Atyrau oblast</td>
<td>2095</td>
<td>2265</td>
<td>3693</td>
<td>3938</td>
<td>5023</td>
<td>6253</td>
</tr>
<tr>
<td>East Kazakhstan</td>
<td>5252</td>
<td>6139</td>
<td>7666</td>
<td>10674</td>
<td>14318</td>
<td>17910</td>
</tr>
<tr>
<td>Zhambyl oblast</td>
<td>2411</td>
<td>2883</td>
<td>4877</td>
<td>6106</td>
<td>8752</td>
<td>10671</td>
</tr>
<tr>
<td>West Kazakhstan</td>
<td>2567</td>
<td>3431</td>
<td>4679</td>
<td>5313</td>
<td>7458</td>
<td>9061</td>
</tr>
<tr>
<td>Karaganda oblast</td>
<td>4166</td>
<td>5006</td>
<td>5948</td>
<td>9562</td>
<td>13239</td>
<td>16583</td>
</tr>
<tr>
<td>Kyzylorda oblast</td>
<td>3508</td>
<td>3470</td>
<td>4216</td>
<td>5822</td>
<td>7815</td>
<td>9823</td>
</tr>
<tr>
<td>Kostanai oblast</td>
<td>2884</td>
<td>3744</td>
<td>4194</td>
<td>5806</td>
<td>8651</td>
<td>10192</td>
</tr>
<tr>
<td>Mangistau oblast</td>
<td>2287</td>
<td>2786</td>
<td>2756</td>
<td>3735</td>
<td>5096</td>
<td>6131</td>
</tr>
<tr>
<td>Pavlodar oblast</td>
<td>2768</td>
<td>3601</td>
<td>4090</td>
<td>6383</td>
<td>8433</td>
<td>10323</td>
</tr>
<tr>
<td>North Kazakhstan</td>
<td>2150</td>
<td>2657</td>
<td>3187</td>
<td>5279</td>
<td>7614</td>
<td>9669</td>
</tr>
<tr>
<td>South Kazakhstan</td>
<td>4410</td>
<td>5991</td>
<td>7297</td>
<td>11940</td>
<td>17683</td>
<td>21528</td>
</tr>
<tr>
<td>Almaty</td>
<td>4805</td>
<td>5349</td>
<td>6801</td>
<td>8739</td>
<td>13000</td>
<td>16033</td>
</tr>
<tr>
<td>Astana</td>
<td>1701</td>
<td>2237</td>
<td>3057</td>
<td>4810</td>
<td>7511</td>
<td>11180</td>
</tr>
</tbody>
</table>

Source: data of the Ministry of Finance of the RK for 2001-2006

Per capita costs showed that in 2001 the variation between the maximum level of funding, 10289 tenge (in Almaty) and the minimum level of funding, 1531, 32 tenge (in Astana)) was seven-fold. Such a low level of health funding in Astana’s budget can be explained by the fact that to a considerable extent health costs (such as the construction of expensive clinics) in the capital are covered by the national budget. It will be more specific to accept the minimum level of education costs in South Kazakhstan oblast as 2172,41 tenge, which is below the maximum value by 4.7 times.

Table 16. Health Costs per Capita by Oblasts in 2001 and 2006

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Akmola oblast</td>
<td>3,984.50</td>
<td>735.6</td>
<td>12,975.72</td>
<td>747.6</td>
</tr>
<tr>
<td>Aktubinsk oblast</td>
<td>3,132.84</td>
<td>670.7</td>
<td>10,470.33</td>
<td>691.0</td>
</tr>
<tr>
<td>Almaty oblast</td>
<td>1,545.81</td>
<td>1,558.7</td>
<td>8,369.21</td>
<td>1,612.1</td>
</tr>
<tr>
<td>Atyrau oblast</td>
<td>4,676.34</td>
<td>448.1</td>
<td>13,124.15</td>
<td>476.5</td>
</tr>
<tr>
<td>East Kazakhstan</td>
<td>3,517.75</td>
<td>1,493.6</td>
<td>12,543.33</td>
<td>1,427.9</td>
</tr>
<tr>
<td>Zhambyl oblast</td>
<td>2,457.70</td>
<td>981.2</td>
<td>10,616.85</td>
<td>1,005.1</td>
</tr>
<tr>
<td>West Kazakhstan</td>
<td>4,278.33</td>
<td>603.1</td>
<td>14,833.43</td>
<td>610.9</td>
</tr>
<tr>
<td>Karaganda oblast</td>
<td>3,063.24</td>
<td>1,360.9</td>
<td>12,405.00</td>
<td>1,336.8</td>
</tr>
<tr>
<td>Kyzylorda oblast</td>
<td>3,692.63</td>
<td>950.7</td>
<td>15,804.04</td>
<td>621.6</td>
</tr>
<tr>
<td>Kostanai oblast</td>
<td>3,035.79</td>
<td>605.2</td>
<td>11,302.47</td>
<td>901.8</td>
</tr>
<tr>
<td>Mangistau oblast</td>
<td>3,811.67</td>
<td>327.7</td>
<td>16,039.24</td>
<td>382.3</td>
</tr>
<tr>
<td>Pavlodar oblast</td>
<td>8,650.00</td>
<td>766.0</td>
<td>13,877.80</td>
<td>743.9</td>
</tr>
<tr>
<td>North Kazakhstan</td>
<td>2,828.95</td>
<td>697.3</td>
<td>14,600.23</td>
<td>662.3</td>
</tr>
<tr>
<td>South Kazakhstan</td>
<td>2,172.41</td>
<td>2,032.2</td>
<td>9,534.73</td>
<td>2,257.9</td>
</tr>
<tr>
<td>Almaty</td>
<td>10,289.08</td>
<td>1,133.2</td>
<td>12,649.81</td>
<td>1,267.5</td>
</tr>
<tr>
<td>Astana</td>
<td>1,501.32</td>
<td>467.2</td>
<td>19,882.62</td>
<td>562.3</td>
</tr>
<tr>
<td>Average</td>
<td>3914.897</td>
<td>13,064.31</td>
<td>19,882.62</td>
<td>562.3</td>
</tr>
<tr>
<td>Maximum</td>
<td>10289.08</td>
<td>13,064.31</td>
<td>19,882.62</td>
<td>562.3</td>
</tr>
<tr>
<td>Minimum</td>
<td>1501.32</td>
<td>8,369.21</td>
<td>19,882.62</td>
<td>562.3</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>0.60</td>
<td>0.22</td>
<td>19,882.62</td>
<td>562.3</td>
</tr>
</tbody>
</table>

Source: Statistical Bulletins of the Ministry of Finance of the RK for 2001-2006
Raising the income of local budgets and the allocation of target transfers from the national budget helped to adjust health costs per capita in 2005 in oblasts. The maximum value in Astana (19,882.15 tenge) is 2.4 times higher than the minimum value of Almaty (8,369.21 tenge). The actual per capita health costs in Astana is even higher as the construction of some facilities in the capital is covered by the national budget. The facilities include the Ambulance Research Institute for 240 beds with an ambulance station, National Children Rehabilitation Center for 300 beds, National Scientific Neurosurgical Center for 160 beds, and National Diagnostic Center for 500 calls per shift. Even though these are national facilities, only residents of the capital will benefit from them, in view of the vast travel distances most of the population would have to travel to get to Astana.

Health costs for expensive hospitals and clinics in Astana would be considered by us as a distortion of equal access to health services and costs redistribution in favor of the elite, subject to poor development of such facilities.

Local budgets, in addition to the provision of free medical aid and institutional care to pregnant women, maternity patients, and children, cover costs for the protection of motherhood and childhood, and also include:

- Provision of drugs to children under five. From 2005, this goal has been allocated targeted current transfers from the national budget to local budgets, and budgets of Astana and Almaty cities;
- Provision of iron and iodine supplements. From 2005, this goal has been allocated targeted current transfers from the national budget to local budgets and budgets of Astana and Almaty cities;
- Provision of drugs to children and teenagers registered with dispensaries for in-patient treatment of chronic diseases. From 2006 this goal has been allocated targeted current transfers from the national budget to local budgets, and budgets of Astana and Almaty cities.

The list of guaranteed free medical aid for 2006 noted that medical services not included therein shall be covered by individuals, employers, voluntary medical insurance, and other sources not prohibited by the law.

Overall health costs include costs covered by budgets as well as by individuals, enterprises, and voluntary medical insurance.

An attempt was made to give an assessment of the non-public portion of health costs as opposed to education costs. According to ADB research, 43% of health costs are covered by the private sector (households and enterprises), and 80% by the state. The report gives another evaluation: 91% of health costs are covered by the state, 7% by households, and 2% by enterprises. The former Vice Minister of Health A. Akanov assessed the non-public health sector at 30-40 billion tenge, but the data he used cast some doubts.44

Our estimates are closer to the assessment given in the ADB report. By 2004, households paid 8% of cumulative health costs, the remaining 92% can be referred to as public funding in the absence of health costs covered by enterprises. The household survey showed that in 2004 the population spent 778 tenge per capita; when multiplied by the average annual number of population in 2004 of 15,016,6 thousand people, we will get 11,682.9 million tenge.

In 2005, health costs per household averaged 790 tenge a year, a total of 11,966 million tenge, so 6% of overall health costs were paid by households, and the remaining 94% by the state.

The issue with the assessment of non-public health costs is that when the paid medical sector was being established, state institutions (hospitals, polyclinics) were transformed into public enterprises. On the one hand, such places receive state funding, on the other hand, they receive fees for their services. An average individual appealing to a health institution is unsure what can be obtained free of charge and what should be paid for. Private medical insurance has yet to be developed, and is accessible only to an insignificant portion of the population.

For 15 years, Kazakhstan’s health sector was being supported by many donors and development agencies such as ADB, European Union, International Red Cross Federation, UNICEF, USAID, DFID, WHO and the World Bank.

Obtaining more accurate information on health sector funding is an important component of health policy development. The transformation to national health accounts (NHA) in Kazakhstan will facilitate an accurate evaluation of health funding from various sources. NHA are the standard set of tables that cover all health costs: public, private and donor.45

---

44 Thus, the share of household health costs in 2003 was estimated at 19.9 billion tenge. Statistical data in 2004-2005 provides for 11.6-11.9 billion tenge, therefore, data for 2003 used by the author seems doubtful. Health costs of the public sector in 2003 was estimated at 92.4 billion tenge, while the data of the Ministry of Finance showed actual costs of the public budget making 89.7 billion tenge. See A. Akanov. Public Health of Kazakhstan: Past, Present and Future. Astana 2005.
45 Guidance for Health Policy and Strategy Makers http://www.mz.gov.kz
3.4. Efficiency of Budget Spending

An important component of the health policy shall be the effective use of budget funds and the practice of assessment in this area was recently introduced.

In 2005 and the first three months of 2006, the General Prosecutor’s office found 18,000 violations of the constitutional rights of people needing free medical aid. “All over the regions, the numerous incidents of violations of the rights of the people to guaranteed medical aid, improper discharge of duties by medical staff that caused death or serious injury to the health of a patient, illegal imposition of a fee for emergency medical aid by medical institutions of the public health system were discovered”, stated A. Kravchenko, the head of the Department for Surveillance of Rule of Law in Public Agencies, General Prosecutor’s Office, RK, at the Ministry of Health. In addition he stated that 12 regions had 1,021 cases of absence of medical workers or disparity of such to qualification requirements, 12 regions had 30 lethal cases caused by negligence of medical workers or the untimely provision of medical aid, including six in South Kazakhstan oblast (SKO).

Inspections carried out by the Accounting Committee for Evaluation over Performance of the National Budget showed shortages of the Ministry of Health in ensuring the effective use of targeted current transfers allocated by oblast budgets. Non-target use covers 37.4 million tenge, ineffective use adds up to 32.5 million tenge, unreasoned costs, 77.4 million tenge, and other violations total 132.7 million tenge. Thus, the health departments of Kyzylorda and West Kazakhstan oblasts procured spurious preparations for 23.1 million tenge. Some health departments issued iron supplements in excess of the standard approved by the decree. Thus, Pavlodar oblast issued the supplements in excess of 10.4 million tenge, SKO in excess of 6.5 million tenge, and Astana in excess of 7.2 million tenge. Karaganda oblast procured iron supplements for 8.9 million tenge more than needed, and as a result, as of 1 January 2006, preparations for 17.1 million tenge remain unutilised. At the same time, as a result of unregistered growth in the number of pregnant women in 2005, 6495 pregnant women in SKO and 3618 pregnant women in Kyzylorda oblast were not provided with iodated preparations. These oblast departments failed to carry out preventive examinations of 57,498 women for the cost of 21.4 million tenge; furthermore, due to the failure to observe the procedure of preventive examinations of women aged between 20 and 34, transfers for the amount of 32.2 million tenge were inefficiently utilized.

The Accounting Committee inspected the use of targeted transfers by oblast budgets in 2003-2004 for hospital construction and stated that roofs in new hospital buildings were leaking, and four SKO facilities have medical equipment produced in the 1970s. The most widespread violation is the overcharging of the cost of construction labour and materials. The worst culprit here is Zhambyl oblast, where tenders for hospital construction were announced for 800 million tenge, but the government had to pay 635 billion tenge more.

CONCLUSIONS AND RECOMMENDATIONS

Kazakhstan is referred to as a medium income country, but the level of health funding remains at the level of low income countries (such as Uganda and Angola). Health indicators in Kazakhstan lag behind the level of developed and many developing countries. Even though health costs have been growing recently within national and local budgets, cumulative health costs from the public budget remain inadmissibly low. A minimum level of health costs of 4% of GDP recommended by WHO is scheduled to be achieved by the Government by 2010 only.

The Government has to guarantee the protection of the population’s health. The reduction of infant, children and maternal mortality in Kazakhstan shall become a part of state policy with the aim to strengthen the health of the nation.

From our viewpoint, the Government’s enthusiasm at creating a medical cluster in Astana is undeserved; leading foreign clinics and hospitals will be involved in the administration of the new medical centres within the cluster. According to the Government’s concept, the National Scientific Center for Motherhood and Childhood shall become the pilot project. Without a doubt, this will increase the health costs of the public budget but will not affect the health of mothers and children across the country. The priorities of budget spending should be redefined to increase access to medical services for residents of the country’s more remote areas. Thus, with the current level of newborns, infant mortality in Kyzylorda oblast exceeds the national average by 1.6 times, and maternal mortality is twice as high as the national average while the TB rate is the highest in the oblast.

To reduce infant, child and maternal mortality, the following measures should be taken.

1. Ensuring timely preventive examinations of pregnant women and children.
2. Ensuring equal access to early medical sanitary aid and provide guaranteed free medical aid for everyone.
3. Enhancing the education level of medical workers in the maternity and childhood healthcare system.
4. Developing medical and economic standards for each group of diseases to be treated from the state budget.
5. Developing and introducing diagnostics and treatment standards.
6. Dividing public and private system of medical aid provision.

The outbreak of HIV-infection in South Kazakhstan oblast also highlighted such public health problems at the oblast level as poor training of medical staff, absence of needed blood banks, poor efficiency of the use of budget funds, and a high level of corruption. Those are not the problems of an individual oblast; South Kazakhstan has reflected, as a water drop, all the issues of the public health system.

Even though inadequate funds are allocated from the budget for health financing, those funds are utilized incompletely and ineffectively. It is due to the untimely adoption of appropriate regulatory acts on implementation of budget programmes over a year, untimely conduct of state procurement procedures, corruption etc. In this regard, the extension of public health funding to 4% of GDP by 2010 scheduled by the Government shall be followed by tightening of evaluation over funds application.

4. Social protection

4.1. Overview of social protection system

Article 28 of the Constitution of Kazakhstan provides for a guaranteed social security in case of diseases and encourages the creation of additional forms of social security, and charity.

The existing social services comprises social budget payments and supply of social services (Graph 7).

The public budget should cover welfare payments for pensioners, disabled people, individuals who lost a wage earner and other groups in the population. As of 1 January 2006, the public social welfare system covered over 404,800 disabled people. Hence every third disabled person is an individual of active working age. There are 47,600 disabled children who receive social benefits.

According to the pension laws in effect until 1 January 1998, benefits for disabilities following general diseases were assigned with labour records until the period of disability and in view of a wage rate, and for labour injury or occupational disease regardless the labour records but in view of a wage rate. In 1998, pursuant to the Law of the RK “On Public Social

Benefits for Disability, in Cases of Loss of Wage Earner and for Age in the Republic of Kazakhstan*, the amount of the disability benefit was defined in line with the monthly calculation index (MCI) and increased through MCI’s indexation. In 2004, the rate of benefits for people with disabilities as a result of general diseases made 7720 tenge for disabled people of the first category, 5882 tenge for people of the second category, and 3309 tenge for people of the third category.

In 2005, benefits were raised for the disabled people of the first category by 3 MCI (by 2895 tenge), for 2nd category by 2.5 MCI (by 2412.5 tenge), 3rd category by 2 MCI (by 1930 tenge), and for disabled individuals under 16 years of age, by 3 MCI (by 2895 tenge).

As a result, in 2005, the average rate of public social benefit rose by 50%. to 6,902 tenge From January 2006, the rate of public social disability benefits was raised by 1,000 tenge more. As a result, the average rate of public social disability benefits made 7,872 tenge. Still, they remain small as the increased rate is the only source of subsistence for disabled people.

To help get disabled people employed, a 3% quota of workplaces including special social working places are planned. A centralized database of disabled individuals is being established to help monitor the structure of disability, rehabilitation and social welfare of disabled people.

The social welfare programme covers other groups as well: individuals who have lost a wage earner, victims of mass political repression and nuclear tests at the Semipalatinsk Test Polygon, veterans of the Great Patriotic War, veterans of the Chernobyl AES emergency liquidation and so on. The primary problem lies in the low level of social benefits which hinders the ability of people to overcome their social vulnerability.

In such cases, the government will administer financial aid to low-income families in order to smooth the poverty. The transfer to the targeted care for low-income families was made during the reforms of social services net.

**Targeted Social Aid**

The government renders social aid to the most needy groups in society. In 2002 targeted social aid (TSA) was provided to individuals and families whose per capita income was below the poverty line. The poverty line is defined relative to the subsistence level and currently is 40%.

The amount of TSA is defined as the difference between per capita income and the poverty line calculated per family member. To provide TSA, regional commissions were established in all administrative units which, if necessary, can examine the financial status of an applicant and his/her family to decide on eligibility for TSA.

The commission consists of representatives of local government administration, public foundations, cooperatives of apartment proprietors, organizations and authorized education, healthcare and social protection bodies, as well as law enforcement agencies.

TSA is allocated to the whole family or household, e.g. a group of people living together, having a joint household, sharing their revenue, property and consuming goods and services together, including accommodation and food. The joint family incomes of all family members, including senior family members (grandmothers and grandfathers), as well as all types of social benefits except for housing allowance, TSA, one-time child benefit and funeral grant.

The income from livestock breeding, aviculture and cropping is calculated based on the previous year’s average prices for the types of produce in the region. Given the features of the regions, livestock, farmland and land plots can be deemed unprofitable. Moreover, to identify the income received from the household plot based on regional characteristics, local executive bodies are authorized to correct the value of the average yield, the average earned income and price rates provided by statistics agencies for this purpose.

A minimum package of documents is required in order to be assigned to TSA: the application for TSA, the information on the family structure and the income of the applicant’s family members and household plot. The poverty line and TSA assignment are related to each other. Children are the largest group of recipients of TSA (in 2003 the share of children was 60.3 %, or 518,600 people). The other TSA recipients are nursing mothers/nursing women, the unemployed, the disabled, pensioners, and the self-employed. Appropriate assistance is suggested for each category of low income individual, from TSA to employment assistance. The rate of poverty line in the current year increased following the changeover of the subsistence level calculation method and its raise. In the third quarter of 2006 the average national poverty line was KZT 3372 which is 38% higher than in the third quarter of 2005 (KZT 2450).

The record of low income TSA recipients was developed, the automated system of TSA assignment and distributed database on low-income families were created. The analysis of TSA allocation proves that the number of recipients reduces yearly.
The amount of TSA paid in the period of 2002-2006 comprises KZT 31 bln. Compared to the year 2002 where 1137,3 individuals were assigned to TSA followed by local budget expenditures to the amount of KZT 9,1 bln, the number of recipients reduced up to 505,1 thousand in 2005 (paid KZT 5,1 bln). During the six month period of 2006, 294,600 low income individuals were covered by TSA having received KZT 1,9 bln.

A great number of low income individuals receiving TSA are children. This is why adequate measures to protect maternity and childhood are vitally important.

**Social support to mothers and children**

The number of children and reproductive women in Kazakhstan is 4.6 mln and 4.3 mln respectively, the mother and child healthcare system covers over a half of the country’s population (58%) remaining an actual issue of the present and future.

Social services supporting maternity and childhood include:

- Financial support of families with children;
- Support for disabled children, following the adoption of the law “On Social, Medical and Pedagogical Support of disabled Children”.

The current system supporting maternity and childhood includes maternity leave funded by the employer and the payment of public benefits. Four types of benefits are available to families with children:

- Lump-sum child benefit from the national budget to the amount of 15 monthly calculated index (MCI) (initiated from January 1, 2003; equal to KZT 15,450 in 2006);
- Monthly child benefit paid until the age of one (initiated from July 1, 2006) from the national budget, the rate of benefit is differentiated according to the number of children in the family, ranging from 3 MCI (KZT 3,090) to 4,5 MCI (KZT 4,635) per month;  
- Monthly social public allowances to large families and mothers having four or more cohabiting young children, to mothers awarded with the medals “Altyн Alka”, “Kumys Alka” or having an earlier title of “Mother-Heroine”, as well as to those previously awarded the orders “Maternal Glory” of the I and II degree (3,9 MCI or KZT 4017 following the two-fold increase on January 1, 2006);
- Monthly benefit for low income families with children under the age of 18 (1 MCI or KZT 1,030 per child), effective from January 1, 2006.

To implement the law of the Republic of Kazakhstan “On Public Benefits to Families with Children” the public budget for 2006 provides KZT 17,2 mln. The first three types of benefits are available to families regardless of their financial status, while the benefit paid to children under the age of 18 is assigned to families with a per capita income not exceeding the cost of the consumer goods basket. In calculating the family income only parents and dependent children of minority age are taken into account. The practical use of this law leaves much to be desired, along with the time frames and efficiency of the the use of budget funds. According to the Chief of the Department of Employment at the Ministry of Labour and Social Protection of RK, the rules of assignment and payment of benefits to families with children are improperly used in several oblasts. The authority to adjust the rates of the average yield, the average production costs and the figures provided by the statistics offices following the specific characteristics of the region for calculation of the aggregate family income is ignored in all oblasts except for Akmola. This results in the artificial income overstatement and artificial lowering of poverty accordingly. According to the ministry representative, targeted current transfers for payment of public benefits to low income families with children under 18 are not utilized at the local level as well.

Thus, in Zhambyl oblast KZT 331,4 mln were provided in the beginning of 2006 and KZT 293,5 mln in the end of the same year, e.g. KZT 38,4 mln were sequestered. However, the people in Shuysky district failed to receive TSA due to a lack of resources.

The targeted transfers for allocation of child benefits were only utilized in the first quarter of 2006 in Akmola, Aktubinsk and Western Kazakhstan oblasts. The lowest rate of funds use was reported in Pavlodar, Karaganda and Zhambyl oblasts. In some oblasts the benefits were neither assigned, nor paid in January and February, while in the others they were assigned but not paid.
Orphanages, Children’s Homes and Boarding Schools

The special category of children in need of protection are children living in orphanages and children’s homes. Identifying of the number of such facilities and the number of children in them is difficult.

According to data from the Ministry of Education, there were 45 orphanages in 2004 with 6,400 children, in 2005 the number of orphanages increased to 50 while the number of children grew up by 100, e.g. up to 6,500. Family type children’s homes are also common: 200 children living in 33 homes in 2004 and 300 children living in 29 homes in 2005.

“Over KzT 3 bln were allocated to children’s homes from local budgets in 2006. The government allocates KzT 41 mln to support children’s houses, providing KzT 437,000 per resident annually, KzT 75,000 out of this sum is for food and KzT 13,600 is for clothes and medication,” said Bakhyt Akhmetova, Chairman of the Committee on Children’s Rights Protection, Ministry of Education and Science at the Board of the Prosecutor General’s Office. Calculations based on those figures provide 73 children’s homes with 6,865 children (the above data provided the number of 79).

Calculations based on this data show that an average of KzT 1,197 is allocated per child per day. However, not enough funds are allocated to children’s homes by local executive bodies in some oblasts. “The daily allowance per child in Akmola oblast is KzT 1,500-2,000 against KzT 500 in Kostanai and South-Kazakhstan oblasts,”

Data on boarding schools for orphans and children without parental custody were also provided by the Ministry of Education: 28 boarding schools with 6,100 children in 2004 and 25 boarding schools with 4,800 children in 2005.

The draft public programme “The Children of Kazakhstan” was introduced to the Government in June, 2006 providing the allocation of funds over KzT 10 bln from 2006 to 2011 to increase the staff of custodial care authorities up to 1015 as well as other activities to improve the living standard of orphans. The planned amendments to the law of the RK “On Marriage and Family” will provide funding to foster parents. “This will require the annual allocation of KzT 500 mln from the budget to pay benefits to foster parents whose activity is currently not funded by the state.”

Next steps

The Ministry of Labour and Social Protection of Kazakhstan plans to adjust the identification of the subsistence level, to develop the public standards of social services and to improve the mechanism of social services delivery. The law “On the Public Targeted Social Aid” will be amended in 2007. The development of the draft law “On Social Services”, aimed at the improvement of the quality of social services, is planned for 2008.

The Committee on Children’s Rights Protection under the Ministry of Education and Science was established in January 2006. The task of the Committee is to implement public policy in ensuring the rights and legitimate interests of children. The Committee is supposed to implement the concepts, programmes and projects meant to protect the rights and legitimate interests of children, to prevent social orphanage and homelessness, to promote international cooperation, to interact with NGOs and media, to issue information bulletins on the status of children in the republic, and to ensure the social and legitimate interests of children.

In our opinion, the tasks assigned to the Committee are wider than the functions of this Ministry. All issues of childhood protection should be addressed in their entirety without being divided into sectors. The experience of Germany is of interest where a special parliamentary commission to protect the rights of children was established. This is an efficient way to draw attention to the problems of children. Some countries have appointed an ombudsman on children’s rights. The independent national commissions on children’s rights consisting of members of parliament and directly reporting to the parliament of the country are other examples.

4.2. Public Expenditures for social protection

The expenditures for social protection in 2007 (planned) against 2000 increased by 2.7 times. To provide access and the appropriate quality of social services, minimum public social standards were established, including the subsistence level, minimum wage and pension, working conditions and remuneration standards.

The expenditures for social aid and social protection comprised 17.7% of total budget expenditures in 2005 (Table 17). In 2006 public budget expenditures comprised 4.3% of GDP (19.6% of total public budget expenditures). Even though the figures appear to be high, an annual steady reduction can be seen, despite the increase in social expenditures. For example, the social expenditures of 1999 formed 7.9% of GDP against 5.4% in 2002 (picture 3).
Table 17. Social Aid and Social Protection Expenditures in 2000-2007

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>Public expenditures for social aid and social protection, KZT mln</th>
<th>Social aid and social protection expenditures as a share of total public expenditures, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>171,065</td>
<td>28.4</td>
</tr>
<tr>
<td>2001</td>
<td>186,720</td>
<td>24.6</td>
</tr>
<tr>
<td>2002</td>
<td>201,415</td>
<td>24.1</td>
</tr>
<tr>
<td>2003</td>
<td>239,230</td>
<td>24.6</td>
</tr>
<tr>
<td>2004</td>
<td>272,333</td>
<td>22.0</td>
</tr>
<tr>
<td>2005</td>
<td>345,356</td>
<td>17.7</td>
</tr>
<tr>
<td>2006</td>
<td>425,944</td>
<td>19.6</td>
</tr>
</tbody>
</table>


The decrease is due to a reduction in the real value of many social benefits due to untimely indexing. Thus, the approved amount of child benefit in 2003 was 15 MCI, but the inflation rate in those years (7.6% in 2005, 8.7% in 2006) caused a decrease in the actual buying power of the benefit. Government commitments to pensioners reduced as well following the initiation of the accumulative pension system in 1998 and the raising of the pensionable age from 55 to 58 for women and from 60 to 63 for men in July, 2001.

The pension programmes, public social benefits, special public benefits and targeted social aid programme, described in the box, are the main programmes in the field of social welfare and social protection. The pension benefits comprise 60% of the total budget expenditures for social protection in 2006. Those are followed by the public benefits (14%). As Table 18 shows, 9% of all social protection expenditures (including TSA programmes) are funded by the local budgets in 2006.

As already mentioned, the major portion of expenditure for social welfare and social aid is funded by the national budget. Thus, KZT 390.2 bln of these expenditures was funded by the national budget and KZT 37.9 bln by the local budget in 2006.

Table 18. Social Protection and Social Welfare Expenditures in 2006

<table>
<thead>
<tr>
<th>As share of ( %)</th>
<th>GDP</th>
<th>Social Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total expenditures for social welfare and social protection</td>
<td>4.3</td>
<td>100</td>
</tr>
<tr>
<td>National budget</td>
<td>4.0</td>
<td>92.4</td>
</tr>
<tr>
<td>Social services, including</td>
<td>3.6</td>
<td>83.7</td>
</tr>
<tr>
<td>Pension programme</td>
<td>2.6</td>
<td>60.5</td>
</tr>
<tr>
<td>Public social benefits</td>
<td>0.6</td>
<td>14.2</td>
</tr>
<tr>
<td>Special public benefits</td>
<td>0.3</td>
<td>8.2</td>
</tr>
<tr>
<td>Special public benefits to individuals previously involved in underground and open cast mining</td>
<td>0.02</td>
<td>0.5</td>
</tr>
<tr>
<td>Targeted transfers for development, construction and renovation of social welfare facilities</td>
<td>0.01</td>
<td>0.2</td>
</tr>
<tr>
<td>Social Aid</td>
<td>0.2</td>
<td>3.9</td>
</tr>
<tr>
<td>Public benefits to families with children</td>
<td>0.09</td>
<td>2.1</td>
</tr>
<tr>
<td>Current targeted transfers to the oblast budgets, to the budgets of the cities of Almaty and Astana for payment of public benefits to low-income families with children under 18</td>
<td>0.04</td>
<td>0.9</td>
</tr>
<tr>
<td>Other social services and types of social aid</td>
<td>0.2</td>
<td>4.8</td>
</tr>
<tr>
<td>Pensions and benefits payment assurance</td>
<td>0.07</td>
<td></td>
</tr>
<tr>
<td>Relocation to the historic fatherland and social protection of immigrants</td>
<td>0.1</td>
<td></td>
</tr>
<tr>
<td>Local budgets</td>
<td>0.4</td>
<td>9.0</td>
</tr>
<tr>
<td>Special public benefits</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Targeted social aid</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Source: Calculation based on the data from the Statistical Bulletin # 12 (December 2006) of the Ministry of Finance of the RK.
The expenditures of the national budget for social welfare and social protection are available for the following:

- Pension benefits to eligible individuals, in accordance with the legislation of the Republic of Kazakhstan on pension benefits funded by the budget;
- public social benefits;
- public special benefits;
- special public benefits;
- funeral grants to pensioners, participants and individuals disabled in the Great Patriotic War, recipients of public benefits, as determined by the legislative acts of the RK;
- one-time child benefit, assigned and paid upon child birth;
- monthly public child benefit, assigned and paid until the age of 1 year;
- social aid to individuals, residing in environmental disaster zones, as determined by the legislative acts of the RK;
- social benefits to families of military, law-enforcement and police workers, public fire service staff, as stipulated by the legislative acts of the RK;
- social benefits to the victims of political repressions, as stipulated by the legislative acts of the RK;
- social benefits – commitments of the Government of the RK;
- migration activities

Table 19. Social Protection and Social Welfare Expenditures in the Structure of Local Budgets

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>Expenditures of local budgets, KZT mln</th>
<th>Expenditures of local budgets for social protection, KZT mln</th>
<th>Share, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>214,974</td>
<td>18,305</td>
<td>8.5</td>
</tr>
<tr>
<td>2000</td>
<td>303,809</td>
<td>20,032</td>
<td>6.6</td>
</tr>
<tr>
<td>2001</td>
<td>394,055</td>
<td>30,605</td>
<td>7.8</td>
</tr>
<tr>
<td>2002</td>
<td>378,549</td>
<td>36,026</td>
<td>9.5</td>
</tr>
<tr>
<td>2003</td>
<td>468,793</td>
<td>40,145</td>
<td>8.6</td>
</tr>
<tr>
<td>2004</td>
<td>608,796</td>
<td>40,039</td>
<td>6.6</td>
</tr>
<tr>
<td>2005</td>
<td>783,484</td>
<td>34,140</td>
<td>4.4</td>
</tr>
<tr>
<td>2006</td>
<td>1,000,150</td>
<td>37,859</td>
<td>3.8</td>
</tr>
</tbody>
</table>

Sources: Statistical Bulletins of the Ministry of Finance of the RK for 2000-2005

Social aid and social welfare expenditure make up 20.5% of total national budget expenditure. The structure of the local budgets provided for these needs rose from 8.5% in 1999 to 4.4% in 2005. On one hand, the reduced share of the local budget expenditures is partly due to the reduced provision of TSA, as was mentioned above, and to the increased expenditures of local budgets on the other hand.

The oblast budget expenditures for social aid and social welfare are available for the following:

- social services to orphans and children without parental custody;
- social services to elderly and disabled individuals, including children with disabilities, except for those types of social aid which are funded from the district budget (of the oblast-level city).

Budget expenditures of the cities of Almaty and Astana for social aid and social welfare are available for the following:

- housing allowance;
- floating support services to individuals;
- social integration of individuals with no fixed abode;
- social services to orphans and children without parental custody;
- social services to elderly and disabled individuals including children with disabilities;
- population employment;
- public targeted social aid;
- social aid to specific categories of individuals in need following the decisions of Maslikhats;
- monthly public benefit assigned and paid to children under the age of 18.

The district budget of the oblast-level city also provides for the budget programmes for city districts, district-level cities, villages (auls) and rural areas to deliver floating support services.

City district budget expenditures for social aid and social welfare are available for the following:

- housing allowance;
- financial aid to children with disabilities fostered and educated at home;
- monthly public benefit assigned and paid to children under the age of 18;
- provision of compulsory hygienic items to disabled individuals according to the individual rehabilitation programme;
• assignment of individual helpers to the first category of motion-disabled individuals, assignment of sign language specialists to individuals hard of hearing;
• floating support services;
• social integration of individuals with no fixed abode;
• population employment;
• public targeted social aid;
• social aid to specific categories of individuals in need following a decision of the Maslikhats;


<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public budget</td>
<td>186,720</td>
<td>201,415</td>
<td>239,230</td>
<td>272,333</td>
<td>345,356</td>
<td>422,423</td>
</tr>
<tr>
<td>National budget</td>
<td>156,110</td>
<td>165,389</td>
<td>202,043</td>
<td>232,998</td>
<td>314,709</td>
<td>390,209</td>
</tr>
<tr>
<td>Local budgets</td>
<td>48,430</td>
<td>59,120</td>
<td>74,087</td>
<td>40,039</td>
<td>34,140</td>
<td>37,859</td>
</tr>
</tbody>
</table>

Including:

- Akmola oblast: 1,509
- Aktubinsk oblast: 2,019
- Almaty oblast: 1,916
- Atyrau oblast: 1,729
- East Kazakhstan: 2,807
- Zhambyl oblast: 1,793
- West Kazakhstan: 1,250
- Karaganda oblast: 2,870
- Kyzylorda oblast: 1,710
- Kostanai oblast: 1,651
- Mangistau oblast: 1,144
- Pavlodar oblast: 1,603
- North Kazakhstan: 1,330
- South Kazakhstan: 3,781
- Almaty: 2,567
- Astana: 926

Sources: Statistical bulletins of the Ministry of Finance of the RK for 2001-2005

Similar to education and healthcare expenditure, social protection expenditure varies greatly in different oblasts of Kazakhstan.


<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Akmola oblast</td>
<td>2,051.39</td>
<td>2924.22</td>
</tr>
<tr>
<td>Aktubinsk oblast</td>
<td>3,013.43</td>
<td>2657.02</td>
</tr>
<tr>
<td>Almaty oblast</td>
<td>1,236.13</td>
<td>1705.85</td>
</tr>
<tr>
<td>Atyrau oblast</td>
<td>3,859.38</td>
<td>3215.45</td>
</tr>
<tr>
<td>East Kazakhstan</td>
<td>1,880.11</td>
<td>2559.09</td>
</tr>
<tr>
<td>Zhambyl oblast</td>
<td>1,827.73</td>
<td>1992.84</td>
</tr>
<tr>
<td>West Kazakhstan</td>
<td>2,083.33</td>
<td>3660.47</td>
</tr>
<tr>
<td>Karaganda oblast</td>
<td>2,110.29</td>
<td>2420.71</td>
</tr>
<tr>
<td>Kyzylorda oblast</td>
<td>1800</td>
<td>3039.18</td>
</tr>
<tr>
<td>Kostanai oblast</td>
<td>1737.89</td>
<td>2298.86</td>
</tr>
<tr>
<td>Mangistau oblast</td>
<td>1906.67</td>
<td>2574.23</td>
</tr>
<tr>
<td>Pavlodar oblast</td>
<td>5,009.38</td>
<td>3409.29</td>
</tr>
<tr>
<td>North Kazakhstan</td>
<td>1,750</td>
<td>3223.86</td>
</tr>
<tr>
<td>South Kazakhstan</td>
<td>1,862.56</td>
<td>1515.16</td>
</tr>
<tr>
<td>Almaty</td>
<td>2,265.67</td>
<td>2186.28</td>
</tr>
<tr>
<td>Astana</td>
<td>1,982.87</td>
<td>4657.66</td>
</tr>
<tr>
<td>The average</td>
<td>2,273.55</td>
<td>2752.51</td>
</tr>
<tr>
<td>The maximum value</td>
<td>5,009.38</td>
<td>4657.66</td>
</tr>
<tr>
<td>The minimum value</td>
<td>1,236.13</td>
<td>1515.16</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>0.41</td>
<td>0.29</td>
</tr>
</tbody>
</table>

Sources: Statistical bulletins of the Ministry of Finance of the RK for 2001-2005

The number of people in need of social protection is different in different oblasts, while the law “On Targeted Social Aid” (article 4) provides that...
“the TSA is provided based on the capacity of local budgets”. The local budgets have different capacity; the minimum average monthly value of TSA in the South-Kazakhstan oblast is KzT 629, which is almost half that of KzT 1,177 in Mangistau oblast (Table 20). Almost 517,000 people in Kazakhstan are recipients of TSA, the average value of TSA is KzT 827.4.

Table 22. The number of TSA recipients and average TSA value in the regions in 2005

<table>
<thead>
<tr>
<th>Region</th>
<th>Number of recipients, people</th>
<th>Average value, tenge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Republic of Kazakhstan</td>
<td>516,876</td>
<td>827.4</td>
</tr>
<tr>
<td>Akmola oblast</td>
<td>20,453</td>
<td>916.4</td>
</tr>
<tr>
<td>Aktubinsk oblast</td>
<td>24,167</td>
<td>991.6</td>
</tr>
<tr>
<td>Almaty oblast</td>
<td>36,164</td>
<td>756.7</td>
</tr>
<tr>
<td>Atyrau oblast</td>
<td>29,393</td>
<td>919.2</td>
</tr>
<tr>
<td>Eastern-Kazakhstan</td>
<td>72,856</td>
<td>1,066.4</td>
</tr>
<tr>
<td>Zhambyl oblast</td>
<td>56,887</td>
<td>426.4</td>
</tr>
<tr>
<td>Western-Kazakhstan</td>
<td>27,502</td>
<td>969.5</td>
</tr>
<tr>
<td>Karaganda oblast</td>
<td>38,333</td>
<td>861.1</td>
</tr>
<tr>
<td>Kyzylorda oblast</td>
<td>35,128</td>
<td>736.0</td>
</tr>
<tr>
<td>Kostanai oblast</td>
<td>21,192</td>
<td>723.3</td>
</tr>
<tr>
<td>Mangistau oblast</td>
<td>13,766</td>
<td>1,176.8</td>
</tr>
<tr>
<td>Pavlodar oblast</td>
<td>24,556</td>
<td>1,098.6</td>
</tr>
<tr>
<td>Northern-Kazakhstan</td>
<td>28,238</td>
<td>770.9</td>
</tr>
<tr>
<td>Southern-Kazakhstan</td>
<td>76,896</td>
<td>629.1</td>
</tr>
<tr>
<td>Astana</td>
<td>2,315</td>
<td>1,275.5</td>
</tr>
<tr>
<td>Almaty</td>
<td>9,031</td>
<td>1,271.5</td>
</tr>
</tbody>
</table>


The categories of recipients covered by this study are children and nursing mothers. The TSA was provided to 316,162 children costing almost KzT 3.3 bln in 2005. 125,385 of them are Pre-school children, 189887 school children, and 890 children with disabilities under the age of 16. The TSA was paid to 72293 nursing mothers in the amount of KzT 803 mln.

Conclusions and recommendations

The protection of maternity and childhood is guaranteed by the Constitution of the RK. The problem is this constitutional provision is not strongly adhered to in practice. Current measures to support maternity and childhood are failing to stimulate a growth in the national birth rate. The rate of the one-time child benefit, set at KzT 15450, does not meet the expenses of giving birth to a child. The monthly child benefit paid until the age of 1 year at the rate of 3 to 4.5 MCI is negligible compared to current cost of living in Kazakhstan. Monthly benefits to children under the age of 18 amounting to KzT 1,030 can be spent in one day. The rate of monthly social public benefit to large families with four or more cohabiting young children, to mothers awarded with the medals “Altyn Alka”, “Kumys Alka” or having the previous title “Mother-Heroine”, as well as those awarded with orders “Maternal Glory” of the I and II degree at the amount of 3.9 MCI, or KzT 4,017 following the two-fold increase on January 1, 2006 remains insignificant.

Following the President’s Address to the People of Kazakhstan56, the one-time child benefit will be increased to KzT 34,740 on January 1, 2008, monthly child benefits paid up to the age of 1 year will be raised, amounting to the following:

- approximately KzT 5,800 for the first child;
- KzT 6,400 for the second child;
- Over KzT 6,900 for the third child;
- Over KzT 7,500 for the fourth and subsequent children

While noting the positive changes, it should be mentioned that current measures are not sufficient, given the present status of maternity and childhood. The increase in the value of the one-time benefit is a mere restoration of its buying power, as the inflation rate for the period 2003 to 2008 will be about 40%.

Unfortunately, the share of these expenditures against GDP was not mentioned in the message. As this study mentioned above, despite the increase in public education, healthcare and social protection expenditures, their share of the GDP keeps shrinking. In 2006 the share of public benefits to families with children from the national budget comprised just 0.09 of GDP.

To ensure long term economic growth, the Government of Kazakhstan should begin to consider the need to increase the birth rate in order to have enough future workers. Either the migration policy will have to be...
liberalized in the future or the programmes promoting the birth rate and supporting families with children have to be developed immediately.

Economy based criteria to calculate social benefits are currently missing. This is why the system of public social standards provides space for improvement. The unsound practice of using the economically groundless MCI for calculating the rate of benefits and other social payments should be abandoned. To calculate the rate of benefits the subsistence level should be considered.

The following social measures should be provided to support families with children and to promote the birth rate:

- To increase the rate of the one-time benefit paid from the national budget from 15 MCI to KZT 100,000\(^\text{57}\) (the approved monthly specified rate for 2007 is KZT 1092);
- To increase the rate of monthly benefits to families with children up to at least the subsistence level per child (the budget for 2007 provides KZT 8,861).

The maternity leave paid by the employer turns a prospective mother into an unwanted employee. The funding of maternity leave from the budget could become a real contribution to the protection of maternity and childhood. The current definition of the poverty line leaves no chance to realistically evaluate poverty and the category of individuals in need for social support, accordingly. Currently, the poverty line is defined against the subsistence level, set at 40% of its value. There is no logical grounds for this 40%. The rate of TSA is defined as a ratio between the per capita income and poverty line calculated per each family member.

A new consumer goods basket was approved by the Government in January 2006 along with an increase in the non-consumer share of the subsistence level from 30% to 40% which raised the subsistence level from KZT 6,014 in 2005 to 8,242 in 2006.

The level of subsistence in Kazakhstan in 2005 in US dollars was 45.3. This could be compared to the level of the minimum consumer budget of Kyrgyzstan (USD 44.8) while the subsistence level of other CIS countries in 2004 was much higher: USD 67 in Belarus, USD 73 in Georgia, USD 60 in Moldova, USD 82.5 in Ukraine and USD 82.5 in Russia.

In our opinion, the subsistence level should be used to define the poverty line. This will statistically increase the number of poor people while providing a truthful and more realistic picture of poverty. Rendering assistance to this group will contribute to the protection of families with children and improve their access to education and healthcare.

\(^{57}\) The guaranteed award of KZT 100,00 to each newborn baby around the new millennium led to something of a temporary baby boom in Kazakhstan.

**CONCLUSION**

The study shows up the clear decline in human development indicators and in the protection of maternity and childhood in Kazakhstan over the last 15 years. This is especially true for health indicators: decreased life expectancy, an increased rate of maternal and infant mortality, and growing mortality rates. The result of the reduced share of funding provided by the public and an emerging group of newly poor people is the unequal access to education, healthcare and social services. A significant gap in costs per capita remains among the regions.

Improved education and health rates along with adequate social protection are important from the view point of the quality of life, being decisive factors in economic development at the same time. Educated, healthy people work more efficiently.

Certain Millennium Developments Goals are directly connected with education and healthcare indicators. Kazakhstan has achieved its objectives in education, but with regard to infant and maternal mortality indicators, this objective is hardly achievable by 2015.

The population’s health remains unsatisfactory. The rate of GDP per capita in Kazakhstan means it has an average income level, while average life expectancy puts the country behind not just the countries with high and medium incomes but behind some of the poorest ones as well.

Public funds are the main source of access to education and healthcare services. The study of the principle and volume of funding provided by the national and local budgets and the differentiation of expenditures per capita in the regions shows how current approaches to maternity and childhood protection are inefficient.

Kazakhstan ratified the UN Convention on Children’s Rights in 1994. The Constitution of Kazakhstan of 1995 guarantees the protection of maternity and childhood. A legal framework protecting the rights and interests of children has been created. The draft public programme specifying the key directions and objectives of the public policy in this area has also been developed. Nevertheless, despite the whole range of approved documents and high rates of economic development the children of Kazakhstan remain at risk. The Committee to Protect Children’s Rights was established in January, 2006 under the Ministry of Education and Science of RK. While acknowledging its importance, we continue to believe that the objectives...
assigned to the Committee are exceeding the functions of the Ministry. The issues of childhood protection should be addressed in their entirety, without being divided up into sectors. Considering the experience of other countries, we find the establishment of the German special parliamentary commission to protect children’s rights to be an efficient way of drawing attention to the problems of children, as done in Germany.

The Committee should collect and systematize the whole range of statistical data (jointly with the Agency for Statistics of RK) accounting children in orphanages and children’s homes supported by the state along with children with disabilities to ensure that the regular budget debate and approval considers their interests and needs.

BIBLIOGRAPHY

2. The Budget Code of the RK with amendments of July 7, 2006
3. The law of the RK “On Health Protection” of July 7, 2007, #170-III
4. The law of the RK “On Public benefits to families with children”.
5. The Public Healthcare Reform and Development Programme of the RK for 2005-2010, approved by the Decree of the President of the RK #1438 on September 13, 2004.
6. The Public Education Development Programme of the RK for 2005-2010, approved by the Decree of the President of the RK #1459 on October 11, 2004.
8. The list of guaranteed free medical services for 2005, approved by the Decree of the Government of the RK #1348 on December 21, 2004
14. The Decree of the Government of the RK “On Approval of the Rules of healthcare facilities expenses compensation from the budget funds; on the paid services, provided by the healthcare facilities; on the use of funds received from paid services by public – owned healthcare facilities” # 965 of October 6, 2006
15. The Law of the RK “On Public Social Order”, April, 2005
23. Healthcare beyond the ruthless. The Audit Committee revealed improper use of budget funds in five oblast departments of healthcare // Kazakhstanskaya Pravda (newspaper), May 12, 2005

ANNEXES

ANNEX 1.

GDP and Public Budget Expenditures in 2000-2006

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP, KZT bln</th>
<th>Public budget expenditures, % of GDP</th>
<th>National budget expenditures, % of GDP</th>
<th>National budget expenditures as a share of public expenditures</th>
<th>Local budget expenditures as a share of public expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>2016.5</td>
<td>2.0</td>
<td>16.1</td>
<td>70.6</td>
<td>45.9</td>
</tr>
<tr>
<td>2000</td>
<td>2016.5</td>
<td>2.1</td>
<td>15.2</td>
<td>65.9</td>
<td>50.5</td>
</tr>
<tr>
<td>2001</td>
<td>2016.5</td>
<td>2.1</td>
<td>15.1</td>
<td>65.7</td>
<td>52.6</td>
</tr>
<tr>
<td>2002</td>
<td>2016.5</td>
<td>2.0</td>
<td>14.7</td>
<td>65.1</td>
<td>49.1</td>
</tr>
<tr>
<td>2003</td>
<td>2016.5</td>
<td>2.0</td>
<td>14.8</td>
<td>68.2</td>
<td>48.2</td>
</tr>
<tr>
<td>2004</td>
<td>2016.5</td>
<td>2.0</td>
<td>15.1</td>
<td>70.3</td>
<td>49.1</td>
</tr>
<tr>
<td>2005</td>
<td>2016.5</td>
<td>2.0</td>
<td>14.8</td>
<td>73.1</td>
<td>48.0</td>
</tr>
<tr>
<td>2006</td>
<td>2016.5</td>
<td>2.0</td>
<td>14.7</td>
<td>79.0</td>
<td>46.5</td>
</tr>
</tbody>
</table>

*preliminary data

Source: calculations based on the data of the Ministry of Finance of the RK
ANNEX 2.

Indicators of health care and health care organizations in 1990-2005.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>The number of individual out-patient and polyclinic facilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All departments</td>
<td>3,272</td>
<td>3,405</td>
<td>3,247</td>
<td>3,289</td>
<td>3,352</td>
<td>3,463</td>
<td>3,462</td>
<td>3,432</td>
</tr>
<tr>
<td>Including Medical Healthcare (MH) system</td>
<td>3,132</td>
<td>1,744</td>
<td>1,809</td>
<td>1,733</td>
<td>1,702</td>
<td>1,658</td>
<td>1,584</td>
<td>1,593</td>
</tr>
<tr>
<td>The number of hospital facilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All departments</td>
<td>1,788</td>
<td>1,518</td>
<td>1,053</td>
<td>972</td>
<td>989</td>
<td>1,029</td>
<td>1,042</td>
<td>1,063</td>
</tr>
<tr>
<td>Including MH system</td>
<td>1,707</td>
<td>1,399</td>
<td>776</td>
<td>807</td>
<td>825</td>
<td>851</td>
<td>857</td>
<td>879</td>
</tr>
<tr>
<td>The number of available beds:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All departments</td>
<td>227,810</td>
<td>192,627</td>
<td>106,944</td>
<td>103,561</td>
<td>104,243</td>
<td>114,782</td>
<td>116,637</td>
<td>117,563</td>
</tr>
<tr>
<td>Including MH system</td>
<td>215,775</td>
<td>176,598</td>
<td>96,473</td>
<td>97,258</td>
<td>99,046</td>
<td>101,168</td>
<td>102,451</td>
<td>103,835</td>
</tr>
<tr>
<td>Availability of beds per 10 thousand:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All departments</td>
<td>136.2</td>
<td>116.9</td>
<td>72.1</td>
<td>69.9</td>
<td>70.1</td>
<td>76.8</td>
<td>77.4</td>
<td>77.3</td>
</tr>
<tr>
<td>Including MH system</td>
<td>129</td>
<td>107.2</td>
<td>65</td>
<td>65.6</td>
<td>66.6</td>
<td>67.7</td>
<td>68</td>
<td>68.2</td>
</tr>
<tr>
<td>The number of doctors:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All departments</td>
<td>68,927</td>
<td>60,125</td>
<td>48,953</td>
<td>51,289</td>
<td>53,659</td>
<td>54,613</td>
<td>54,758</td>
<td>55,509</td>
</tr>
<tr>
<td>Including MH system</td>
<td>61,178</td>
<td>54,697</td>
<td>43,021</td>
<td>43,341</td>
<td>44,202</td>
<td>44,762</td>
<td>45,399</td>
<td>46,189</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability of doctors per 10 thousand:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All departments</td>
<td>41.2</td>
<td>36.5</td>
<td>33</td>
<td>34.6</td>
<td>36.1</td>
<td>36.5</td>
<td>36.3</td>
<td>36.5</td>
</tr>
<tr>
<td>Including MH system</td>
<td>36.6</td>
<td>33.2</td>
<td>29</td>
<td>29.2</td>
<td>29.7</td>
<td>29.9</td>
<td>30.1</td>
<td>30.4</td>
</tr>
<tr>
<td>The number of medium – level staff:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All departments</td>
<td>207,257</td>
<td>168,400</td>
<td>106,554</td>
<td>109,392</td>
<td>113,358</td>
<td>115,006</td>
<td>116,959</td>
<td>119,581</td>
</tr>
<tr>
<td>Including MH system</td>
<td>176,879</td>
<td>154,052</td>
<td>95,535</td>
<td>97,140</td>
<td>99,749</td>
<td>100,821</td>
<td>102,630</td>
<td>105,179</td>
</tr>
<tr>
<td>Availability of medium – level staff per 10 thousand:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All departments</td>
<td>123.9</td>
<td>100.9</td>
<td>71.8</td>
<td>73.8</td>
<td>76.3</td>
<td>76.9</td>
<td>77.6</td>
<td>78.6</td>
</tr>
<tr>
<td>Including MH system</td>
<td>105.8</td>
<td>92.4</td>
<td>64.4</td>
<td>65.5</td>
<td>67.1</td>
<td>67.4</td>
<td>68.1</td>
<td>69.1</td>
</tr>
<tr>
<td>Infant mortality rate per 1000 live-born</td>
<td>26.4</td>
<td>27.3</td>
<td>19.6</td>
<td>19.4</td>
<td>17</td>
<td>15.3</td>
<td>14.5</td>
<td>15.1</td>
</tr>
<tr>
<td>Maternal mortality rate per 1000 thousand livebirths</td>
<td>75.8</td>
<td>77.3</td>
<td>60.9</td>
<td>48.6</td>
<td>50.5</td>
<td>42.1</td>
<td>36.9</td>
<td>40.2</td>
</tr>
<tr>
<td>The number of population</td>
<td>16721.1</td>
<td>16473.2</td>
<td>14901.6</td>
<td>14865.6</td>
<td>14851.1</td>
<td>14866.8</td>
<td>14951.2</td>
<td>15074.7</td>
</tr>
<tr>
<td>Birth rate per 1000</td>
<td>21.7</td>
<td>16.8</td>
<td>14.7</td>
<td>14.9</td>
<td>15.3</td>
<td>17.2</td>
<td>18.1</td>
<td>18.4</td>
</tr>
<tr>
<td>Mortality rate per 1000</td>
<td>7.7</td>
<td>10.2</td>
<td>10.1</td>
<td>10.0</td>
<td>10.0</td>
<td>10.5</td>
<td>10.2</td>
<td>10.4</td>
</tr>
<tr>
<td>Natural population growth per 1000</td>
<td>14.0</td>
<td>6.6</td>
<td>4.6</td>
<td>4.9</td>
<td>5.3</td>
<td>6.7</td>
<td>7.97</td>
<td>7.97</td>
</tr>
</tbody>
</table>

Source: Ministry of Health of the RK
ANNEX 3.
Information on the Budget Programme Administrator 226 Ministry of Health of the RK, in thousands tenge

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>Total</td>
<td>22,895,009</td>
<td>56,387,320</td>
<td>82,155,439</td>
<td>99,506,295</td>
</tr>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>Current budget programme</td>
<td>10,135,367</td>
<td>24,203,799</td>
<td>46,272,512</td>
<td>63,877,030</td>
</tr>
<tr>
<td>2</td>
<td>006</td>
<td></td>
<td>Functioning of the authorized body in healthcare</td>
<td>614,603</td>
<td>1,273,440</td>
<td>1,425,364</td>
<td>1,769,243</td>
</tr>
<tr>
<td>3</td>
<td>007</td>
<td></td>
<td>Occupational and environmental welfare of the population at the national level</td>
<td>1,173,880</td>
<td>1,678,699</td>
<td>1,845,267</td>
<td>2,222,376</td>
</tr>
<tr>
<td>4</td>
<td>008</td>
<td></td>
<td>Processing of blood, its components and preparations for national healthcare facilities</td>
<td>246,380</td>
<td>292,436</td>
<td>330,656</td>
<td>525,806</td>
</tr>
<tr>
<td>5</td>
<td>010</td>
<td></td>
<td>Storage of the special medical reserve</td>
<td>13,714</td>
<td>37,422</td>
<td>17,234</td>
<td>15,428</td>
</tr>
<tr>
<td>6</td>
<td>011</td>
<td></td>
<td>Specialized medical assistance and sanatorium therapy to tuberculosis patients</td>
<td>903,703</td>
<td>780,636</td>
<td>853,223</td>
<td>953,503</td>
</tr>
<tr>
<td>7</td>
<td>012</td>
<td></td>
<td>Protection of maternity and childhood</td>
<td>880,029</td>
<td>1,314,235</td>
<td>1,569,060</td>
<td>5,246,446</td>
</tr>
<tr>
<td>8</td>
<td>013</td>
<td></td>
<td>Current targeted transfers to oblast budgets, to the budgets of Astana and Almaty for fellowships to college students based on the public order from local executive bodies</td>
<td>0</td>
<td>83,259</td>
<td>207,638</td>
<td>211,003</td>
</tr>
<tr>
<td>9</td>
<td>014</td>
<td></td>
<td>Upgrading skills and retraining of public healthcare personnel</td>
<td>222,995</td>
<td>624,557</td>
<td>559,251</td>
<td>670,637</td>
</tr>
<tr>
<td>10</td>
<td>017</td>
<td></td>
<td>Forensic medical expertise</td>
<td>622,791</td>
<td>722,030</td>
<td>1,323,421</td>
<td>1,356,578</td>
</tr>
<tr>
<td>11</td>
<td>018</td>
<td></td>
<td>Storage of medical objects of historic value</td>
<td>6,110</td>
<td>8,337</td>
<td>0</td>
<td>8,609</td>
</tr>
<tr>
<td>12</td>
<td>020</td>
<td></td>
<td>Healthcare information access</td>
<td>3,292</td>
<td>3,292</td>
<td>6,606</td>
<td>7,325</td>
</tr>
<tr>
<td>13</td>
<td>021</td>
<td></td>
<td>Current targeted transfers to the oblast budgets and budgets of Astana and Almaty to compensate travel expenses to college students based on the public order of the local executive bodies</td>
<td>0</td>
<td>24,236</td>
<td>27,761</td>
<td>34,038</td>
</tr>
<tr>
<td>14</td>
<td>022</td>
<td></td>
<td>Current targeted transfers to oblast budgets and budgets of Astana and Almaty to provide medications to children and teenagers at the dispensary observation following the out-patient treatment of chronic diseases</td>
<td>0</td>
<td>0</td>
<td>1,076,249</td>
<td>1,037,904</td>
</tr>
<tr>
<td>15</td>
<td>024</td>
<td></td>
<td>Current targeted transfers to oblast budgets and budgets of Astana and Almaty to provide reduced price medications to specific groups of out-patients</td>
<td>0</td>
<td>0</td>
<td>1,849,975</td>
<td>1,580,657</td>
</tr>
<tr>
<td>16</td>
<td>027</td>
<td></td>
<td>Current targeted transfers to oblast budgets and budgets of Astana and Almaty to maintain new healthcare facilities</td>
<td>438,887</td>
<td>36,184</td>
<td>99,472</td>
<td>713,722</td>
</tr>
<tr>
<td>17</td>
<td>028</td>
<td></td>
<td>Current targeted transfers to oblast budgets and budgets of Astana and Almaty for purchase of medications, vaccines and other immuno-biological agents</td>
<td>825,428</td>
<td>4,129,205</td>
<td>5,101,484</td>
<td>7,598,597</td>
</tr>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>18</td>
<td>029</td>
<td>Current targeted transfers to oblast budgets and budgets of Astana and Almaty to improve the infrastructure of the oblast sanitary-epidemiological examination centres</td>
<td>0</td>
<td>1,699,532</td>
<td>1,805,710</td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>030</td>
<td>Current targeted transfers to oblast budgets and budgets of Astana and Almaty to provide personnel to initial medical and sanitary facilities according to the staff schedule and to develop the system of general practitioners</td>
<td>0</td>
<td>2,279,971</td>
<td>5,166,079</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>031</td>
<td>Current targeted transfers to oblast budgets and budgets of Astana and Almaty to fund the activities of information-analytical centres under creation</td>
<td>0</td>
<td>107,919</td>
<td>41,447</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>033</td>
<td>Current targeted transfers to oblast budgets and budgets of Astana and Almaty for purchase of test systems to conduct epidemiological surveillance</td>
<td>0</td>
<td>10,890</td>
<td>11,489</td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>034</td>
<td>Equipping interregional test laboratories with modern lab equipment</td>
<td>0</td>
<td>1,233,910</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>035</td>
<td>Current targeted transfers to oblast budgets and budgets of Astana and Almaty to provide medications to out-patient children under the age of 5</td>
<td>0</td>
<td>532,285</td>
<td>517,576</td>
<td>596,614</td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>036</td>
<td>Current targeted transfers to oblast budgets and budgets of Astana and Almaty to provide iron and iodine supplements to pregnant women</td>
<td>0</td>
<td>736,794</td>
<td>925,517</td>
<td>665,733</td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>037</td>
<td>Current targeted transfers to oblast budgets and budgets of Astana and Almaty to carry out the preventive medical check-ups of specific groups of population</td>
<td>0</td>
<td>847,844</td>
<td>4,464,056</td>
<td>3,888,528</td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>038</td>
<td>Current targeted transfers to oblast budgets and budgets of Astana and Almaty to provide material and technical support to the healthcare facilities at the local level</td>
<td>0</td>
<td>5,231,000</td>
<td>11,672,935</td>
<td>16,519,387</td>
<td></td>
</tr>
<tr>
<td>27</td>
<td>039</td>
<td>Current targeted transfers to oblast budgets and budgets of Astana and Almaty to compensate the expenses following the increased cost of tuition and additional admission to colleges, following the public order</td>
<td>0</td>
<td>95,631</td>
<td>77,178</td>
<td>114,369</td>
<td></td>
</tr>
<tr>
<td>28</td>
<td>040</td>
<td>Current targeted transfers to oblast budgets and budgets of Astana and Almaty to upgrade qualifications of the medical staff and managers working in healthcare</td>
<td>0</td>
<td>149,771</td>
<td>190,763</td>
<td>247,114</td>
<td></td>
</tr>
<tr>
<td>29</td>
<td>041</td>
<td>Current targeted transfers to oblast budgets and budgets of Astana and Almaty to provide the material and technical support to blood donors’ centres at the local level</td>
<td>0</td>
<td>200,000</td>
<td>200,000</td>
<td>1,121,700</td>
<td></td>
</tr>
<tr>
<td>30</td>
<td>104</td>
<td>Drug use and drug business evaluation</td>
<td>0</td>
<td>18,737</td>
<td>11,780</td>
<td>7,740</td>
<td></td>
</tr>
<tr>
<td>31</td>
<td>109</td>
<td>Activities funded from the emergency needs reserve of the Government of RK</td>
<td>0</td>
<td>98,200</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>---</td>
<td>------</td>
<td>---------</td>
<td>-----------------------------------------------------</td>
<td>-----------</td>
<td>--------------</td>
<td>-----------</td>
<td>-----------</td>
</tr>
<tr>
<td>32</td>
<td>015</td>
<td>Current targeted transfers to the Almaty oblast</td>
<td>0</td>
<td>64,671</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>budget to increase the public housing fund</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>33</td>
<td>045</td>
<td>Current targeted transfers to oblast budgets, to</td>
<td>0</td>
<td>250,600</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>the budgets of Astana and Almaty for activities to</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>prevent and combat AIDS in RK</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>34</td>
<td>116</td>
<td>Human capital development as a part of electronic</td>
<td>0</td>
<td>111,270</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>government</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Development budget programmes</td>
<td>12,759,642</td>
<td>32,183,521</td>
<td>35,882,927</td>
<td>35,629,265</td>
<td></td>
</tr>
<tr>
<td>35</td>
<td>002</td>
<td>Training of secondary vocational education</td>
<td>89,466</td>
<td>157,727</td>
<td>152,232</td>
<td>230,395</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>specialists</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>36</td>
<td>003</td>
<td>Training of specialists with graduate and post</td>
<td>1,807,419</td>
<td>2,745,642</td>
<td>4,304,353</td>
<td>6,136,948</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>graduate vocational education</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>37</td>
<td>005</td>
<td>Targeted development transfers to oblast budgets,</td>
<td>4,022,600</td>
<td>8,879,832</td>
<td>11,145,997</td>
<td>15,270,810</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>to the budgets of Astana and Almaty for</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>construction and renovation of the healthcare</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>facilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>38</td>
<td>009</td>
<td>Applied scientific research in healthcare</td>
<td>0</td>
<td>1,534,756</td>
<td>1,964,189</td>
<td>1,731,451</td>
<td></td>
</tr>
<tr>
<td>39</td>
<td>016</td>
<td>Construction and renovation of healthcare</td>
<td>6,611,130</td>
<td>16,799,456</td>
<td>14,914,693</td>
<td>10,083,377</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>facilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>40</td>
<td>019</td>
<td>Development of information systems in healthcare</td>
<td>27,882</td>
<td>289,443</td>
<td>666,173</td>
<td>647,928</td>
<td></td>
</tr>
<tr>
<td>41</td>
<td>023</td>
<td>Development of mobile and telemedicine in rural</td>
<td>201,145</td>
<td>393,465</td>
<td>439,799</td>
<td>528,356</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>areas</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
</tr>
</thead>
<tbody>
<tr>
<td>42</td>
<td>026</td>
<td>Construction and renovation of education</td>
<td>0</td>
<td>883,420</td>
<td>1,071,866</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>facilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>43</td>
<td>032</td>
<td>Targeted development transfers to the budget of</td>
<td>0</td>
<td>499,780</td>
<td>1,050,000</td>
<td>1,000,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Almaty to improve the seismic resistance of the</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>healthcare facilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>44</td>
<td>109</td>
<td>Activities funded from the emergency needs reserve</td>
<td>0</td>
<td>173,625</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>of the Government of RK</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>----</td>
<td>-----</td>
<td>--------------</td>
<td>------------------</td>
<td>------------------</td>
<td>------------------</td>
<td>------------------</td>
<td></td>
</tr>
<tr>
<td>001</td>
<td>Functioning of the authorized body in education and science</td>
<td>290,540</td>
<td>559,716</td>
<td>947,721</td>
<td>1,337,862</td>
<td></td>
<td></td>
</tr>
<tr>
<td>001</td>
<td>Central body administration</td>
<td>252,562</td>
<td>403,961</td>
<td>450,334</td>
<td>802,023</td>
<td></td>
<td></td>
</tr>
<tr>
<td>007</td>
<td>Public officers qualification upgrade</td>
<td>822</td>
<td>874</td>
<td>1,467</td>
<td>3,674</td>
<td></td>
<td></td>
</tr>
<tr>
<td>009</td>
<td>Materiel and technical support of public organs</td>
<td>9,754</td>
<td>2,348</td>
<td>12,264</td>
<td>15,163</td>
<td></td>
<td></td>
</tr>
<tr>
<td>017</td>
<td>Functioning of the information systems; informational and technical support of public organs</td>
<td>0</td>
<td>39,355</td>
<td>38,724</td>
<td>43,239</td>
<td></td>
<td></td>
</tr>
<tr>
<td>100</td>
<td>Scientific staff certification</td>
<td>20,718</td>
<td>22,071</td>
<td>33,334</td>
<td>33,351</td>
<td></td>
<td></td>
</tr>
<tr>
<td>101</td>
<td>Organization of tests for students during the public certification of education facilities and interim certification of students</td>
<td>6,683</td>
<td>91,127</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>102</td>
<td>“The Best University Teacher “ grant award</td>
<td>0</td>
<td>0</td>
<td>411,597</td>
<td>440,412</td>
<td></td>
<td></td>
</tr>
<tr>
<td>003</td>
<td>Storage of scientific and historical valuables</td>
<td>4,697</td>
<td>5,291</td>
<td>5,670</td>
<td>6,367</td>
<td></td>
<td></td>
</tr>
<tr>
<td>006</td>
<td>Availability of scientific, scientific-technical and scientific-pedagogical information</td>
<td>288,989</td>
<td>320,948</td>
<td>351,857</td>
<td>407,716</td>
<td></td>
<td></td>
</tr>
<tr>
<td>007</td>
<td>Public premiums and fellowships</td>
<td>35,332</td>
<td>73,799</td>
<td>68,128</td>
<td>86,727</td>
<td></td>
<td></td>
</tr>
<tr>
<td>009</td>
<td>Education of gifted children</td>
<td>805,822</td>
<td>1,345,482</td>
<td>1,469,391</td>
<td>1,485,895</td>
<td></td>
<td></td>
</tr>
<tr>
<td>010</td>
<td>National school Olympiads, competitions, out-of-school activities of the national value</td>
<td>536,408</td>
<td>376,095</td>
<td>394,930</td>
<td>370,801</td>
<td></td>
<td></td>
</tr>
<tr>
<td>015</td>
<td>Targeted current transfers to the oblast budgets, to the budgets of Astana and Almaty to equip the physics, chemistry and biology classrooms of public secondary education facilities with teaching equipment</td>
<td>0</td>
<td>0</td>
<td>2,457,650</td>
<td>2,457,650</td>
<td></td>
<td></td>
</tr>
<tr>
<td>016</td>
<td>Special education programmes for children with disabilities</td>
<td>53,261</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>016</td>
<td>Targeted current transfers to the oblast budgets, to the budgets of Astana and Almaty to pay fellowships to college students following the order of the local executive organs</td>
<td>0</td>
<td>772,684</td>
<td>1,434,409</td>
<td>1,433,979</td>
<td></td>
<td></td>
</tr>
<tr>
<td>017</td>
<td>Providing of continuous education in the field of culture and arts</td>
<td>903,543</td>
<td>1,186,782</td>
<td>1,348,615</td>
<td>1,684,939</td>
<td></td>
<td></td>
</tr>
<tr>
<td>018</td>
<td>Primary pilot training</td>
<td>0</td>
<td>0</td>
<td>81,510</td>
<td>65,463</td>
<td></td>
<td></td>
</tr>
<tr>
<td>019</td>
<td>Rehabilitation of children</td>
<td>107,696</td>
<td>194,941</td>
<td>209,751</td>
<td>263,377</td>
<td></td>
<td></td>
</tr>
<tr>
<td>023</td>
<td>Qualification upgrade and retraining of public education facilities personnel</td>
<td>40,878</td>
<td>162,851</td>
<td>139,703</td>
<td>157,994</td>
<td></td>
<td></td>
</tr>
<tr>
<td>024</td>
<td>Monitoring of Seismological information</td>
<td>184,146</td>
<td>194,789</td>
<td>194,302</td>
<td>214,889</td>
<td></td>
<td></td>
</tr>
<tr>
<td>025</td>
<td>Providing of methodology to the education system and quality analysis of education services</td>
<td>91,056</td>
<td>745,769</td>
<td>684,079</td>
<td>689,121</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>026</td>
<td>Targeted transfers to the oblast budgets, to the budgets of Astana and Almaty to provide audio- and typing devices to children with disabilities, studying at the specialized education facilities funded by the local budget</td>
<td>110,348</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>026</td>
<td>Targeted current transfers to the oblast budgets, to the budgets of Astana and Almaty to provide special (rehabilitational) facilities with special technical and compensatory devices</td>
<td>0</td>
<td>202,894</td>
<td>118,125</td>
<td>124,031</td>
<td></td>
<td></td>
</tr>
<tr>
<td>027</td>
<td>National test system</td>
<td>385,344</td>
<td>473,461</td>
<td>578,688</td>
<td>655,611</td>
<td></td>
<td></td>
</tr>
<tr>
<td>028</td>
<td>Targeted current transfers to the oblast budgets, to the budgets of Astana and Almaty to maintain the standard staff of the public secondary education facilities</td>
<td>2,719,963</td>
<td>2,947,277</td>
<td>6,269,751</td>
<td>9,870,715</td>
<td></td>
<td></td>
</tr>
<tr>
<td>029</td>
<td>Targeted current transfers to the oblast budgets, to the budgets of Astana and Almaty to maintain new education facilities</td>
<td>1,120,420</td>
<td>2,251,428</td>
<td>3,532,939</td>
<td>5,209,021</td>
<td></td>
<td></td>
</tr>
<tr>
<td>030</td>
<td>Targeted current transfers to the oblast budgets, to the budgets of Astana and Almaty to provide payment to foster parents</td>
<td>179,648</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>030</td>
<td>Targeted current transfers to the oblast budgets, to the budgets of Astana and Almaty to compensate the travel expenses to college students, following the public order of the local executive organs</td>
<td>0</td>
<td>247,022</td>
<td>204,844</td>
<td>219,548</td>
<td></td>
<td></td>
</tr>
<tr>
<td>032</td>
<td>Targeted current transfers to the oblast budgets, to the budgets of Astana and Almaty to increase the rate of fellowships to college students, following the public order of the local executive organs</td>
<td>186,670</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<p>| | | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>033</td>
<td>Targeted current transfers to the local budgets for meal, accommodation and transportation of children to specialized places for test-taking</td>
<td>0</td>
<td>0</td>
<td>102,102</td>
<td>108,228</td>
<td></td>
<td></td>
</tr>
<tr>
<td>034</td>
<td>Targeted current transfers to the oblast budgets, to the budgets of Astana and Almaty to provide the Internet connection and Internet traffic to public secondary education facilities</td>
<td>0</td>
<td>500,000</td>
<td>500,000</td>
<td>500,012</td>
<td></td>
<td></td>
</tr>
<tr>
<td>035</td>
<td>Targeted current transfers to the oblast budgets, to the budgets of Astana and Almaty for purchase and delivery of study books and manuals to replenish the library stock of public secondary education facilities</td>
<td>0</td>
<td>789,300</td>
<td>895,513</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>035</td>
<td>Targeted current transfers to the oblast budgets, to the budgets of Astana and Almaty for purchase and delivery of study books and manuals to replenish the library stock of the public secondary education facilities</td>
<td>0</td>
<td>789,300</td>
<td>895,513</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>100</td>
<td>Targeted current transfers to the oblast budgets, to the budgets of Astana and Almaty for purchase and delivery of study books, reference books and electronic books to study the state language and to replenish the library stock of public secondary education facilities</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1,104,703</td>
<td></td>
<td></td>
</tr>
<tr>
<td>101</td>
<td>Targeted current transfers to the oblast budgets, to the budgets of Astana and Almaty to create language and multimedia laboratories in public secondary and general education facilities</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>209,190</td>
<td></td>
<td></td>
</tr>
<tr>
<td>036</td>
<td>Targeted current transfers to the oblast budgets, to the budgets of Astana and Almaty to provide the Internet connection and Internet traffic to public secondary and general education facilities</td>
<td>0</td>
<td>2,023,300</td>
<td>1,576,970</td>
<td>1,958,760</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Targeted current transfers to the oblast budgets, to the budgets of Astana and Almaty to strengthen the material-technical support of the public basic vocational education facilities

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
</tr>
</thead>
<tbody>
<tr>
<td>037</td>
<td>038</td>
<td>039</td>
<td>040</td>
<td>042</td>
<td>043</td>
</tr>
<tr>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>286,100</td>
<td>286,100</td>
<td>286,100</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>430,997</td>
<td>503,440</td>
<td>503,440</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>75,000</td>
<td>75,000</td>
<td>75,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>546,392</td>
<td>650,533</td>
<td>652,517</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9,096</td>
<td>9,735</td>
<td>12,045</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4,533</td>
<td>10,201</td>
<td>14,032</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>37,415</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>0</td>
<td>66,670</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>163,366</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Targeted current transfers to the Kostanay oblast budget to strengthen the material-technical base of the interregional technical and support staff training/retraining centre of the transportation and communication sector

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
</tr>
</thead>
<tbody>
<tr>
<td>052</td>
<td>054</td>
<td>104</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>0</td>
<td>1,184</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>14,449</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1,220,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5,809</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Development budget programmes

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
</tr>
</thead>
<tbody>
<tr>
<td>002</td>
<td>100</td>
<td>101</td>
<td>102</td>
<td>103</td>
<td>104</td>
</tr>
<tr>
<td>3,554,902</td>
<td>6,410,437</td>
<td>7,204,768</td>
<td>9,224,488</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1,829,445</td>
<td>2,083,137</td>
<td>2,924,120</td>
<td>3,540,329</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1,216,108</td>
<td>3,787,065</td>
<td>3,650,556</td>
<td>3,475,590</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15,000</td>
<td>15,735</td>
<td>74,122</td>
<td>208,569</td>
<td></td>
<td></td>
</tr>
<tr>
<td>494,349</td>
<td>524,500</td>
<td>555,970</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>126,638</td>
<td>91,000</td>
<td>341,681</td>
<td>500,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>283,798</td>
<td>521,295</td>
<td>555,588</td>
<td>191,463</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>-----</td>
<td>----------------------------------------</td>
<td>--------------------------------------------</td>
<td>---------</td>
<td>-------------</td>
<td>-------------</td>
</tr>
<tr>
<td>011</td>
<td>Construction and renovation of education and scientific facilities</td>
<td>1,169,000</td>
<td>2,761,771</td>
<td>5,946,662</td>
<td>8,249,037</td>
</tr>
<tr>
<td>012</td>
<td>Targeted transfers to the oblast budgets, to the budgets of Astana and Almaty for construction and renovation of education facilities</td>
<td>5,914,105</td>
<td>11,672,030</td>
<td>14,038,160</td>
<td>16,841,078</td>
</tr>
<tr>
<td>013</td>
<td>Training of specialists with secondary vocational education</td>
<td>519,936</td>
<td>627,474</td>
<td>674,916</td>
<td>842,150</td>
</tr>
<tr>
<td>014</td>
<td>Applied scientific research in the field of education</td>
<td>86,245</td>
<td>105,251</td>
<td>121,054</td>
<td>139,239</td>
</tr>
<tr>
<td>015</td>
<td>Public student loans for training of specialists with higher vocational education</td>
<td>4,680,853</td>
<td>3,399,396</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>100</td>
<td>Public education loans for training of specialists</td>
<td>4,630,453</td>
<td>3,356,203</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>101</td>
<td>Public education loans</td>
<td>50,400</td>
<td>43,193</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>020</td>
<td>Training of specialists with graduate and post-graduate vocational education</td>
<td>16,049,715</td>
<td>21,457,289</td>
<td>37,511,957</td>
<td>46,427,566</td>
</tr>
<tr>
<td>100</td>
<td>Public education grants for training of specialists</td>
<td>7,281,218</td>
<td>12,055,726</td>
<td>17,821,493</td>
<td>23,338,495</td>
</tr>
<tr>
<td>101</td>
<td>Fellowships to university students</td>
<td>1,301,130</td>
<td>3,640,805</td>
<td>6,614,088</td>
<td>7,127,023</td>
</tr>
<tr>
<td>102</td>
<td>Training of scientific and science-teaching staff</td>
<td>349,106</td>
<td>475,770</td>
<td>462,420</td>
<td>604,888</td>
</tr>
<tr>
<td>103</td>
<td>Fellowships to scientific and science-teaching staff</td>
<td>461,956</td>
<td>612,117</td>
<td>614,323</td>
<td>828,493</td>
</tr>
<tr>
<td>104</td>
<td>Training of students at the Kazakh National Conservatory named after Kurmangazy</td>
<td>226,896</td>
<td>388,967</td>
<td>336,014</td>
<td>532,190</td>
</tr>
<tr>
<td>105</td>
<td>Training of reserve officers at the university military departments of the Ministry of Education and Science of RK</td>
<td>349,477</td>
<td>405,393</td>
<td>433,930</td>
<td>589,455</td>
</tr>
<tr>
<td>106</td>
<td>Training of specialists at foreign universities under the ’Bolashak’ programme</td>
<td>209,100</td>
<td>2,113,712</td>
<td>9,078,285</td>
<td>11,422,246</td>
</tr>
<tr>
<td>107</td>
<td>Capital renovation of public higher education facilities</td>
<td>416,079</td>
<td>778,492</td>
<td>1,133,191</td>
<td>833,191</td>
</tr>
<tr>
<td>108</td>
<td>Completing a degree in higher education facilities</td>
<td>32,053</td>
<td>3,803</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>109</td>
<td>Fellowships to students completing a degree in higher education facilities</td>
<td>2,700</td>
<td>430</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>110</td>
<td>Development and purchase of study books for higher education facilities</td>
<td>20,000</td>
<td>99,536</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>111</td>
<td>Hiring foreign experts (teachers, professors) for higher education facilities in Kazakhstan to train vocational graduates and postgraduates</td>
<td>0</td>
<td>265,600</td>
<td>265,600</td>
<td>265,600</td>
</tr>
<tr>
<td>113</td>
<td>Compensation of travel expenses to the students of higher vocational education facilities, following the public order</td>
<td>0</td>
<td>616,938</td>
<td>727,006</td>
<td>860,378</td>
</tr>
<tr>
<td>114</td>
<td>Training of specialists at the Egyptian University of Islamic culture &quot;Nur-Mubarak&quot;</td>
<td>0</td>
<td>0</td>
<td>25,607</td>
<td>25,607</td>
</tr>
<tr>
<td>021</td>
<td>Public loans to train specialists with higher vocational education</td>
<td>17,582</td>
<td>12,787</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>021</td>
<td>Education system normalization</td>
<td>4,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Education system normalization</td>
<td>75,603</td>
<td>55,470</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>022</td>
<td>Increase of charter capital of the JSC &quot;The Academy of Civil Aviation “</td>
<td>0</td>
<td>0</td>
<td>132,155</td>
<td>0</td>
</tr>
</tbody>
</table>
### ANNEX 5.

**Republican budget expenditures for social protection and social welfare**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td></td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>6</td>
<td>Social welfare and social aid</td>
<td>202,043</td>
<td>232,998</td>
<td>314,709</td>
<td>193,866</td>
<td>1,987,399</td>
</tr>
<tr>
<td>1</td>
<td>Social welfare</td>
<td>191,402</td>
<td>213,697</td>
<td>287,745</td>
<td>177,712</td>
<td></td>
</tr>
<tr>
<td>213</td>
<td>Ministry of labour and Social Relations</td>
<td>191,402</td>
<td>213,517</td>
<td>287,745</td>
<td>177,712</td>
<td></td>
</tr>
<tr>
<td>002</td>
<td>Pension programme 030 in 2005</td>
<td>146,349.6 1,672,781 people</td>
<td>169,706</td>
<td>209,038</td>
<td>128,870</td>
<td>231,452,648</td>
</tr>
<tr>
<td>003</td>
<td>Payment of public social benefits, Programme 031 in 2003</td>
<td>35,315.5 648,743 people</td>
<td>37,503</td>
<td>51,947</td>
<td>30,574</td>
<td>72,106,655</td>
</tr>
<tr>
<td>004</td>
<td>Payment of special public benefits, Programme 032 in 2003</td>
<td>5,181.2 128,979 people</td>
<td>5,043</td>
<td>23,369</td>
<td>16,905</td>
<td>41,507,918</td>
</tr>
<tr>
<td>045</td>
<td>Payment of funeral grants</td>
<td>1,490 105,306 people</td>
<td></td>
<td>23,369</td>
<td>16,905</td>
<td></td>
</tr>
<tr>
<td>005</td>
<td>Programme for 2007. Payment of funeral grants</td>
<td></td>
<td>1,837,082</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>---</td>
<td>-------------------------------------------------------------------</td>
<td>---------------------</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
<td>---------------------</td>
</tr>
<tr>
<td>006</td>
<td>Payment of special public benefits to individuals previously involved in underground and open cast mining, hazardous work and work in extreme conditions. Programme 047 in 2003</td>
<td>984.2</td>
<td>10,854 people</td>
<td>1,265</td>
<td>1,612</td>
<td>1,118</td>
</tr>
<tr>
<td>016</td>
<td>Compensation of life and health damage awarded to the government by the court in case of dissolution of a legal entity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>279</td>
</tr>
<tr>
<td>019</td>
<td>Targeted transfers to the oblast budgets and to the budgets of Astana and Almaty for the construction and renovation of social welfare facilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,500</td>
</tr>
<tr>
<td>400</td>
<td>Payment of the one-time child benefits in 2003</td>
<td>2,081.3</td>
<td>157,573 people</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>225</td>
<td>Ministry of Education and Science of RK</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>180</td>
</tr>
<tr>
<td>030</td>
<td>Targeted transfers to the oblast budgets and the budgets of Astana and Almaty to provide payment to foster parents for child(ren) support</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>180</td>
</tr>
<tr>
<td>2</td>
<td>Social aid</td>
<td>1,987</td>
<td>6,643</td>
<td>7,790</td>
<td>5,788</td>
<td></td>
</tr>
<tr>
<td>213</td>
<td>Ministry of Labour and Social Protection</td>
<td>1,987</td>
<td>6,521</td>
<td>7,516</td>
<td>5,666</td>
<td></td>
</tr>
<tr>
<td>005</td>
<td>Payment of funeral grants</td>
<td>1,514</td>
<td>1,604</td>
<td>891</td>
<td>1,837,432</td>
<td></td>
</tr>
<tr>
<td>007</td>
<td>Payment of the one-time child benefit</td>
<td>2,999</td>
<td>3,623</td>
<td>4,621,001</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>007</td>
<td>Programme for 2006. Payment of benefits to families with children</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2,012</td>
</tr>
<tr>
<td>008</td>
<td>Payment of one-time financial compensation to pensioners, recipients of public social benefits harmed by the nuclear tests at the Semipalatinsk nuclear test site. Programme 033 in 2003</td>
<td>378.4</td>
<td>24,154 people</td>
<td>197</td>
<td>194</td>
<td>200</td>
</tr>
<tr>
<td>009</td>
<td>Rehabilitation and social protection of veterans and disabled individuals</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>755</td>
</tr>
<tr>
<td>009</td>
<td>Payment of public benefits to low-income families with children under the age of 18 to implement the Message of the President to the Nation of Kazakhstan of Feb 18, 2005.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,875</td>
</tr>
<tr>
<td></td>
<td>Payment of the monthly public child benefit up to the age of 1 year</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>11,027,659</td>
</tr>
<tr>
<td>038</td>
<td>Medical prosthesis services and providing of prostheses and podiatric devises</td>
<td>297.5</td>
<td>15,913 people</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>042</td>
<td>Providing of audio devices and audio assistance to disabled individuals, including children with disabilities</td>
<td>88,7</td>
<td>5747 people</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>043</td>
<td>Providing of typing devices to disabled individuals, including children with disabilities</td>
<td>64.9</td>
<td>5981 people</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Increasing Social Orientation of Budgets and Efficiency of Public Expenditures At National and Local Levels in the Best Interests of Children and Families

**Republic of Kazakhstan**

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>010</td>
<td>Payment of one-time compensations to rehabilitated individuals – victims of mass political repressions. Programme 049 in 2003.</td>
<td>810.4, 38,033 people</td>
<td>854</td>
<td>807</td>
<td>200</td>
<td>150,277</td>
</tr>
<tr>
<td>011</td>
<td>Payment of one-time grants to parents and adoptive parents following the death of a military service member. Programme 056 in 2003.</td>
<td>2.5, 28 people</td>
<td>1.7</td>
<td>1</td>
<td>530</td>
<td></td>
</tr>
<tr>
<td>018</td>
<td>Targeted transfers to the oblast budgets and budgets of Almaty and Astana to pay one-time benefits to veterans and invalids of the Great Patriotic War</td>
<td>1,110</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>401</td>
<td>Targeted transfers to the budget of Kyzylorda oblast to provide public targeted social aid to the population of Aral and Kazalinsky districts.</td>
<td>270</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>019</td>
<td>Targeted transfers to the budget of Kyzylorda oblast to provide public targeted social aid to the population of Aral and Kazalinsky districts</td>
<td>157</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>020</td>
<td>Targeted transfers to the budget of Kyzylorda oblast to provide public targeted social aid to the population of Aral and Kazalinsky districts</td>
<td>40</td>
<td>44</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>402</td>
<td>Targeted transfers to the budget of Aktubinsk oblast to provide public targeted social aid to the population of Shalkar district</td>
<td>74.4</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>021</td>
<td>Targeted transfers to the budget of Aktubinsk oblast to provide public targeted social aid to the population of Shalkar district</td>
<td>43</td>
<td>20</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>024</td>
<td>Targeted transfers to the oblast budgets, to the budgets of Astana and Almaty to provide transportation allowance for veterans and invalids of the Great Patriotic War</td>
<td>117</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>030</td>
<td>Targeted transfers to the oblast budgets, to the budgets of Astana and Almaty to provide compulsory hygienic items to disabled individuals, services of sign language interpreters, according to individual programmes</td>
<td>499.9, 600,852</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>032</td>
<td>Targeted transfers to the Kyzylorda oblast budget to provide housing assistance to the population of Aral, Kazalinsky and Karmakshinsky districts, Baikonyr town</td>
<td>93</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>033</td>
<td>Targeted transfers to the Aktubinsk oblast budget to provide housing assistance to the population of Shalkar district</td>
<td>32</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>225</td>
<td>Ministry of education and science of RK</td>
<td>110</td>
<td>202.3</td>
<td>101</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Table 1: Targeted Transfers to Oblast Budgets, to the Budgets of Astana and Almaty

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>026</td>
<td>Targeted transfers to the oblast budgets, to the budgets of Astana and Almaty to provide audio and items-items to children with disabilities studying at the specialized education organizations, funded by the local budget</td>
<td></td>
<td>110</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>026</td>
<td>Targeted transfers to the oblast budgets, to the budgets of Astana and Almaty to provide special technical and compensatory devices to special (rehabilitational) education facilities</td>
<td></td>
<td>202.3, 101,</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>603</td>
<td>The Agency of RK for Normalization and Communication</td>
<td></td>
<td>12</td>
<td>71</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td>018</td>
<td>Targeted transfers to the oblast budgets, to the budgets of Astana and Almaty to provide compensation for increased telephone subscription fee to the socially protected groups of municipal telecommunication network users</td>
<td></td>
<td>12</td>
<td>71</td>
<td>21</td>
<td>122,476</td>
</tr>
<tr>
<td>9</td>
<td>Other social aid and social welfare services</td>
<td>8,655</td>
<td>12,658</td>
<td>19,174</td>
<td>10,366</td>
<td></td>
</tr>
<tr>
<td>213</td>
<td>Ministry of Labour and Social Protection</td>
<td>5,522</td>
<td>6,242</td>
<td>19,174</td>
<td>10,366</td>
<td></td>
</tr>
<tr>
<td>001</td>
<td>Functioning of the body authorized in labour, employment and social protection of the population</td>
<td>566.3</td>
<td>879</td>
<td>1,117</td>
<td>549</td>
<td>1,987.3</td>
</tr>
</tbody>
</table>

### Table 2: Other Social Aid and Social Welfare Services

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>001</td>
<td>The programme for 2007 provides functioning of information systems and information and technical support of the public bodies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>177,926</td>
</tr>
<tr>
<td>006</td>
<td>Commitments of the previous years paid in 2003</td>
<td></td>
<td>800</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>035</td>
<td>Rehabilitation and social protection of veterans and disabled individuals in 2003</td>
<td></td>
<td>52</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>036</td>
<td>Employment, social insurance and labour research in 2003</td>
<td></td>
<td>8.2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>016</td>
<td>Life and health damage indemnity awarded to the government following the dissolution of a legal entity. Programme 044 in 2003</td>
<td></td>
<td>978</td>
<td>284</td>
<td>45</td>
<td></td>
</tr>
<tr>
<td>012</td>
<td>Applied scientific research in labour protection</td>
<td></td>
<td>30</td>
<td>44.6</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td>013</td>
<td>Payment for services provided by the Public Pension Payment Center. Programme 055 in 2003</td>
<td></td>
<td>2,887.1</td>
<td>4,620</td>
<td>6,027</td>
<td>3,592</td>
</tr>
<tr>
<td>058</td>
<td>Consulting services to public bodies personnel to improve the remuneration and social protection system</td>
<td></td>
<td>4.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>079</td>
<td>Licensor functions</td>
<td></td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>200</td>
<td>Materiel and technical support of territorial bodies</td>
<td></td>
<td>5.2</td>
<td></td>
<td>12.1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>----</td>
<td>----</td>
<td>----</td>
<td>-----</td>
<td>-----</td>
</tr>
<tr>
<td>014</td>
<td>Informational and analytical support of the employment and poverty database. Programme 500 in 2003</td>
<td>51</td>
<td>49.2</td>
<td>26</td>
<td>64,757</td>
<td></td>
</tr>
<tr>
<td>600</td>
<td>Development of the employment and poverty database in 2003</td>
<td>2.7</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>015</td>
<td>Development of the employment and poverty database.</td>
<td>164</td>
<td>165</td>
<td>267,424</td>
<td></td>
<td></td>
</tr>
<tr>
<td>025</td>
<td>Development of the employment and poverty database in 2006</td>
<td>108</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>020</td>
<td>Targeted transfers to Kyzylorda oblast budget to pay financial aid for rehabilitation and environment allowances to public officers</td>
<td>214</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>023</td>
<td>Programme for 2006. Methodological provisions for providing prosthesis and orthopaedic services to disabled individuals</td>
<td>4</td>
<td>26,841</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>025</td>
<td>Methodological provisions for providing prosthesis and orthopaedic services to disabled individuals</td>
<td>7.1</td>
<td>26.8</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>026</td>
<td>Targeted transfers to the oblast budgets, to the budgets of Astana and Almaty to increase the coefficient rates used for calculation of salary rates of public officers of the first and second categories</td>
<td>365.7</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>027</td>
<td>Relocation to the historic fatherland and social protection of Oralmen.</td>
<td>10,935</td>
<td>5,777</td>
<td>12,082,014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>028</td>
<td>Development of the information system of the Ministry of Labour and Social Relations of RK</td>
<td>6</td>
<td>8</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>029</td>
<td>Targeted transfers to East-Kazakhstan oblast to provide environment allowance to budget-funded salaries</td>
<td>66.8</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>101</td>
<td>Activities funded by hospitality expenditures funds</td>
<td>0.862</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>105</td>
<td>Development and expertise of feasibility studies of the national investment projects (programmes)</td>
<td>0.81</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>109</td>
<td>Activities funded from the immediate needs reserve of the Government of RK</td>
<td>340</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>601</td>
<td>Public Pension Payment Center information system development.</td>
<td>145.6</td>
<td>164.7</td>
<td>750</td>
<td>750</td>
<td></td>
</tr>
<tr>
<td>602</td>
<td>Computer and office equipment for the Ministry of Labour and Social Relations of RK</td>
<td>61.5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>605</td>
<td>The Agency of RK for Migration and Demography</td>
<td>3,103</td>
<td>6,417</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>001</td>
<td>Administrative expenses of the Agency of RK for Migration and Demography</td>
<td>66.1</td>
<td>101</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>002</td>
<td>Relocation to historic fatherland and social support or Oralmen. Programme 030 in 2003</td>
<td>413,435</td>
<td>3,534 families</td>
<td></td>
<td>6,310</td>
<td></td>
</tr>
<tr>
<td>400</td>
<td>Targeted transfers to the oblast budgets, to the budgets of Astana and Almaty for purchase, construction, reconstruction and capital renovation of housing for Oralmen families and emigrants from Turkestan village (aul), citizens of RK</td>
<td>2,614,235</td>
<td>599 houses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>500</td>
<td>Informational and computing services to the Agency of RK on Migration and Demography</td>
<td></td>
<td>5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>003</td>
<td>Informational system development for the Agency of RK on Migration and Demography. Programme 600 in 2003</td>
<td></td>
<td>4</td>
<td></td>
<td>6</td>
<td></td>
</tr>
</tbody>
</table>
TABLE OF CONTENTS

Introduction
Executive Summary
I. Review of the legislative basis regulating the formation and the execution of local budgets
   1.1 Budget system principles
   1.2 Budget levels
   1.3 Relations between budget levels. Allocation of revenues and expenditures between budget levels.
   1.3.1. Regulation of inter-budget relations and revenue allocation
   1.3.2 Allocation of expenditures between budget levels
   1.3.3 State regulation of budget relations
   1.4 Budget process
   1.4.1 Drafting and ratifying local budgets
   1.4.2 Implementation and clarification of local budgets
   1.4.3 Budget accounts and reports
   1.5 Monitoring and assessment of the effectiveness of budgeting programmes
II. An analysis of the impact of forming and spending the funds of local budgets on the level of budget provision of programmes oriented towards children, families and socially vulnerable groups.
   2.1 A brief socio-economic description of Ust-Kamengorsk city
   2.2 An evaluation of the process of forming medium-term policy of revenues and expenditures in terms of observing the principles of effectiveness and efficiency of budget drafting and implementation
   2.3. Formation of the revenues of subordinate local budgets
   2.4. Drafting and implementation of expenditures of low-level local budgets
III. Special part
   3.1 Identification of services in the interests of families and children in Ust-Kamengorsk city
IV. Examination of study findings in terms of their application for the implementation of the “Child-Friendly City” programme
The development of market relations in this period of globalisation has significantly worsened many economic and social problems. Most of these problems cannot be resolved by private ownership. It is becoming necessary to make substantial investments in areas that are not profitable in terms of capital accumulation, but remain extremely important for the stable development of society. This is why the state’s social and economic policy is becoming a key factor in ensuring a guaranteed standard of benefits and services through a system of standard legislative, executive and evaluation measures. In a way, this function is like litmus paper, showing the degree of social orientation of state policy at national and local levels.

Since independence in 1991, Kazakhstan has signed over 60 international human rights agreements. One of the first was the Convention on the Rights of the Child (1994). The protection of the rights and legal interests of children has become a priority for the nation. In the following years, Kazakhstan ratified optional protocols to the convention, which related to children’s involvement in armed conflicts, child trafficking, child prostitution and pornography. At the same time, the implementation of the Convention’s general principles and norms through legislation (criminal, criminal-procedural and criminal executive codes of Kazakhstan) and the adoption of a number of new laws promoting children’s rights and interests were carried out. In particular, the country adopted the laws “On Children’s Rights in Kazakhstan”, “On Marriage and the Family”, “On the Healthcare System” and “On Reproductive Rights of Citizens and Guaranteed Exercise of Those Rights”. Issues related to keeping children from social insecurity began to be regulated by laws such as, “On Family-Type Children’s Villages and Youth Houses”, “On the Prevention of Juvenile Delinquency and the Prevention of Child Neglect”, “On the Prevention of Diseases Caused by Iodine Deficiency”, “On Social, Medical and Pedagogical Support for Disabled Children”. To a certain extent, national, regional and local programmes in the spheres of education, healthcare, the eradication of poverty, employment, the rehabilitation of the disabled and other areas are focused on the implementation of national policy to respect the interests and rights of children. However, real success in lawmaking comes in the form of measures that ensure real protection of the interests and rights of children on a daily basis. Issues related
to the mobilization of resources for the implementation of such legislation at both the national and local levels after its adoption are very important. One of the mandatory permanent sources of resources for this is the government through national and local budgets. Therefore, the quality and level of state services and benefits in the sphere of the rights and interests of children and families as a whole depends on how effectively and generously these funds are allocated.

EXECUTIVE SUMMARY

This study aimed at analysing the influence of the legislative basis and the process of accumulating and using local budget funds to fund social programmes and services for the benefit of families, children and socially vulnerable groups in Kazakhstan. The study analysed the laws and legislative acts that regulate budget relations and procedures, medium-term and current budget documents at the local level, and budget programmes and documents of reports on budget implementation and clarification. At the same time, focus groups with direct consumers of social services were held as part of the study.

An analysis of the legislative base showed that the restructuring of the Kazakh budget system shows progress. In particular, extending the list of principles of the functioning of the budget system was an important step towards the improvement of the effectiveness of planning, allocation and implementation of budgets at all levels. Undoubtedly, the division of local budgets into two parts helped state services be closer to their consumers.

The introduced mechanism of allocating expenditures between the two local budgets has significantly increased the transparency of inter-budget relations. The adoption of the budget code has significantly streamlined the levels of the authority of national government bodies in the sphere of regulation of budget relations. This has created prerequisites for quality high quality planning and the development of local budgets. It is quite clear that in comparison with the previous law, the current budget code has streamlined and systematized the process of planning and ratification of budgets. The introduction and improvement of medium-term planning has laid a base for higher quality implementation of the country’s priority tasks at the local level.

The process of implementation and clarification of local budgets has expanded the powers of the executive bodies to manage revenues and use them rationally as needed. Amendments that were introduced in the budget code have provided the basis for the clarification of the budget when needed and this made it possible to allocate surplus revenue for urgent needs. The process of evaluating the use of allocated funds has also been improved. This process now includes the setting in budget programmes of the achievement of goals and indicators, which is valuable
for improving their effectiveness. Strict monitoring and evaluation of the effectiveness of budget programmemes, which are enshrined in the current budget law, demonstrate the country’s desire for the diligent use of budget funds.

As a whole, the listed achievements provided a firm basis for more transparent, better targeted, and more effective use of local budget funds for the benefit of society, the family, children and the socially vulnerable.

At the same time, problems have been highlighted which are barriers to meeting the needs of citizens in the framework of local budgets. It appears that a progressive introduction of local self-governance should be accompanied by the development of mechanisms that further sub-divide budget levels. As a rule, most socially vulnerable and poor people live in small towns and rural areas. Therefore, a package of state social services should be planned, as well as funded, and that targets these communities so that these services are easily available to consumers.

The top-down procedures of ratifying norms of allocating revenues to regional and district (towns of regional significance) budgets does not provide a mechanism to consider the objective budget requirements of districts and towns of regional significance. Under these conditions, it is doubtful that the organization of adequate budget revenues is possible at lower-levels. In addition, the level of budget authority delegated to district and town administrations raises doubt as to their power to influence budget policy in order to protect the rights of families, children and socially vulnerable layers of the population.

Dividing certain functional groups and particular funds by levels of local budgets contradicts the principles of inter-budget relations and weakens the powers of national government bodies in the implementation of social policy. There is a need for further efforts to ensure more flexible expenditure planning in the social sector. It is necessary to synthesise the process of ratification of limits on expenditures for current programmemes and programmemes for developing budgets at lower-levels with the evaluation of the results of budget requirements in local areas. Also, attention should be focused on the elaboration and differentiation of natural norms of planning by types of social services to people. Concerns are raised by budget code provisions that guarantee the continuation of budget programmeme funding only if budget funds are properly used in the outgoing year. It is supposed that, in this way incentives emerge, not for effective, but for “anything quickly”, use of funds in the final period of the fiscal year. In this regard, the need to promote recommendations aimed at the following actions is becoming urgent:

- Changing the process of ratification of norms of the distribution of revenues between budgets to implement principles of inter-budget relations;
- Reconsidering the classification of taxes on environmental pollution as a source of revenue for regional budgets to implement the principles of inter-budget relations;
- Delegating the assignment of healthcare expenditure to the regional level, as a factor reducing the authority to control the social and economic situation in areas;
- Attaching equal significance to both limits on expenditure and budget requirements in medium-term planning;
- Ensuring the opportunity to restructure expenditure limits as required if justified by budgets at a low-level;
- Speeding up the elaboration of natural norms of planning, ensuring their completion.
- Giving the Kazakh law “On State Social Purchase Orders” a status that is equal to that of the Kazakh law “On Governmental Procurements” when buying goods or services.

At the level of public policy, it is reasonable to use more actively the potential of the BC and other legal acts, for instance, rules to evaluate the effectiveness of budget programmemes in order to involve the public in evaluating the effectiveness of budget programmemes.

The second part of the study is devoted to the consideration of the practical aspects of forming local budgets and their expenditures in the social sector. A study of medium-term and current documents on budget planning led to the following conclusions. The development of medium-term fiscal policy conflicts with the effectiveness and efficiency of using budget funds. The plan is to tackle, in local areas, medium-term tasks of national significance not by an optimal amount of budget funds but by amounts corresponding to the expenditure limits for three years. Such a practice of forming local budget revenues violates the budget code provision, which forces authorities to consider not only the tax potential of each budget level in establishing forms of regulation of inter-budget relations, but also the results of the evaluation of objective budget requirements in the regions (item 3 of Budget Code article 40). This evaluation has special significance for considering budget requirements in social areas.

The adoption of policies authorizing higher representative bodies to distribute revenues leads to a reduction in revenues at lower-levels by a factor of two. The three-year limit cannot be changed. This makes it impos-
The study’s third section focused on the identification of social services that can be directly linked to the interests of families and children in the sphere of education and social protection. There were certain difficulties at this stage because of a lack of methodical and administrative coordination. Despite repeated attempts to achieve a consensus in understanding the content and purpose of social services, the identification was carried out on the basis of general information that is accepted in budget planning and public reporting in the end. It was established that the package of social and education services provided in local areas is in full compliance with minimum public social standards. The provision of school seats is at 90 percent; the education of disabled children in special schools and at home stands at 100 per cent. A “feedback” system with those receiving education based on IT technologies was implemented. A system of the preparation of children for school is being developed in secondary schools. There is a positive trend in providing children with pre-school education based on IT technologies. A crisis centre providing support for victims of domestic violence is in operation. There is a search for possibilities for an integrated approach to the problems of poverty and insecurity of children, families, young people and the disabled: help – adaptation – self-care – employment.

Despite this progress, there are a number of problematic areas. First of all, there is no legal interpretation of public social services. Pre-school education is not included in the minimum state education standards, not even for disabled children and children from needy families. Therefore, one cannot see consistency in services or in their trend towards the integration of these groups of children into the community. Only 25 percent of the need for pre-school establishments is currently being met. Few budget funds have been allocated for developing the social sector. The evaluations of the effectiveness and efficiency of budget programmes mainly use cost and quantitative indicators. Criterion of quality, which reflects the degree of satisfaction with education and social services, are not included in budget programme implementation reports. There are problems that Russian-speaking school leavers may encounter in their future education and employment. There are no services protecting the rights of schoolchildren’s to respect from teachers. There is evidence that it is burdensome for needy families to collect the package of documents verifying their need for allowances and welfare. The mechanism of social protection of children and families from damage inflicted by pollution is not working. The following measures could be relevant to resolving these problems:

- Consider the possibility of introducing addenda to the list of minimum social standards that are stipulated under the Kazakh law “On Children’s Rights” to include pre-school preparation and education for disabled children and children from needy families;
- Expedite the development of the legal base that regulates and sets standards for the delivery of social services to the population;
- Consider the possibility of introducing an electronic package of documents for claiming allowances and welfare (for instance, electronic identification cards) instead of the current use of physical documents;
- Consider the possibility of transferring funds from the National Social Insurance Fund to compensate for ecological damage inflicted on children, families and socially vulnerable people, sending funds to individual bank accounts for cleaning services, diagnosis, prevention, treatment and surgery, if required;
- At a local level, it is expedient to begin searching for and developing
ways to integrate disabled children and their parents into the school system and the professional community, involving civil society, business structures and media outlets;

- At a local level, making services of the Ulba crisis refuges in town social services centres, friendly to women, children and victims of domestic violence.

The final section is a brief vision of a possible use of the results of the study in implementing the project entitled “Child-Friendly City” (CFC). As the CFC’s key purpose is to make the inclusion of the interests of families and children in the local administration system compulsory, education, partnership and the mobilization of the community must be continuously concomitant. The analysis of the legislative base that regulates the budget process and budget relations shows a general picture of amendments which are necessary for more effective consideration of the needs of families, children and socially vulnerable people. Therefore, it may serve as a tool for information, explanation and further mobilization for the purpose of promoting recommendations aimed at strengthening the independence of local budgets. The consideration of the practice of planning and using local budget funds in the social sector can be used to train parent committees and councils for school self-administration. The simplicity of the summary of stages of the budget process and the fundamentals of budget planning and implementation can help to demystify the common view among people that a budget is something very complicated and unclear to ordinary citizens. As part of the project “Child-Friendly City”, involving people in studying budgets is the starting point for children, young people and families to participate in the decision making process. As for the special part, which links existing services with the needs of their target groups, it can build a new platform for dialogue. The subject of its work and discussions may include cooperation and interaction between representatives of local authorities, civil society and businesses in integrating children and older people who have found themselves in difficult life situations, into schools and professional communities.

I. REVIEW OF THE LEGISLATIVE BASE REGULATING THE FORMATION AND THE EXECUTION OF LOCAL BUDGETS

The main emphasis in the review was the determination of key differences between current budget legislation and previous legislation in drafting and implementing local budgets. The following were considered correspondingly: articles and regulations of the Kazakh law “On budget system” of 01.04.1999 with amendments made in 1999, 2000, 2002 and 2003, of the BC of 4.04.2004 with addenda and amendments introduced on 22.10.04, 13.12.04, 20.12.04 and 05.07.06, of the government regulation “On Ratifying Rules to Evaluate the Effectiveness of Budget Programmes”, “On the Ratification of the Rules to Draft Medium Term Fiscal Policy”, “On the Ratification of the Rules to Draft Medium Term Plans for Social and Economic Development” and, “On the Ratification of the Rules to Draft Local Budgets”. At the same time, attention was paid to provisions of the Kazakh law “On Government Procurements” of 16.05.02 with its amendments of 25.04.06, “On State Social Orders” of 12.04.05, and “On Local State Administration” of 23.01.01 with its amendments introduced on 25.04.01, 24.12.01, 21.05.02, 11.05.04, 09.07.04, 20.12.04, 21.12.04 and 07.07.06.

The review structure was shaped in line with the sections and articles of the BC so that it is easy to explain its characteristics in comparison with the previous legislation.

1.1. Budget system principles

The principles of the budget system make up the conceptual framework for the functioning of the system. These principles were made significantly longer and included more content in comparison with the previous legislation. Additional principles such as consistency, efficiency and effectiveness were included. Also, the principles of independency and transparency were improved.

The principles of priority and consistency were included on the basis of articles regulating the budget planning procedure. They are aimed at inte-
grating national and regional plans for strategic and medium-term social and economic development into annual budgets. The principles of effectiveness and efficiency are focused on the need to develop and implement budgets in order to achieve results guaranteed in budget programmes. Defined the principles aim to achieve scheduled results by means of the optimal volume of budget funds or to realize the best possible results using agreed budget expenditures.

Unlike the three previous principles, which were supported legally by certain budget code articles and Kazakh government resolutions, the principle of responsibility can be considered rather as an ethical commitment that national government bodies should follow.

As was noted earlier, wider interpretation was given to two principles that were enshrined in the previous law. Particularly, the principle of budget independence bans surplus profits gained during the implementation of local budgets and outstanding funds from being sent to the higher-level budget, expect in cases in which it is mandatory to return allocated funds and budget loans which were not used properly to the higher budget.

The principle of transparency, in addition to the mandatory publication of legal acts in the area of budget legislation, also ensures publicising the budget processes. The BC itself became a good prerequisite for transparency. Unlike the Kazakh law “On the Budget System”, it contains a much fuller and clearer interpretations of the principles and mechanisms of the functioning of the budget system, the structure and the implementation of budget funds and the forms of regulating relations between various levels of budgets. Its content is available both in soft and hard formats. Therefore, anyone interested has the opportunity to study the basis of the national budget system. In addition, all government regulations concerning budget planning are accessible to the public on the website of the Ministry of the Economy and Budget Planning of Kazakhstan. At the same time, it is necessary to acknowledge that the fact that the budget law is available for public scrutiny is only the grounds for transparency of the budget process. It is fundamental that there is opportunity for the public’s involvement and for public examination in order to ensure both the transparency and effectiveness of budget implementation.

**Conclusion:** It is absolutely clear that the extension of the list of the principles of the Kazakh functioning of the budget system is a step forward in developing the effectiveness of the planning, allocation and the implementation of the budget at all levels. At the same time, it is necessary to strengthen the principle of transparency by ensuring the public’s right to involvement in and examination of the budget.

### 1.2. Budget levels

Following the adoption of the budget code, the budget was divided into additional levels. Earlier there were two levels: republican and local. Now a three-level scale is used: republican, regional (including budgets of the city of national significance as well as the capital) and district budgets (including cities of regional significance).

“The regional budget and the budget of the city of republican significance and of the capital, is a centralized fund formed from taxes and other incomes fixed in the code. It is designed for the funding of the tasks and the functioning of local government bodies at the regional level, in the city of republican significance, the capital, and in state establishments within their jurisdiction, and for the implementation of the state policy in corresponding political units. The regional budget, the budget of the city of republican significance and of the capital, in a respective fiscal year is approved by the decision of the regional administration, and the administration city of republican significance and the capital.”

District budgets (including cities of regional significance) include centralized funds with revenues from taxes and other incomes that are provided for by articles of the code. They have a similar functional designation but only at a much lower-level of state administration. District councils decide to approve district budgets (or budgets for cities of regional significance) for the each fiscal year.

Thanks to the division of the local budgets into two levels, the budgets of districts (and cities of regional significance), which are at the lowest level, have become more independent, to a certain extent. First of all, each of them has their own structure of expenditures and revenue, which is important for the transparency of relations between the budget levels. Secondly, the quality of budget forecasting has improved because appropriate medium term documents and macroeconomic indicators were developed separately for the higher-level and low-level budgets. Thirdly, the need to provide state services as close to consumers as close as possible is enshrined in the legislation. This last condition is key in developing and establishing social packages when the best way to address the needs of families, children and socially vulnerable layers of the population is considered. At the same time, in the context of developing self-governance in Kazakhstan, there is a need in the future to develop mechanisms to break up the budget levels into sublevels. In our opinion, the lowest level of the budget system should be the budgets of small towns, district centres and rural areas, which will function within the framework of the single principles of the Kazakh budget system.
Conclusion: It is clear that dividing local budgets into two levels will promote growth in the independence of the budgets of districts (and cities of regional significance). The prospect has emerged of bringing state services and consumers closer together. However, a step-by-step introduction of local self-governance should be accompanied by the development of mechanisms aimed at the further breaking down of budget levels. As a rule, the majority of socially vulnerable and poor people live in small towns and rural areas. Accordingly, state social packages should be planned and funded at this administrative level so that these packages are easily available to recipients.

1.3 Relations between budget levels. Allocation of revenues and expenditures between budget levels

It is necessary to note from the beginning that the previous Kazakh law “On the Budget System” defined relations between budget levels that were not developed at all. It is quite natural that human factors often had more influence on the levelling of the vertical and horizontal imbalance between budgets levels than the real needs of administrative territorial areas. With the adoption of the budget code, fundamental changes have taken place in this area of the budget system. First of all, functions and powers were clearly delineated between the levels of government. Secondly, the allocation of revenues and expenditures between the regional and district (including cities of regional significance) budgets were enshrined in the legislation. And thirdly, this ensured the unity and transparency of the methods of implementing budget relations between various levels.

1.3.1. Regulation of inter-budget relations and revenue allocation

The regulation of the relation between local budgets is carried out by making official transfers, budget loans and through revenues allocation. Official transfers are divided into general transfers, current earmarked transfers and transfers allocated for development.

General transfers are budget subventions and withdrawals. Budget subventions are transfers made from higher-level budgets to low-level budgets within limits that are approved in republican and regional budgets. The budget withdrawals are transfers made from low-level budgets to higher-level budgets within amounts approved in republican and regional budgets. The volume of general transfers are set in specific amounts for a three-year term and divided by years. Between the republican and regional (including the city of republican significance and the capital) budgets, they are regulated by the Kazakh law “On the Budget” for each year. Between the regional and district (including cities of regional significance) budgets, transfers are regulated by the decision of the regional council, “On the Budget” for the appropriate fiscal year.

General transfers are aimed at carrying out two tasks in one; on the one hand, they equalize the capacity of local budgets. On the other hand, they ensure equal financial resources to provide a standardized level of state services in accordance with each budget level’s expenditures, as determined in the budget code. The order and frequency of transfers from low-level budgets to higher-level budgets and budget subsidies from higher-
level budgets to low-level budgets are determined by the government of Kazakhstan.

Current transfers allocated for special purposes are those that are used to implement separate current budget programmes that are not taken into account when in calculating budget withdrawals (budget subsidies). They are transferred from higher-level budgets to lower budgets within the amounts approved in republican and regional budgets. The use of earmarked current transfers is limited. They are meant for the carrying out of state, sector or regional programmes and can be allocated by petition of akims [governors] during a fiscal year. They can also be used for events that are funded from the reserves of the Kazakh government or local executive bodies in regions.

Transfers allocated for development are used to implement budgeted local investment projects or programmes, which are proposed by local executive bodies based on state, sector and regional programmes. At the same time, they can be used by local administrative bodies to carry out the country’s development programmes and plans that are also aimed at gaining social and economic benefits.

Budget loans from the republican budgets and regional budgets can be issued to regional budgets, to the budgets of cities of state significance, the capital, and the budgets of districts (including towns of regional significance), when co-financing budget investment projects or programmes or if a budget deficit is predicted for a fiscal year. The allocation of tax and non-tax revenues to the income part of budgets to a certain level is regulated within the framework of the single budget classification. It is ratified by a Kazakh government regulation and is mandatory for the budgets of all levels. It is worth noting that the current budget code defines the criteria of distributing revenues between budgets. They include:

- Assigning stable tax and non-tax revenues to budgets at low-level;
- Preference for the assignment of tax and other mandatory payments to the budget level which ensures the highest possible rate of revenue accumulation;
- Allocating tax and non-tax revenues that are gained from services by state establishments to the budget from which they are funded;

At the same time, the allocation of revenues between the levels of budgets should help:

- To make state services as effective and efficient as possible, by assigning these services to the level of government that can ensure their best performance for consumers;
- To bring the performance of state services as close as possible to their consumers by handing over the performance of the services to the lowest possible level of the budget system with a view to better consideration of the needs of consumers and the improvement of the quality of state services.

Undoubtedly, the introduction of these criteria, and especially their observance, constitutes a firm ground for increasing the independence of budgets at lower-levels. In addition, there emerge prerequisites for a more effective and efficient use of budget funds by developing their quality and targeting state services. In addition, the budget code contains binding provisions to consider the results of the evaluation of the regions’ objective budget needs in determining forms of regulating the relations between budget levels. This is an additional measure that can help to stabilize local budget revenues.

At the same time, the budget code retained articles from the previous Kazakh law “On the Budget System”, which cast doubt on the achievement of the above-mentioned results at the level of city budgets. The issue concerns the procedure of approving policies for distributing revenues that are the source of income for the budgets of both the regions and districts (including towns of regional significance). In industrial centres, income and social taxes account for the largest portion of general revenues. At the same time, they are the most stable source of local budget revenues. Accordingly, these types of taxes play a key role in ensuring the stability of budgets at low-level. However, representatives of administrative bodies at the higher regional level have the exclusive right to set policies for distributing revenue for a three-year term.

The same revenue allocation determines norms of appropriate payments for environmental pollution from sources of regional budget revenue. These payments are mainly designated to organize and fund measures for environmental pollution from sources of regional budget revenue. It is quite clear that, in this case, the main payers are manufacturing, metallurgical, and processing enterprises. As a rule, they are situated in major towns. Thereafter, the population of these towns is subject to the negative impact of pollution. At this level then, not at the higher-level, the policy of rehabilitation of the environment and the protection of the population including children should be determined and funded. Appropriating this type of payments to the regional level deprives town governors of the opportunity to influence the use of these funds in line with their purpose.

**Conclusion:** The adoption of the budget code has essentially organized and systematized budget relations at the local level. The legislation
divides the functions and the authority of state administrative bodies, distributes sources of revenue to local budgets and makes the forms of regulation more transparent. At the same time, the top-down command structure of procedures for ratifying the norms of distributing revenues between regional and district (including towns of regional significance) budgets does not provide for a mechanism that considers the objective budget needs of districts and towns of regional significance. Under these conditions, it is doubtful that the formation of adequate budget revenues is possible at lower-levels.

1.3.2 Allocation of expenditures between budget levels

The allocation of expenditure between the two levels of local budgets in the current legislation has become more transparent. For each budget level, the areas of expenditures were determined by functional groups in the single budget classifier. Within the framework of the sectors under consideration, the structure of the expenditures distributed between regional and district (including towns of regional significance), budgets is shown in Table 1.

Table 1. Allocation of expenditures

<table>
<thead>
<tr>
<th>Name of sector groups</th>
<th>Expenditures from regional budget</th>
<th>Expenditures from district (including towns of regional significance), budgets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Education</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pre-schools learning and education;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organization and ensuring of mandatory free secondary education for citizens in public schools, including evening classes and boarding schools;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>School competitions within districts and towns;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The procurement and supply of textbooks for state education establishments in districts and towns</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additional education for children and young people;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The examination of the mental health of children and teenagers and provision of psychological, medical and educational advice for the population;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The rehabilitation and social adaptation of disabled children and teenagers;</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Health care</strong></td>
<td>Providing guaranteed medical care, except for services that are funded from the state budget;</td>
<td></td>
</tr>
<tr>
<td>Ensuring hygienic conditions for the population funded from the state budget;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The procurement of vaccines, immunobiological medicines and other medicines in line with Kazakh legislation;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The acquisition of blood, components and medicines for local healthcare departments;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other measures in the area of healthcare, except for those services funded from the state budget;</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Social aid and social protection</strong></td>
<td>Social protection of orphans and those without parental care;</td>
<td></td>
</tr>
<tr>
<td>Social protection of elderly and disabled people, including disabled children, except for social services funded from the budgets of districts (including towns of regional significance)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>housing;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>material security of disabled children nurtured and educated at home;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>monthly state allowances allocated and paid for children until the age of 18;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>providing the disabled with mandatory hygienic items in line with their individual rehabilitation programme; providing disabled people of the first group, who have movement difficulties with individual assistance and deaf –mutes with experts in sign language;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>providing social aid at home to citizens in need;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>social adaptation of the homeless;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ensuring employment;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>special state social aid;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>social protection for separate categories of citizens in need by decision of local representative bodies.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
When comparing local budget expenditures for education, the following fact is important – funds for pre-school upbringing and education are fully allocated from budgets of the lower-level. It is no secret that the majority of the infrastructure of pre-schools was lost during the period of market reforms. Therefore, it takes significant funds to restore this infrastructure. With the current system of regulating budget relations, it is illusory to hope that these funds in low-level budget revenues will be sufficient. Therefore, the only real instrument for resolving this problem is earmarked development transfers.

As far as healthcare is concerned, as is shown in Table 1, expenditures for this functional group come entirely from the regional budget. In our view, this approach contradicts principles of inter-budget relations and casts doubt on the possibility of a better way of considering the needs of those who receive medical services or of improving their quality. In addition, it weakens the powers of state administration bodies at the level of districts (including towns of regional significance). At the same time, in line with Item 6 of Article 1 of the Kazakh law “On Local State Administration”, local authorities bear full responsibility for the social and economic development of territorial areas. The rating of akims [governors, mayors] also includes medical indicators. It takes legislative harmonization of expenditure allocations to achieve systems of local state administration that are friendly to the interests of children, families and socially vulnerable groups of citizens. The necessary powers should be granted along with responsibilities.

**Conclusion:** The current mechanism of allocating expenditure between the two levels of local budgets has significantly increased the transparency of inter-budget relations. At the same time, the division of some functional groups and areas of funding between the levels of local budgets contradicts the principles of inter-budget relations and weakens the powers of state governing bodies in implementing social policy.

### 1.3.3 State regulation of budget relations

The structure of national government in the area of regulating budget relations between local budgets includes the regional administration [councils] (including the budget of the city of state significance, the capital) and districts (including towns of the regional significance), the administration of regions (including the city of state significance, the capital) and districts (including towns of regional significance), and budget committees. The previous budget law contained partial interpretation of the authority of the above listed structures. Currently, this authority is stipulated by separate articles and includes a list of separate powers for the representative and executive authorities.

The work of representative bodies includes the ratification of local budgets and annual reports on their implementation; the election of commissions for administration revision that carry out external evaluation over local budget implementation; the consideration of reports on external evaluation of local budget implementation; and other powers in line with Kazakh laws. Unfortunately, the majority of the powers of representative bodies are of an advisory nature rather than being binding in nature. At the same time, Item 8 of Article 1 of the law “On Local State Administration in Kazakhstan” provides for a norm stating that local representative bodies express the will of the population and determines measures for implementation of this norm and evaluation of the implementation of these measures.

To carry out this mission within the framework of the authority delegated to councils is very difficult. In addition, Item 1.1 of Article 4 of the same Kazakh law bans making decisions that do not correspond with the country domestic and foreign policy and its financial and investment policy. However, the criteria for determining these inconsistencies are not specified anywhere. Thus, representatives of the authorities do not have much freedom to express the people’s will in shaping social policy in the interests of the people. The listing of jurisdictions of regional and town (district) councils in the BC veils the dominant role of the higher authorities over lower ones in establishing norms for allocating funds between regional and town budgets. District and town representatives of the people have almost no rights in this process.

Compared with the representative authorities, the executive bodies of the national government have a much higher-level of jurisdiction and influence in budget processing. Their powers include: coordinating the work of regional (including the city of state significance and the capital) and district (including towns of regional significance), bodies for budget planning and budget implementation; submitting the draft budget of regions (including the city of state significance and the capital) and districts (including towns of regional significance), for the appropriate fiscal year to respective administrations; submitting an annual report on the implementation of budgets of regions and districts to respective administrations; adopting regulations on the implementation of resolutions by regional and district administrations for respective budgets for the appropriate fiscal year; ratifying the medium term fiscal policies of regions and districts; establishing locally authorized bodies for economic and budget planning and budget execution in regions and districts; setting up regional and district budget committees, drafting provisions on these committees and appointing their staff; approving the financial plans of regions and districts.
for the first quarter of the relevant fiscal year in the cases defined in the code; and executing other powers in line with Kazakh legislation.

Budget committees play an important role in ensuring the timeliness and the quality of drafting local budgets and correcting and elaborating them. Their activities are continuous and of a regulatory nature. These committees are involved in: drafting proposals for medium-term fiscal policy for the forthcoming period of three years; drafting suggestions to specify the indicators for draft budgets for the relevant fiscal year; drafting suggestions to specify the list of budget programmemes and sub-programmemes for funding in the forthcoming three-year period and in the planned fiscal year, drafting a mechanism for their implementation based on medium-term fiscal policy, the results of state functions with the consideration of functions delegated to the non-government sector, the evaluation of the effectiveness of programmemes and draft budget programmememe documents; drafting proposals for draft legal acts when providing for an increase in expenditure or a reduction in state or local budget revenues; producing suggestions to specify budgets for the relevant fiscal year; considering the results of the evaluation of budget implementation programmemes and making suggestions concerning these programmemes; other authorities stipulated by the code and laws on budget committees.

Budget committees are headed by regional governors (including cities of state significance, the capital) and districts (including cities of regional significance). These committees include deputy governors, the economy and budget planning departments, the tax committee, financial departments, budget programmememe administrators and members of representative authorities. The working bodies of budget committees are the economy and budget planning departments. After the adoption of the Budget Code, this body begins to play a key role in planning and drafting budgets.

Conclusion: Undoubtedly, the adoption of the budget code has significantly streamlined the level of the capacity of state administrative bodies to regulate budget relations. This has created prerequisites for quality planning and drafting of local budgets. However, the level of budgeting powers that are delegated to district and town councils do not call into question the possibility of their real influence on budget policy in order to protect the interests of the family, children and socially vulnerable people.

1.4 Budget process

The fundamental distinction of regulating the budget process by the current budget code is a higher-level of procedures at all of its stages.

1.4.1 Drafting and ratifying local budgets

This stage starts with the process of budget planning based on three principles:

- **Continuity** – planning the state and local budgets, budget revenues, which are deposited in the Kazakh National Fund, with the country’s socio-economic development and medium-term fiscal policy that served as the basis in the previous period, considering results of evaluation of the effectiveness of programmemes and budget implemented in the previous and current fiscal years.
- **Priority** – planning state and local budgets while observing priority directions of the strategic and socio-economic development of the country or a region for the upcoming period.
- **Validity** – planning budgets based on legal acts and other documents specifying the need to include certain revenues or expenditures in draft budgets and the validity of their amounts.

Before, a single document – an indicative plan for the socio-economic development of the country or a territorial unit for three years – used to be drafted at this stage. After the adoption of the budget code, the planning and drafting of budgets was based on medium term fiscal policy (MFP) and medium term plans of social and economic development (MPSED) at both national and local levels.

Medium term fiscal policy is developed every year with the view of specifying the strategic directions of the budget planning process. On the one hand, this policy specifies the tax and budget policy for the next three years in terms of revenue growth and expanding tax revenues. On the other hand, it specifies three-year forecast indicators of the expenditures in each functional group of the single budget classification. Accordingly, a real increase in expenditure for families, children and socially vulnerable group people is possible only when such increases are forecast in advance in sections of the medium term fiscal policy.

Medium term planning for socio-economic development makes it possible to specify basic indicators and the direction of socio-economic development of territorial areas for a three-year period and measures to implement them. It includes a wider range of issues that are related to both the production and social sector than the MFP. The adoption of the MFP and
increasing social orientation of budgets and efficiency of public expenditures at national and local levels in the best interests of children and families

the MPSED makes it possible in the process of budget planning to forecast budget revenues and expenditures in a more coordinated way, retain growth rates and the priority of funding branches and ensuring a step-by-step implementation of programmes and measures. Therefore, as part of the medium-term socio-economic development plan, a detailed plan for their implementation is being developed.

In July 2006, amendments and addenda were introduced to the BC. They aimed at improving the process of planning state and local budgets. Specifically, the time for approving the MFP, MPSED and the budget for the following fiscal year and the following period of three years was extended by one month. This measure should ensure more accurate forecasting of evaluation indicators for the following fiscal year by considering the actual results of the outgoing year. At the same time, if higher-level bodies pass laws that will entail an increase or decrease in the revenues of low-level budgets, losses will be compensated for by current funds assigned from higher-level budgets. Thus, conditions were created to ensure that the revenues that were forecast in medium-term fiscal policy of local budgets can be allocated for the implementation of programmes as planned.

An important aspect of the amendments is the fact that the approach to shaping the list of priority investment programmes and projects changed. Medium term plans for social and economic development will, first of all, include those programmes that will comply with approved state, sector and regional programmes. This measure will make it possible to ensure a two-way effect. First of all, conditions are being created to support the continuity and rationality of the distribution of budget funds. Secondly, the chance to achieve objectives and tasks for these programmes is growing significantly because their results in a region will be evaluated in addition to macroeconomic indicators, as previously was the case.

At the same time, it is worth noting that only two of the country’s current 30 priority investment projects are focused on the social sphere: reforming the healthcare and education systems. The lion’s share of these investments is allocated to develop and reconstruct provision of healthcare and education in the city of Astana, the nation’s capital. Three of investments are related to indicators of stable development in the spheres of environmental protection and a safe drinking water supply. On the local level, the situation is similar. The social sector is limited to current funding to provide the minimum state guarantees in the spheres of education, healthcare and social protection.

A number of amendments have created prerequisites for the more effective management of budget programmes by administrative bodies, using budget funds within the established limits. Firstly, the removal of planning procedures will make it possible for them to rely on more realistic indicators while implementing their budget programmes. Secondly, administrators’ responsibilities and authorities for drafting and correcting budget calls and using funds within the limits of budget programmes were increased. In addition, their duties included the monitoring and evaluation of the effectiveness of short-term budget programmes. In their applications for a three-year budget, administrators must enclose draft passports of their budget programmes and a list of priority investment projects. To make it clearer, all the above listed forecast effects from the amendments introduced in the budget code are summarized in the Table in Appendix 1.

At the same time, the procedures of medium-term planning retained their strict vertical “top-down” direction. Forecast indicators of revenues and expenditures on current budget programmes and low-level budget development programmes are established by higher-level bodies of national government – the regional departments for economy and budget planning. In our view, this contradicts the budget code provisions binding to consider “objective budget needs of regions” in inter-budget relations. No tool has been developed for their evaluation and consideration. They have not been developed in the social sector either. Therefore, low-level administrative bodies have practically no possibility to appeal against budget decisions and defend their needs.

Certain complications emerge because of the stretched limits of three years’ expenditures, which the department for economy and budget planning assign to low-level budgets as part of medium-term fiscal policies. The dynamic development of the economy, continuous changes in legislation, a change in the tariff policy and expanding the focus on the country’s strategic tasks, including social ones, requires a much more flexible approach to shaping the limits of expenditures.

When planning social expenditures, special attention should be paid to the need to improve natural norms. In the budget code, they are marked as the basis for determining the cost of state services. Their development and ratification are within the authority and responsibility of the Kazakh government. Unfortunately, at present, the norms have not been developed fully, and services are not complete. This factor has a negative impact on the quality of planning and services, especially social ones, to the population.

The sequence and content of the budget planning and ratification process taking into account the amendments are summarized in Table 2. In addition, the table shows the interaction and authorities of state regulating bodies in the sphere of inter-budget relations.
Table 2. Results and Content of Budget Procedures in Line with the Amendments to the Budget Code of 05.05.2006

<table>
<thead>
<tr>
<th>№</th>
<th>Measures</th>
<th>Responsible Body</th>
<th>Submitted to</th>
<th>Previous Deadline; New Deadlines</th>
<th>Legal Basis</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The organizational stage of drafting MFP</td>
<td>Economy and Budget Planning Unit (EBPU)</td>
<td>Budget programme administrators</td>
<td>1 February 1 March</td>
<td>Rules to develop medium-term fiscal policy, ratified by government resolution 677 of 21.06.04</td>
</tr>
<tr>
<td>2</td>
<td>Results of the evaluation of the effectiveness of budget programmes during the process of drafting MFP</td>
<td>Budget programme administrators</td>
<td>EBPD</td>
<td>1 March 1 April</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>MFP coordination</td>
<td>EBPD</td>
<td>Budget committee, Budget programme administrators</td>
<td>1 June 1 August 5 June 5 August</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>The ratification of MFP</td>
<td>EBPD</td>
<td>Town akimat [mayor’s office]</td>
<td>1 June 1 October</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>The draft MFP</td>
<td>EBPD</td>
<td>Budget committee</td>
<td>5 May 5 September</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>The ratification of MFP</td>
<td>EBPD</td>
<td>Town akimat</td>
<td>1 July 1 October</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>The ratified MFP</td>
<td>EBPD</td>
<td>EBPU</td>
<td>After ratification</td>
<td></td>
</tr>
</tbody>
</table>

**Medium-term plan for social and economic development**

<table>
<thead>
<tr>
<th>№</th>
<th>Measures</th>
<th>Responsible Body</th>
<th>Submitted to</th>
<th>Previous Deadline; New Deadlines</th>
<th>Legal Basis</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>The development of limits, proposals on sections of medium term planning</td>
<td>EBPD</td>
<td></td>
<td>20 February 20 March</td>
<td>Rules to develop medium term plans for social and economic development, approved by government resolution 647 of 14.06.02</td>
</tr>
<tr>
<td>9</td>
<td>Draft medium term plan of the town</td>
<td>EBPD</td>
<td>EBPD</td>
<td>10 March 1 June</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>The coordination of the sections of the regional (or town) medium term plan</td>
<td>EBPD</td>
<td>EBPD</td>
<td>20 April 20 May</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>The coordination of medium term plan of the town</td>
<td>EBPD</td>
<td>EBPD</td>
<td>2 May 1 June</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>The elaboration of the sections of regional medium term plans</td>
<td>EBPD</td>
<td>EBPD</td>
<td>June July</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>The main directions of towns’ social and economic development and key forecast indicators</td>
<td>EBPD</td>
<td>EBPD</td>
<td>15 June 15 August</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>The elaboration of the medium term plan and submission to town akimat</td>
<td>EBPD</td>
<td>EBPD</td>
<td>July August</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>The ratification of medium term social and economic development plan of the town</td>
<td>Town Akimat</td>
<td>EBPD</td>
<td>15 October 15 November</td>
<td></td>
</tr>
<tr>
<td>No.</td>
<td>Date/Event</td>
<td>Description</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----</td>
<td>---------------------------------------------------------------------------</td>
<td>-------------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>1 October Resolutions of the BC on fiscal year 2006</td>
<td>Town akimat</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>15 October Final version of the annual fiscal plan</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>21-23 September Final version of draft town budget</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>1 November The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>15 October The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>15 October The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>15 October The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>15 October The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>15 October The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>15 October The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>15 October The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>15 October The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>15 October The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>15 October The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>15 October The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>15 October The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>15 October The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>15 October The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>15 October The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>15 October The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>15 October The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>15 October The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>15 October The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>15 October The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>15 October The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>27</td>
<td>15 October The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>28</td>
<td>15 October The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>29</td>
<td>15 October The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>30</td>
<td>15 October The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>31</td>
<td>15 October The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>32</td>
<td>15 October The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>33</td>
<td>15 October The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>34</td>
<td>15 October The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>35</td>
<td>15 October The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>36</td>
<td>15 October The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>37</td>
<td>15 October The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>38</td>
<td>15 October The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>39</td>
<td>15 October The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>40</td>
<td>15 October The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>41</td>
<td>15 October The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>42</td>
<td>15 October The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>43</td>
<td>15 October The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>44</td>
<td>15 October The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>45</td>
<td>15 October The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>46</td>
<td>15 October The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>47</td>
<td>15 October The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>48</td>
<td>15 October The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>49</td>
<td>15 October The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>50</td>
<td>15 October The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>51</td>
<td>15 October The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>52</td>
<td>15 October The consideration of draft local budget by permanent committees of maslikhats</td>
<td>EBPD</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Local executive bodies (akimats) are executive bodies headed by akims (governors) of regions (including towns of regional significance) that administrate relevant local areas within their authority.
Conclusion: It is quite clear that unlike previous legislation, the current budget code has streamlined and systematized the planning and ratification of budgets. The introduction and improvement of medium term planning has laid the basis for a higher quality implementation of priority state tasks at the local level. At the same time, additional efforts need to be applied to ensure a more flexible and adequate planning of expenditure in the social sector. It is necessary to harmonize the process of ratification of expenditure limits for the current programmes and the programmes for developing low-level budgets, the results of the evaluation of local budget needs. It is also necessary to pay attention to elaborating and differentiating the natural norms of planning by types of social services to the population.

1.4.2 Implementation and clarification of local budgets

Budget implementation is the process of implementing a system of measures to ensure budget revenues, the implementation of budget programmes and the funding of budget deficit (surplus). Budget implementation begins on 1 January and ends on 31 December of the current fiscal year. Budget implementation involves the implementation of revenues and expenditures.

Revenue implementation includes a number of measures by a financial department to ensure the completeness and timeliness of budget revenues. At the same time, financial departments evaluation revenues so that their level is not lower than the limit fixed by maslikhat resolution of a town’s budget for a corresponding year. The clarification of the budget revenues that are shared between regional and town budgets in accordance with Kazakh budget law is carried out with the agreement of regional economy and budget planning department. If the clarification is carried out in connection with regional budget clarification for a corresponding fiscal year, a relevant decision by a maslikhat will be accepted within two weeks.

The implementation of budget revenues includes budget programme administrators’ implementation of measures to ensure the timely achievement of objectives within the limits of funds approved by maslikhat decisions on town budgets. The main stages of implementing budget expenditures are the drafting and ratification of individual plans for funding debts and payments; the drafting and ratification of consolidated plans on revenues and financing; granting permission to state establishments accepting liabilities; the registration of civil transactions by state bodies; and the execution of payments and transfers.

In implementing budget revenues, a number of key principles should be observed. The top priority is using funds for their special purpose. In the budget code, this is understood as allocating expenditure for measures that were stipulated in budget programme passports or by legal acts within the framework of which these programmes are implemented. The amendments introduced in the budget code gave this concept wider interpretation. Now this includes not only using funds for their purposes but also achieving goals and budget programme figures. This amendment is of key significance in implementing social programmes as it creates reasons for more objective evaluation of the effectiveness of both the programmes and their administrators’ activities.

Tendering for goods (services) from suppliers through the system of state procurements is one of the methods to increase the effectiveness of expenditure. Buying social services for socially vulnerable groups of the population is one of the best ways of meeting their needs as the country’s social infrastructure suffered significantly during the period of market reforms. Its recovery and development are proceeding much slower than the commercial and non-commercial services. However, the Kazakh law “On state procurements” provides for mandatory pre-payment for a tender application “up to 3 per cent of the total competition cost”2. This is a significant amount for non-commercial organizations (except for the Kazakh public union of the disabled). The Kazakh law “On state social order”, as part of which NGOs can perform services at the expense of budget funds is not mentioned in the budget code as a peer regulator of state procurements.

In line with the amendments, local budget clarification is admitted no more than once in a quarter during a fiscal year. Akimats have the right to initiate budget clarification on certain budget programmes based on results of the analysis of budget implementation and the evaluation of the effectiveness of budget programmes, considering recommendation from town budget committees on the need to reconsider annual planned allocations by separate budget programmes. It should be noted that the redistribution of funds from functional groups of social directions is not admitted. This can be done only in the structure of expenditures of the functional group itself. For example, in 2006 one third of the funds allocated to social payments were not used. Following a budget clarification, they were redistributed as additional housing allowances and material aid to war veterans. During budget clarification, amendments and addenda have to be included in budget programme passports. Systematized legal acts that accompany budget implementation and clarification processes are presented in Table 3, with the example of Ust-Kamengorsk.
Table 3. Legal acts by local representative and executive bodies which are adopted during budget implementation and clarification

<table>
<thead>
<tr>
<th>№</th>
<th>Name</th>
<th>Targeted allocations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Akimats’ legal acts (resolutions)</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>“On submitting draft 2006 budget of the town of Ust-Kamengorsk to the town maslikhat” #1251 from 13 December 2005</td>
<td>Draft budget for 2006</td>
</tr>
<tr>
<td>2</td>
<td>“On the execution of the Ust-Kamengorsk maslikhat decision 19/2 of 14 December 2005 ‘On the 2006 budget of the town of Ust Kamengorsk’” #1391 from 04 January 2006</td>
<td>Resolution on budget implementation</td>
</tr>
<tr>
<td>4</td>
<td>“On submitting proposals to amend maslikhat decision 19/2 of 14 December 2005 ‘On the town’s 2006 budget’ to the town maslikhat” #2295 from 10 February 2006</td>
<td>Budget clarification to allocate free outstanding funds</td>
</tr>
<tr>
<td>5</td>
<td>“On amendments to Ust-Kamengorsk akimat’s resolution 1391 of 4 January 2006 ‘On the execution of Ust Kamengorsk maslikhat decision 19/2 of 14 December 2005’ ‘On the 2006 budget of the town of Ust-Kamengorsk’” #2569 from 0409 March 2006</td>
<td>Resolution on the implementation of clarified budget</td>
</tr>
<tr>
<td>6</td>
<td>“On the implementation of the 2005 budget of the town of Ust-Kamengorsk” 2703 from 24 March 2006</td>
<td>Report on implementation</td>
</tr>
<tr>
<td>7</td>
<td>“On submitting to the town maslikhat proposals to clarify Ust Kamengorsk’s 2006 budget which was approved by maslikhat decision 19/2 of 14 December 2005 ‘On Ust-Kamengorsk’s budget for 2006’” #3094 from 11 April 2006</td>
<td>Budget clarification on results of the first quarter</td>
</tr>
<tr>
<td></td>
<td>9</td>
<td>“On submitting to the town maslikhat proposals to clarify Ust-Kamengorsk’s 2006 budget, which was approved by maslikhat decision 19/2 of 14 December 2005 ‘On Ust-Kamengorsk budget for 2006’” #4190 from 12 July 2006</td>
</tr>
<tr>
<td></td>
<td>11</td>
<td>“On submitting to the Ust-Kamengorsk maslikhat proposals on clarifying Ust-Kamengorsk’ budget for 2006, which was approved by maslikhat decision 19/2 of 14 December 2005 ‘On Ust-Kamengorsk budget for 2006’” #384 from 16 October 06</td>
</tr>
<tr>
<td></td>
<td>13</td>
<td>“On the implementation of the Ust-Kamengorsk budget in the first nine months of 2006” # 445 from 20 October 2006</td>
</tr>
<tr>
<td></td>
<td>14</td>
<td>“On the medium-term plan for social and economic development of the town of Ust-Kamengorsk in 2007-2009” #446 from 26 October 2006</td>
</tr>
</tbody>
</table>
Amendments introduced to Article 116 of the budget code simplified the procedure of budget clarification. Before, budget clarification could only be admitted if annual plans for revenues were implemented by 80 per cent by the end of the first quarter, by over 60 per cent in the first six months, and by over 80 per cent in the first nine months. Now the budget clarification can be conducted regardless of revenue volumes, which significantly expanded the powers of local executive bodies to evaluate revenues independently and use them in a timely and rational manner.

Because of uneven distribution of funds under previous conditions, it was impossible to clarify budgets during a year and allocate extra funds for urgent needs. Therefore, the process of evaluating the use of assigned funds was improved, which is significant for developing the effectiveness of social programmes. At the same time, there is no sense in harmonizing legislative norms that regulate the process of procurement of goods (services, works).
The finance department makes a budget implementation report every month and submits it to the akimat’s economy and budget planning unit. The monthly report on budget implementation makes it possible to carry out continuous monitoring of budget funds, to take decisions as to their redistribution if need be, to establish “narrow” areas and, later, to consider the actual course of certain measures and programmes in planning. The annual report on budget implementation is submitted to the maslikhat and is ratified at a session.

3. When ratifying the annual report on the budget implementation for an accounting fiscal year, maslikhats have the right to issue decision on the need for local executive bodies to take appropriate measures as to budget implementation results.

The annual report on budget implementation is the key indicator of the effectiveness of ongoing programmes and investment projects. The continuation of funding for a planned period depends on how effectively funds were used in a current year.

**Conclusion:** The current procedures for accounting and reporting ensure internal and external evaluation of expenditures. Concerns are raised by budget code provisions that guarantee the continuation of budget programme funding only if budget funds are properly used in the outgoing year. It is supposed that, in that way, there emerge pre-conditions not for effective but for “quick and any” implementation of funds in the final period of a fiscal year.

1.5. Monitoring and assessment of the effectiveness of budgeting programmes

Under previous legislation on budgeting, the only indication of the effectiveness of the budget expenses was timeliness and fullness of their use. With adoption of the BC, the definitions of the budgeting programmes as well as the monitoring and assessment processes have been perfected. In addition, through the July 2006 amendments, budgeting programmes were sub-divided into current programmes and development programmes.

The annual report on budget implementation is the key indicator of the effectiveness of ongoing programmes and investment projects. The continuation of funding for a planned period depends on how effectively funds were used in a current year.

**Conclusion:** The current procedures for accounting and reporting ensure internal and external evaluation of expenditures. Concerns are raised by budget code provisions that guarantee the continuation of budget programme funding only if budget funds are properly used in the outgoing year. It is supposed that, in that way, there emerge pre-conditions not for effective but for “quick and any” implementation of funds in the final period of a fiscal year.

**Conclusion:** The current procedures for accounting and reporting ensure internal and external evaluation of expenditures. Concerns are raised by budget code provisions that guarantee the continuation of budget programme funding only if budget funds are properly used in the outgoing year. It is supposed that, in that way, there emerge pre-conditions not for effective but for “quick and any” implementation of funds in the final period of a fiscal year.

**1.5. Monitoring and assessment of the effectiveness of budgeting programmes**

Under previous legislation on budgeting, the only indication of the effectiveness of the budget expenses was timeliness and fullness of their use. With adoption of the BC, the definitions of the budgeting programmes as well as the monitoring and assessment processes have been perfected. In addition, through the July 2006 amendments, budgeting programmes were sub-divided into current programmes and development programmes.

The routine budget programmes should be understood as programmes with the results directed at:

1) Ensuring that administrators of budget programmes act as executors of the functions of public administration and state commitments in accordance with the legislation of the Republic of Kazakhstan of a permanent nature.

2) Accomplishing objectives, solving specific problems and activities of the strategic, medium term programmes and plans for development of the country or a region. The development budget programmes should be understood as programmes whose results directly impact on the extent of objective accomplishment, solving problems and activities of the strategic, medium term programmes and plans for development of the country or a region, directed at economic gains or a socio-economic effect.

In other words, the routine budget programmes ensure day-to-day activities of the government bodies and organizations funded by the budget as well as functioning of the state property objects. The development programmes ensure economic gains at the expense of construction of new objects and modernization and reconstruction of the existing ones. The effect of their realization is more tangible as it leads to an economic potential increase and a growth in objects of the social sphere. The amount of funds allocated for development programmes indicates how developed the economy is. The bigger the economic potential is, the more possibilities there are for directing the fund for development, primarily for social development. In accordance with provisions of the BC the process of budget funds realization at the local level is subject to monitoring. It is implemented by the finance department through analysis and assessment of bi-monthly distribution of annual funds of financing plans and validity of modifications introduced to the financing plans by budget programmes administrators. During the monitoring process the department of finance prepares appropriate information, which is then sent to
akimats, local programme administrators that have a lag in financing and budget committees.

The evaluation of budget effectiveness is evaluation led by budget programme administrators, the departments of economy and budget planning as well as finance departments. The amendments to the BC legally demand a need for evaluation of budget programme effectiveness not only upon their completion but at all stages of the budgeting process, starting from the planning stage.

At the stage of budget development and planning the evaluation process includes determining the quality of formulation and planning of a budget programme. At this time, the projects of budget programme passports are assessed to determine how they correspond to the state strategic goals and medium term plans of socio-economic development. In addition, a resource need of state institutions for fulfilling the goals and objectives of a budget programme is also evaluated and the cost of a budget programme activity is calculated. At the stage of the realization of a budget programme what is evaluated is the quality of its management from the responsible administrators and their effectiveness. After the amendments are introduced to the BC, the evaluation of budget programme effectiveness will be done with the use of quantitative indicators.

It is quite clear that the adopted legislative norms demonstrate real state interest in achieving a more efficient use of budget resources. It is also obvious that establishing the budget programme evaluation system and its proper functioning requires time, gaining practical experience and development of the qualifications of managers working in the budget sphere. However, efforts are needed now to use the existing legislation potential more actively for the public participation in evaluating the effectiveness of budget programmes. In particular, the BC states that the evaluation of a programme’s effectiveness at the stage of realization, it is possible to use the information about the quality of the state services rendered from non-governmental organizations (public unions). Besides, according to the rules of evaluation of the effectiveness of budget programmes, during the evaluation process a criterion of quality must be used that characterizes the level of satisfaction of the needs of state service recipients. From our point of view, the development and adoption of certain practices to get feedback from direct beneficiaries of budget programmes have great significance for taking into account the interests of families, children and socially vulnerable groups in budget fund allocation and spending. The amendments introduced to the BC provide a development of results and evaluation of the effectiveness of budget programmes. Non-government organizations could join this process as public consultants.

Conclusion: The foundations of monitoring and effective evaluation of budget programmes laid out in the current budget legislation demonstrated the government’s commitment to diligent use of budget funds. At the same time, in order to accelerate the interests of families, children and socially vulnerable groups in the process of budget funds allocation and spending, public institutions should actively use the legal possibilities for participation in the evaluation of the quality and effectiveness of state services as well as in the development of indicators of such evaluation.

Recommendations:
In order to overcome areas with problems that negatively impact adequate financing for children and families, it is necessary to consider the possibility of introducing the following legal improvements:

- To modify the process of approving the norms of influx allocation between budgets in order to realize the principles of inter-budget relations.
- To reconsider the classification of payments for environmental pollution as a source of the revenues of the Oblast budget to fulfill the principle of inter-budget relations.
- To reconsider assigning the healthcare expenditure to the Oblast level as a factor decreasing manageability of the socio-economic situation in the area.
- To equalize the significance of expenditure limits and budget needs in medium term planning.
- To consider the possibility of restructuring expenditure limits if the need is proven by the subordinate budgets.
- To accelerate the development of natural norms of planning (to achieve their completeness).
- To give the Law of the RK “On state social order” an equal status as the Law of the RK “On state purchases” in the process of acquiring goods and services.

At the level of general policy to recommend:
To use the potential of the BC of the RK and other legislative acts (for example, the Rules of budget programmes effectiveness evaluation) for public participation in the process of evaluation of effectiveness of budget programmes.
II. AN ANALYSIS OF THE IMPACT OF FORMING AND SPENDING THE FUNDS OF LOCAL BUDGETS ON THE LEVEL OF BUDGET PROVISION OF PROGRAMMEMES ORIENTED TOWARDS CHILDREN, FAMILIES AND SOCIALLY VULNERABLE GROUPS

Progress in the reform of the budget system of Kazakhstan was noted in the legislation review in the previous chapter. Transparency of the budgeting process and inter-budget relations has been increased significantly. The amendments introduced to the BC of the RK have created conditions for integration of strategic and medium-term tasks into the process of routine planning. Provisions directed at the quality increase as well as budget procedures and budget documents have been also introduced.

At the same time, a number of contradictions are evident in the legislative acts that regulate inter-budget relations and planning of local subordinate budgets. In this section, we consider their impact on budget provision of programmes for children, families and socially vulnerable groups during the process of forming and spending local budgets. The budget of Ust-Kamengorsk city is used as a basis.
2.1. A brief socio-economic description of Ust-Kamengorsk city

Local governance is implemented by the representative (maslikhat) and executive (akimat) bodies for fulfilling the state policy in an appropriate territory. The executive body is headed by the akim of the city and implements public administration of the territory he/she is assigned to. The economic and financial basis of local administration activity is composed of the local budget and city communal property.

The city population as of January 1, 2006 was 310,500, of whom 299,700 live in the city and 10,800 in rural areas. There are 115,000 families in the city, 4,173 of these are considered low income. Economically active population is 161,503 people. The monthly average nominal wages of the employed in 2006 was 35,500 tenge. The total number of children as of 01.01.2006 was 61,702 of whom 76 were disabled.

The most critical problem of the city is the unfavourable environmental situation. A high-level of air pollution is a consequence of the continuous discharge from local factories, heat-and-power engineering and automobile transport. The concentration of detrimental substances in the air exceeds sanitary norms many times over. There is also widespread pollution of underground and surface waters. During one year each family in the city receive one ton of atmospheric discharges and 143 m3 of industrial wastes in the water.

The city has a self-sufficient budget. The local economy breaks down as follows: 57% trade, 29% investments, 10% transportation and telecommunications, and 10% agriculture.

2.2. Evaluation of the practice of forming a medium-term policy of revenues and expenditure from the perspective of the principle of effectiveness and efficiency of budget development and realization

The realization of the principle of effectiveness and efficiency can be implemented in two ways. In the first case development and realization of budgets is implemented according to a need to achieve certain results as stipulated by the passports of the budget programmes with a use of an optimal amount of budget funds that allow for achieving these results. The second case stipulates a need to achieve the best results possible under approved limits of the budget funds (Figure 2).

According to budget legislation, the system of budget planning and forecasting is vertical in nature: from top to bottom. In the foundation of most of the routine budget programmes and development programmes, there are state, sector and regional programmes with a clear list of expected results. The amendments introduced to the BC demand that the results of the realization of both types of programmes correlate with each other (The BC of the RK, Article 35, Item 42). The results planned in the passports of local budget programmes have a given character, which derives from the legal or political documents adopted at a higher-level. Consequently, according to the principle of effectiveness and efficiency, in order to accomplish these, an optimal amount of funds must be used (the first scenario).

The primary document, which reflects a policy of revenues and expenses for a three-year period, is the medium-term fiscal policy (MFP). Studying MFP
for Ust-Kamengorsk city for 2007-2009 suggests that the inherent reality of development and realization of the local budgets primordially contradict the logic of the result and effectiveness principle. Figuratively speaking, the results planned for at government level should be achieved at the local level by those budget resources that are left over in the revenues of the subordinate budgets after dispensing funds within the inter-budget relations.

For example, one of the budget spending priorities for 2007-2009 in the MFP of Ust-Kamengorsk city is education reform and development. The expenditure for this group is forecasted to be: “in 2007 the amount of 2787.2 million tenge, in 2008 – 2855.7 million tenge, in 2009 – 2887.5 million tenge”\(^{19}\). In essence, the growth of expenditure by spheres in absolute indices corresponds to the inflation corridor within a 5-7% limit. As for the planned official transfers, they will be sent to “compensating the additional expenses connected with a wages increase of the employees of the budget sphere and re-distribution of functions between the levels of public administration”. It is bewildering through what budget resources will education reform and development be implemented in Ust-Kamengorsk. Most probably, in practice it will be limited by routine financing and 1-2% investments through the development budget for resolving local issues of education institutions (repairs or reconstruction of one or two places).

It is also noteworthy that an aggregative nature of the three-year expenditure limits in the medium-term fiscal policy will limit the possibilities of budget programmes administrators for fund planning for development objects. For example, within the housing construction programme there are credits and transfers allocated from higher budgets for housing construction and engineering communications. At the same time, the issue of providing housing sites with places of social significance (construction of kindergartens, schools, libraries, consumer services sites etc.) is not considered. A similar situation occurred with the realization of the education development programme in the East-Kazakhstan oblast in 2005-2007. In limits on expenditures, the construction of two preschools in 2005 was not taken into account. As a result, the realization of state, sphere and regional programmes was not fulfilled fully and did not guarantee the expected results.

**Conclusion:** It is necessary to adjust medium-term planning to the principle of effective and efficient spending of budget funds. Solving the medium-term goals at a local level, especially in the social sector should be provided with an optimal, not a “leftover”, part of the revenues of the subordinate budgets. It is also necessary to design a mechanism for a more flexible approach to forming the limits of expenses for a three-year period.

\(^{19}\) Resolution of the Akimat of Ust Kamengorsk city “On medium-term fiscal policy of the local executive body for 2007-2009”

---

### 2.3. Formation of the revenues of subordinate local budgets

The revenue of the city budget is formed from tax and non-tax sources, revenues from operations with capital and receiving official transfers. Two factors have a key impact on its volumes: the classification of influx and the norms of influx allocation between budget levels. In accordance with the principles of inter-budget relations, subordinate budgets should embrace “tax and non-tax revenues influx of a stable nature and independent from the impact of external factors”\(^{60}\).

One of the most stable sources of revenues for the city is the individual income and social taxes. For example, over the next three years their forecasted indices in the general structure of the tax influx are planned at the following levels: “in 2007 – 45.2%, in 2008 – 42.3% and in 2009 – 42.6%”\(^{61}\). This is explained by the fact that Ust Kamengorsk is one of the biggest industrial centres in Kazakhstan. Figure 3 demonstrates how dynamic industrial production has been in the past four years in the city. Accordingly, wages of employees in the industrial sphere are growing and so too are tax payments to the city.

However, according to the classification of influx these types of taxes are...
simultaneously referred to the source of the revenues of the Oblast budg- et (The BC of the RK, Article 47, Items 1.1 and 1.2). At the same time, 
the norms of their distribution between the two levels of local budgets for a 
three-year period are established by a decision of the Oblast maslikhat. 
Per the currently existing norms in the revenues of the Ust-Kamengorsk 
city budget there is only 13% left from the total influx of these types of 
taxes. Table 4 shows analogous norms of allocation in a number of other 
oblasts of Kazakhstan.

Table 4. Comparative analysis of tax distribution between budgets

<table>
<thead>
<tr>
<th>Oblast centres</th>
<th>Individual income tax</th>
<th>Social tax</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>City</td>
<td>Oblast</td>
</tr>
<tr>
<td>Taraz</td>
<td>30</td>
<td>70</td>
</tr>
<tr>
<td>Uralsk</td>
<td>32.3</td>
<td>68.7</td>
</tr>
<tr>
<td>Pavlodar</td>
<td>100</td>
<td>0</td>
</tr>
<tr>
<td>Kostanay</td>
<td>100</td>
<td>0</td>
</tr>
<tr>
<td>Atyrau</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Ust-Kamengorsk</td>
<td>13</td>
<td>87</td>
</tr>
<tr>
<td>Karaganda</td>
<td>100</td>
<td>0</td>
</tr>
<tr>
<td>Shymkent</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Aktove</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Petropavlovsk</td>
<td>100</td>
<td>0</td>
</tr>
<tr>
<td>Kokshetau</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Taldykorgan</td>
<td>27</td>
<td>73</td>
</tr>
<tr>
<td>Average</td>
<td>50.2</td>
<td>45.7</td>
</tr>
</tbody>
</table>

Источник информации: Данные представлены отделом экономики и 
бюджетного планирования города Ust-Kamengorsk.

From comparing these, it becomes clear that there is not such a low percent-
age of assigning income and social taxes to the revenues of the city budgets 
anywhere else besides Ust-Kamenogorsks. Unfortunately, city maslikhats 
do not hold enough power, according to the BC of the RK, to influence the 
norms of distribution of influx between the two levels of local budgets.

Moreover, according to the decision of the Oblast maslikhat (# 20/304-
III of 05.12.2006), the influx of the biggest taxpayer “KazZinc” to the
amount of 80 million tenge is withdrawn before its distribution to the
Oblast budget. This decision is a direct violation of the principle of inde-
pendence of budgets (The BC of the RK, article 3, item 9), which bans 
withdrawing of revenues to the higher budget.

In addition, in accordance with a classification of influx to the local budgets, 
the payments for polluting the environment are assigned to the revenues 
of the Oblast budget. Since the sanitary and permissible limits of discharge 
concentration are many times exceeded by the city’s industrial polluters, 
then the fines payable to the budget are quite significant. However, they 
fill the revenues of the Oblast budget, not the city’s budget.

It should be noted that the city administration is trying to increase the 
revenues of the budget within the existing classification of influx. In par-
cular, in 2006 the mayor of Ust-Kamengorsk city approved the “Plan of 
activities for budgeting and financial procedures improvement”. However, 
additional activities of fiscal and financial bodies as well as budget plan-
ning bodies on decreasing the budget losses, ensuring timeliness of 
revenue income and budget specification are not able to impact 
significantly the growth of the revenues of the budget.

During expert consultations representatives of the economy and budget 
planning bodies noted that only the present day budget needs of Ust-
Kamengorsk made 8 billion tenge (without a development budget). At

![Figure 4. The dynamics of budget revenues of the city for 2003–2006](image-url)
the expense of tax and non-tax influx and revenues from operations with a capital, the city collects more than 60 billion tenge. However, as a result of the conditions of formulating a subordinate local budget, the general revenues of the city budget (routine budget + development budget) turns out to be twice less than is really needed. Figure 4 demonstrates that limiting the revenues, unfortunately, has a regular nature. A significant growth in the revenues of the budget in 2006 is explained by the growth of volumes of targeted transfer for development (more than 2 billion tenge), planned for the state programme on housing construction.

Thus, it will not impact the financing of the social sector. It remains a mystery for researchers what can serve as a stimulus for local government in, for instance, decreasing losses in tax collection, if, a priori, the level of revenues has such an irrationally truncated shape.

It is perfectly clear that limiting the revenues almost by half from the budget needs of the city will have a boomerang effect on the possibilities of the expenditures. Subordinate local budgets cannot implement financing some complex, not just sphere problems in the interest of children, families and socially vulnerable groups with the existing system of revenues accumulation.

Conclusion: The practice of formation of the revenues of the local budgets violates the provisions of the budgeting legislation that stipulate that while determining the forms of regulation of inter-budget relations, not only the tax potential of each of the budget levels should be taken into account, but also the results of the assessment of the objective budget needs of the regions (The BC of the RK, Article 40, Item 1). This has special importance when taking into account the budget needs in the social spheres. And for Ust-Kamengorsk, in addition, this means providing a healthy environment.

2.4. Drafting and implementation of expenditures of low-level local budgets

Routine planning of expenditures begins with determining the expenditure limits for the routine budget programmes, development programmes and a list of priority budget programmes (subprogrammes) that take into consideration some priority budget investment projects (The BC of the RK, Article 72). It is quite clear that the volume of expenditure limits is a derivative quantity, which depends on the volume of the revenues. Therefore, the growth of the expenditure limit for the coming year cannot be more than 5% in comparison with the current fiscal year (the same inflation corridor within 5-7%). In the case of exceeding the expenditure limits during the expenditure budget realization, a budget programme administrator can refer to the economics department with a request to allocate more funds, upon presenting justifiable reports. However, the priorities of allocation of funds additionally received in revenues look like this: a) paying off the debt for salaries for employees in the budget sphere; b) paying off creditors’ debts; c) additional financing of budget programmes. Thus, it is often the case that for additional financing of the budget programmes from the local budget there is simply not enough funds. Meanwhile, a need for additional funds for programmes can be unavoidable, for example, in connection with a tariff increase in electricity, water, combustive-lubricating materials, etc. In this case exceeding a percentage of the tariff increase over an inflation percentage becomes a creditors’ debt to the local budget.

The key part in planning and realization of expenditures of local budgets is played by the natural norms. These norms are indicators of consumption or use of the necessary material and non-material goods. Their development, change or cancellation on the basis of forecasted indicators of the state budget and socio-economic development of the Republic, are under the power of the Government of the RK and the Republic Budget Commission (The BC of the RK, Article 71, Items 1, 2, 3). According to the BC a use of natural norms is a mandatory condition for expenditure planning. However, a practical realization of this condition has a number of problematic areas. First of all, the natural norms are not fully worked out. There are no natural norms characterizing, for example, sanitary-hygiene support for children. The disinfectant, toilet and hygienic needs of schoolchildren are not seen as important a sphere of expenditure planning as electrical energy, water supply and heating. Unfortunately, a connection between the natural norms and provisions of a minimal standard of state services is not established. For example, in order to calculate a salary for a teacher in a primary school a natural indicator is used – an annual hourly load. To have a bigger salary
one has to teach more classes. Just how a bigger number of classes enable quality instruction is not stipulated. As a result of isolation and incompleteness of natural norms, a part of real existing needs of the recipients is not taken into account at all when calculating expenditures.

Secondly, when calculating the expenses for utilities what is taken into consideration is not a consumption norm, but an actual consumption multiplied by the cost of the product adjusted to inflation. Therefore a potential deficit of the consumption norm of the current year automatically becomes a deficit in the next fiscal year. This is what happened, for example, in Ust-Kamengorsk. For a number of years, because of expenditure limits, expenses for utilities of the city’s education institutions were planned within 80% of the actual needs. Consequently, the planned utilities expenses for schools and pre-schools were 20% less than the actual ones. The budget formed a steady creditors’ debt to the utilities suppliers. With the current system of equalizing the natural norms with the consumption norms, not to the actual utilities expenses, the subordinate budgets are doomed to an “eternal” paying off the creditors’ debt from the additionally received funds, instead of investing them in the socio-economic development goals. According to the opinion of the representatives of the department of economy and budget planning this problem is insoluble. Its solution should be taken as a monetary decision at the level of the Government of the RK.

A creditors’ debt is accumulated in the subordinate budgets because of the contradictions between the legislative and standard legal act. Thus, for example, on December 21, 2004 the Government of the RK issued the resolution “On adopting the standard rules for pre-school education organizations activities” under #1353. The Resolution stipulated that maintenance of pre-schools in the form of “State Enterprise” has to be supported by local budgets, except for food expenses. Their financing was supposed to be done by the parents’ budgets. At the same time in the Law of the RK “On education” the expenses of local budgets for pre-schooling are limited only to the wages of employees working in the budget sphere. Therefore, neither the medium term fiscal policy for 2005-2007, nor the routine budget worked out according to the provisions of the BC of the RK contained the funds for realization of this Resolution of the Government of the RK. In spite of the fact that the BC of the RK has the ultimate legal power in adopting the standard legal acts increasing expenditures of the local budgets, and is supposed to compensate the increase in expenditures at the expense of targeted routine transfers, this was not done (the BC of the RK, Article 43, Item 2). As a result for three years (2005-2007) local governments have been trying to fix the situation at the expense of the additionally received influx, while parents are paying not only for food but also for a part of the utilities as well as the wages of the employees of pre-school organizations. This situation illustrates in the best way possible how the principle of accountability is not working, which stipulates bringing the participants of the budgeting process to account for violations of the budgeting legislation of the RK. “The punished” ones are the local budgets and parents’ wallets.

When comparing the dynamics of the revenues (Figure 4) and expenditures(Figure 5) of the local budget it is clear that the budget deficit has leapt up drastically since the BC of the RK was introduced (January 1, 2005). In fact the subordinate budgets have found themselves in “between a rock and a hard place”. On one hand they have a limit on the revenues, on the other – a significant increase of expenditures because of unstable tariff policy, underdevelopment of the planning norms, and contradictions between the standard legal acts and the budgeting legislation.

Figure 4. The dynamics of expenditures of the city budget for 2003-2006

<table>
<thead>
<tr>
<th>Year</th>
<th>Expenditure (mln. tenge)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>3499.9</td>
</tr>
<tr>
<td>2004</td>
<td>4280.3</td>
</tr>
<tr>
<td>2005</td>
<td>6039.7</td>
</tr>
<tr>
<td>2006</td>
<td>8317.7</td>
</tr>
</tbody>
</table>

Source: The data was provided by state institution “The Department of Chancellery for East-Kazakhstan Oblast, Ministry of Finance, Republic of Kazakhstan”, Ust-Kamengorsk

There is also a human factor impacting on the process of realization and adjustment of expenditures of the budget. Since the head of the city’s budget committee is the city akim, his opinion regarding the distribution of additionally received revenues or leftover funds has a decisive significance. For example, in 2005 expenditures of the city budget allocated funds for the first part of the Komendantka river reconstruction for improving the environmental situation and creating a zone for family recrea-
tion. But replacing the Akim in the same year initially led to freezing of the financing, and afterwards to excluding the project from the budget financing plans. The budget resources invested at the first stage of the project were simply wasted. No one was held accountable for this.

To analyse the proportion of expenses by sphere attributes we used a structure of expenditures of Ust-Kamengorsk city for 2006 (Figure 6). The data are shown in millions of tenge.

Figure 6. Ust–Kamengorsk city budget expenditure by spheres for 2006

Spending in the functional group “Housing and Communal services” is implemented jointly with targeted transfers for development directed at the realization of the state housing construction programme. Within the routine budget of Ust-Kamengorsk city out of 4181.2 million tenge 2972.8 million is spent on education, social aid, culture, sports and environmental preservation. The percentage of social expenses is 71.2%.


Schemes of logical connections between legislation and realization programmes

<table>
<thead>
<tr>
<th>Activities</th>
<th>Total (thous. tenge)</th>
<th>Timelines</th>
<th>Financing source</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Construction of a school for 1000 children in the state language in Ust-Kamengorsk</td>
<td>139.7</td>
<td>2008</td>
<td>Republic budget</td>
</tr>
<tr>
<td>2. Construction of the orphanage “Umit” in village Mettalurg</td>
<td>54.3</td>
<td>2006</td>
<td>Oblast budget</td>
</tr>
<tr>
<td>3. Construction of a sports gym and workshops for a special boarding school for orphans</td>
<td>40.8</td>
<td>2007–2008</td>
<td>Oblast budget</td>
</tr>
<tr>
<td>4. Major repairs and equipping kindergarten # 6 for 320 children</td>
<td>40.0</td>
<td>2006</td>
<td>Oblast budget</td>
</tr>
<tr>
<td>5. Reconstruction of a kindergarten for 90 children</td>
<td>47.0</td>
<td>2007</td>
<td>City budget</td>
</tr>
<tr>
<td>6. Major repairs and equipping of kindergarten # 7 “Rainbow” for 280 children</td>
<td>20.0</td>
<td>2006</td>
<td>Oblast budget</td>
</tr>
<tr>
<td>7. Realization of the regional programme on major repairs and material and technical equipping of education organizations in the East Kaz. Oblast</td>
<td>243.5</td>
<td>2006–2007</td>
<td>Local budget</td>
</tr>
</tbody>
</table>
The programme of rehabilitation of the disabled for 2006-2008

Department of culture and language development

Activities:
1. To hold exhibitions in national and international festivals of children’s arts.
2. To support artistically talented children in mastering various types of art activities.
3. To develop projects of celebrating anniversary of national artists, as well as artists active in rehabilitation schools.
4. To hold a festival of all-Russian and international art and culture activities for children active in rehabilitation schools.
5. To carry out projects of providing special assistance to talented children active in rehabilitation schools.

Department of employment and social programmes

Activities:
1. To implement subsidy payments to disabled home-educated children.
2. To support parents of disabled children for their education in rehabilitation schools.
3. To organize visits to the Center “Ulba” for single invalids and invalids living on their own as well as disabled children living with parents.
4. To reconstruct children’s department in households to families raising disabled children.

The State programme of rehabilitation of the disabled for 2006-2008

The regional programme of rehabilitation of the disabled in East Kaz Oblast for 2006-2008

Budget programmes administrators


Undoubtedly at the stages of planning and realization of the local budgets, the social programmes have priority but unfortunately only in routine expenses. For example, the dynamics of the city budget expenditure for 2003-2006 in the sphere of education has an ascending nature (Figure 7).

Figure 7. The dynamics of the city budget expenditure in the sphere of “Education” for 2003–2006

![Figure 7](image)


However, the expenditure increase primarily has a routine or targeted nature with the adjustment to the inflation percentage. In particular, the routine transfers paid for the expenses for increasing the wages of employees of the education sphere, and partial expenses for school computerization and the state language instruction development from the higher-level budget. The main expenses for providing a basic instruction process, maintenance of sites of education interest, their routine repairs, methodology funds renewal, organization of groups of pre-school prepa-
As for the expenses for education development, those were not planned within the framework of the fiscal policy for 2005-2007 while the standard legal acts adopted at the level of the Government of the RK obliged, for example, local governments to develop a network of pre-school organizations. Therefore, in 2005 two kindergartens for 600 children were repaired and restored for their direct use partly at the expense of the routine city budget, and partly at the expense of the routine transfers from the higher budget. The total investments were 60 million tenge. Also, starting from 2005 there have been funds assigned to the general repair of education buildings. However, an amount of local assignations is enough for conducting the works only for one school while according to the existing standard legal acts, annual general repairs must be performed in 8 general education places. For the first time the official development budget in the sphere of education is planned for 2007 within a 7 million tenge limit, which amounts to a little more than 3% of the routine education budget. Globally in countries interested in providing a quality education for children and youth, the amount of development budgets (investments) in this sphere averages 20%.

Indices of table 5 demonstrate very well that the preservation of the school infrastructure allows the maintenance of a high enough level of provision of children with school places within routine budget financing. However, pre-school learning needs resources for development significantly higher than the 3% because only three quarters of city families can afford early development of their children.

Table 7. Indices of social programme assessments (excerpt)

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2010 forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of the school places provision (the standard is 180 school places per 1 thousand citizens)</td>
<td>89</td>
<td>89.6</td>
<td>90</td>
<td>90</td>
</tr>
<tr>
<td>Percentage of provision with pre-schools (the standard is 80 pre-school places per 1 thousand citizens)</td>
<td>19.9</td>
<td>22.5</td>
<td>24.7</td>
<td>27.4</td>
</tr>
</tbody>
</table>

Speaking about the issues of social aid it must be noted that after the introduction of the BC of the RK the expenses of the local budgets in this functional group have decreased significantly (Figure 9).

This is explained by the fact that the expenses distribution in the social protection sphere has changed. Some types of aid previously paid for by the city have been taken over by the higher-level budgets.

At present, social aid and protection at the local level includes: housing aid; material provision of disabled children educated and raised at home; monthly state aid assigned and paid to children under 18 years old; provision of the disabled with mandatory hygienic means in accordance with individual rehabilitation programmes; provision of an individual assistant to the disabled from the first group with limited mobility, and specialists in sign language for the disabled with impaired hearing; providing in-home social assistance to citizens in need; social adaptation of the homeless; ensuring employment; state addressed social aid; social aid for specific categories of citizens in need under a decision of the local representative government bodies.

Housing aid and monthly state aid assigned and paid to children under 18 from low income families is financed from both the local budget and through targeted routine transfers. The addressed social aid and social aid by a decision of a local body is an expenditures of the local budgets only.

Table 8 shows indices characteristic of the funds planned for payments of all aids and by specific types.

**Table 8. The dynamics of subsidy payments in Ust-Kamengorsk city, 2003-2006, mln.tenge**

<table>
<thead>
<tr>
<th></th>
<th>2005 reported</th>
<th>2006 reported</th>
<th>2006 forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>The amount of funds planned for housing and addressed social aid and children subsidies, including:</td>
<td>23.8</td>
<td>31.127</td>
<td>30.818</td>
</tr>
<tr>
<td>Housing subsidies</td>
<td>14.560</td>
<td>14.528</td>
<td>14.528</td>
</tr>
<tr>
<td>Children subsidies</td>
<td>8.9</td>
<td>6.9</td>
<td>7.314</td>
</tr>
</tbody>
</table>

Source: State institution “The department of employment and social programmes of Ust-Kamengorsk city” “Reference data about the process of social programme realization in Ust-Kamengorsk city”.

Judging by the indices in 2006 the expenditures for aid payments increased by one third because starting from January 1, 2006 the monthly state aid assigned and paid to children under 18 years old from low income families have been introduced. Assessment of payments last year indicates that more than 90% of the total amount of aid did reach its recipients. It makes sense to note that in the practice of social aid financing there are cases when the targeted routine transfers for this functional group are under-realized. According to representatives of the Department of Employment and Social programmes this happens only when the timelines for realizing these are extraordinarily tight. For example, the transfers arrive in early December of the current fiscal year and must be allocated by December 25 of the current fiscal year. In all other cases the transfers are realized fully for the planned objectives.

It is important to note that the process of assigning social aid becomes more addressed. A notion of target groups is recorded in the laws of the RK “On state addressed social aid” and “On employment” and it serves as a basis for social policy formulation, including at the local level. The main group of social aid concentration is the low income strata of the population. The most vulnerable of those are children from low income families. Then it is people referred to as “children” (for example, families having many children or families raising disabled children), the disabled and unemployed population.

**Figure 10. Distribution of social aid by types of services rendered in 2006, in thousands of tenge**

- Housing assistance: 12,986
- Targeted social aid: 13,889
- Social assistance: 40,612
- Social assistance as assigned by local bodies: 13,606
- Professional training of unemployed people: 12,625
- Youth practice: 4,530
- Public works: 34,966

The structure of the budget expenses on social aid and services is presented based on the city budget for 2006 (Figure 10).

It can be seen from the diagram that the biggest expenditure in the sphere of social protection are connected with organization of public works, professional training of the unemployed and youth internships. The significance of investments in these spheres has supported in the city’s social expenses year in, year out (Table 9).

**Table 9. Realization of employment programmes**

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number (people)</td>
<td>Total (thous. tenge)</td>
<td>Number (people)</td>
<td>Total (thous. tenge)</td>
</tr>
<tr>
<td>Public services</td>
<td>1,500</td>
<td>5,418.8</td>
<td>1,700</td>
<td>4,993.2</td>
</tr>
<tr>
<td>Professional training and re-training</td>
<td>551</td>
<td>6,801.7</td>
<td>543</td>
<td>8,696.8</td>
</tr>
<tr>
<td>Additional measures of social support (youths’ internship and social workplaces)</td>
<td>238</td>
<td>3,647</td>
<td>226</td>
<td>4,427.7</td>
</tr>
<tr>
<td>Total</td>
<td>2,289</td>
<td>35,866.5</td>
<td>2,139</td>
<td>48,117.7</td>
</tr>
</tbody>
</table>

Source: State institution “The department of employment and social programmes of Ust-Kamengorsk city” “Reference data about the process of social programme realization in Ust-Kamengorsk city”.

This is a very rational approach for social policy formation, which ensures the inclusion of socially vulnerable groups of the population into productive labour and support of families’ income at the expense of their own professional activities. In the process of research we failed to get systematic data on the direct effects of expenses of the social aid types mentioned above. For example, how many people have gone through professional training and received a steady source of income for their families: a full-time job or a start-up business. But probably the weightiest indicator illustrating a general effect is the steady decrease in the number of citizens with low income in Ust-Kamengorsk city (Figure 11).

**Figure 11. The dynamics of the decrease of the number of low income families, people**

Source: “The department of employment and social programmes of Ust-Kamengorsk city” “Reference data about the process of social programme realization in Ust-Kamengorsk city”.

**Figure 12. The dynamics of financing of servicing people with limited abilities, thous. tenge**

Source: State institution “The department of employment and social programmes of Ust-Kamengorsk city” “Reference data about the process of social programme realization in Ust-Kamengorsk city”.
According to the diagram of social expenses the distribution of in-home services to invalids and single pensioners older than 82 years has a significant amount of financing. Of the total number of those being serviced at home 8.2% are children with limited abilities. Figure 7 demonstrates indices that characterize the amount of the city budget used for assisting this group of beneficiaries.

According to the data, monthly financial growth in 2006 was 22.1%, in 2007 it is forecasted to be 35 percent. Figures 13 and 14 show the expenditures of city and Oblast budgets on purchasing technical and other equipment for the disabled, including children.

An analysis of the amounts of financing shows that the share of local development budgets for social aid and social protection programmes for the realization of a service of technical and other means provision will comprise 14.8% in 2007. In 2006 100% of this service was financed from the republican budget, whereas in 2005 financing of this service was not found in either the republican budget, or in the local budget.

**Conclusion:** An analysis of the practice of forming and spending local budgets can lead to a number of conclusions. The classification of influx distribution provides an opportunity to form a stable volume of the revenues. In spite of restrictions of the three-year expenditure limits for education in 2005-2007 local government bodies deemed it possible to invest more than 60 millions tenge into reconstructing former kindergartens. The expenses for primary and secondary schooling increased 2.6 times. Money was found not only for routine repairs but also for general repairs of school buildings. In comparison with 2004, payments for aid increased almost by 70%. The expenses for in-home services for disabled children increased significantly. At the same time the practice of medium-term planning does not embrace the principle of effectiveness and efficiency in the budget funds spending. Adopting the norms of influx distribution by the higher bodies of a representative power branch leads to an almost two-fold decrease in revenues. The fact that the three-year expenditure limits are set in stone does not allow for flexibility or for reaction to changes in the external environment, for example, to changes in the tariff policy of utilities. Decisions and resolutions adopted at the level of the Government of the RK or Ministries of the RK lead to increasing expenditures without compensating for those through transfers. As a result a creditors’ debt increases. This is paid for by the “leftovers” of free funds or from additional revenues instead of becoming a source of financing social programmes in the field of education and social protection.
Recommendations
In order to increase the budget provision of the programmes and activities in the interests of families and children it is necessary to recommend that the state performs the following:

- To adhere to the principles of effectiveness and efficiency in medium term planning;
- To fulfil the principle of accountability and compensate the increase in expenditures of the subordinate budgets if such arise as a result of the decisions of the higher-level bodies of the government (for example, for routing maintenance of kindergartens and general repairs of 8 schools);
- To increase development budgets in the fields of education and social protection;
- To send transfers for practical timelines for realization.

III. SPECIAL PART

3.1 Identification of services in the interests of families and children in Ust-Kamengorsk city

The identification process suggests the establishment of correspondence of one object or phenomenon to another one. In this research we attempt to establish the correspondence of state services in the sphere of education and social aid to the interests and needs of families and children on the example of Ust Kamengorsk city. In Kazakhstan the named types of services are rendered on the basis of state minimal social standards laid out in Table 10.

Table 10. List of services within the state minimum social standards

<table>
<thead>
<tr>
<th>Services in the sphere of education</th>
<th>Services in the sphere of social protection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free general secondary education</td>
<td>Guaranteed material support through state subsidy payments to citizens with children in connection with birth and raising</td>
</tr>
<tr>
<td>Free elementary professional education</td>
<td>Activities on social adaptation, social rehabilitation for children in hardship</td>
</tr>
<tr>
<td>Free secondary profession education (on a competitive basis in accordance with the state education order)</td>
<td></td>
</tr>
<tr>
<td>Free higher professional education (on a competitive basis in accordance with the state education order)</td>
<td></td>
</tr>
</tbody>
</table>

Source: Law of the RK “On children’s rights”

After the RK budget system reform, education became one of the main social spheres financed by local subordinate budgets. Among the mandatory services to be rendered in the field of education at the local level: child pre-school education and instruction; organization and provision of the mandatory free secondary education of citizens in the state education institutions including night (shift) forms of education and secondary education provided through boarding schooling organizations; holding school sports competitions at the district (city) level; purchasing and delivery of textbooks for city state education organizations of the oblast significance; additional education for children and youth.
Numerous studies in the field of pedagogy and psychology show that children under five experience an “age of genius” during their formative years. The early development of children enables them to adapt better to all later stages of life. Pre-school education and learning serves as the main instrument of this early childhood development. Speaking about the list of services in the field of education guaranteed within the frameworks of the minimal social standards, it must be noted that it does not include free pre-school education and learning even for children from low income families, families with many children, and families where the parents are disabled. This makes the efforts of local government bodies who, within the framework of decisions of the Government of the RK, strive for pre-school education and learning development even more valuable.

In the past two years (2004-2006) 600 additional places in child pre-school organizations were created. Two reconstructed kindergartens opened and a non-state pre-school organization “Valeology Center” opened their doors for children. In order to cover 100% of 5-6 year olds with pre-school preparation, starting from January 1, 2005 all schools opened groups for pre-school preparation. At school #31 a pilot mini-centre for pre-school preparation was opened. However these measures do not satisfy the increasing demand for pre-school education and learning. The number of applications per one place steadily reaches 1,940. But by 2006 the percentage of pre-school availability constitutes only one quarter of demand. This means that out of 4 pre-schoolers, the complete services in the field of early development and pre-school preparation are available to only one.

The network of education institutions in Ust-Kamengorsk city includes 53 general education institutions, out of these 44 are secondary schools, including 7 gymnasia, 3 lyceums, 6 schools with the state language of instruction, 14 schools with two languages of instruction, 4 rural schools, 3 small schools and 2 night schools. The population of students as of September 1, 2006 was 36,000. In comparison with the previous academic year, the student population decreased by 1,500. Three remote villages adjacent to the area of Ust-Kamengorsk city do not have general education institutions. 280 children living in the villages of Samsonovka, Akhirirovo and Prudkhoz go to school in neighbouring towns. The transportation of children going to school is implemented at the expense of the city budget.

Besides learning, the schoolchildren are provided with access to personal computers, free textbooks and library services. There are medical offices, dining halls and cafeterias in every school. The staff includes psychologists, social workers and instructors for working with minors. Their job mainly is helping children from low income families overcome social hardships. In a number of schools there is free membership of clubs and extracurricular groups allowing for creative actualisation of children from low income families. In senior classes a profile education has been introduced to integrate the education process into the system “school – university”. Also for senior students there are regular courses and classes for beginners’ professional orientation (programming, cosmetology, automobile engineering, etc).

The total number of disabled children in the city is 713. Out of them, 222 children are of pre-school age, and 491 are of school age. 140 children are educated at home, 258 children of school age are not subject to education due to illness. At “Complex school-kindergarten #41 for children with impaired vision” and state institution “Model school-kindergarten #96 for children with a complicated structure of hearing organs defect”, there are 70 children being educated. According to the legislation of the RK, these children are covered by free meals on the basis of 250-260 tenge per day. In state institutions “Children’s rehabilitation centre” there are 120 disabled children with motor deficiencies. Out of them, 75 children are of school age, and 45 are of pre-school age.

To further improve management of the general education process and in order to provide feedback with the education services recipients there was created a resource centre of information technologies and an interactive site provided by the Department of Education. Parents and students can ask questions online to education managers, and it is mandatory for them to provide answers to those questions.

A network of additional education is developing in the city. In 2004 the House of Children Creativity started working covering 330 schoolchildren. The structure of the city’s education department includes the state public organizations “The Association of district clubs” and a sanitary centre “Oktyabryonok”. In the centre “Oktyabryonok” along with sanitary and preventative measures there have been organized additional development classes for children. “The Association of District Clubs” is primarily concerned with social and correctional work with difficult teenagers and children through consultations, assistance in conflict resolution, employment etc. At the moment at the premises of the district club “Sputnik” with the support of the Child Foundation of the UN in Kazakhstan there opened “The Family Support Center”. Its maintenance is supposed to be financed by the local budget. Its services list will include consultations of psychologists, lawyers, the participation and assistance of social workers in resolving conflict situations.
An elementary professional (vocational) education in Ust-Kamengorsk city is represented by 10 institutions, including six state professional technical schools with 3,600 students in 2006. The total number of graduates in both state and non-state professional schools in 2006 was 1,360. The professional preparation of disabled teenagers is done at professional technical school #8 which specialises in joinery, design and construction).

Secondary professional education is represented by six state and eight non-state colleges. The number of graduates of non-state colleges in 2006 was 645 people, from state colleges, 741 people. The institutions of secondary professional education train specialists in such fields as energy, programming, economics and finance, medicine, education, hotel management, culture and arts.

The number of state higher education institutions in the city is two, there are four non-state higher education institutions with a total student population of 29,000. At the East-Kazakhstan State Technical University named after D. Serikbayev and the East-Kazakhstan State University named after Amansholov a department of post-graduate professional education has been opened; there are unified dissertation councils for dissertation defence by candidates seeking a higher degree. The potential development plan includes receiving a license for training graduate students in specializations like “Construction technology and organization”. The total number of graduates of both state and non-state HEIs in Ust-Kamengorsk city in 2006 was 4,588 people. Starting from 2004 the HEIs introduced a 4-year bachelor’s and master’s degree programmes.

All indices characterizing the education institutions of the city are systemized in Table 8.

For a more successful adaptation of graduates of higher, secondary and elementary professional institutions in the labour market, the department of employment and social programmes finances youth internship. The percentage of employment among graduates of colleges is 57% (state colleges) and 37% (non-state), among graduates of professional technical schools 89% get employment. In order to compare the match of the state minimum standards in the sphere of education and the needs of families and children there was a focus group held as part of this research. The participants were students of 9-11 grades of two general education schools (#15 and #29) as well as parents, including parents with disabled children. The results of the focus groups show that all in all the services rendered and the activities of the local government in the sphere of education are in unison with the priorities of families and children (Figure 15).

<table>
<thead>
<tr>
<th>Table 8. Indices of education institutions in the city</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indices</td>
</tr>
<tr>
<td>Education institutions (number)</td>
</tr>
<tr>
<td>Pre-schools</td>
</tr>
<tr>
<td>Children attending</td>
</tr>
<tr>
<td>General schools</td>
</tr>
<tr>
<td>Number of students attending</td>
</tr>
<tr>
<td>Class computerization</td>
</tr>
<tr>
<td>High special education institutions</td>
</tr>
<tr>
<td>Students attending</td>
</tr>
<tr>
<td>Professional-technical schools</td>
</tr>
<tr>
<td>Students attending</td>
</tr>
<tr>
<td>Higher education institutions</td>
</tr>
<tr>
<td>Students attending</td>
</tr>
</tbody>
</table>

Source: State institution “Department of education of the East-Kazakhstan Oblast”

In particular, increasing the number of places in pre-school institutions is the first and foremost priority of parents in increasing the coverage of children by organized pre-school institutions. An increase in teachers’ salaries enabled the growth of teachers with the first or highest qualification category in general education schools of Ust-Kamengorsk. This is a key factor which should increase the quality of elementary secondary general education. The introduction and development of new specializations in professional-technical, secondary and higher education institutions orientated to the needs of the labour market also matches the priorities of children and parents.

A problem area between a provided service and the need of a recipient is that they are not available to all categories of children. A “through access” to all types of education services is available to healthy children in steady, self-sufficient families. Healthy children from low income households get access to services in schools and professional technical schools. Kindergartens, colleges, and higher education institutions are accessible only partially (for example, through a sponsor’s aid or an education grant). Disabled children can have access to either correction institutions.
or be educated at home. Of course there are exceptions when a child can speak coherently, think, has vision, hearing, can move independently, receives understanding and support from parents as well as a strong will for independent integration into the community.

It is quite obvious that for families with disabled children it is of the utmost importance to get services of an integrated nature (surd equipment, Teflon equipment, “sound” street lights, friendly transport, ramps, etc.). Besides, they need services (information campaigns, for example) on overcoming psychological barriers between healthy children and children living with disabilities. Both groups of children as well as teachers and parents should feel equal and respected participants of the single education process.

In connection with reviving the language policy, the focus group participants named training children for professional activity in the state language as a common need for all families and parents. Russian-speaking students in middle and high schools need services in the Kazakh language, especially the specialized communication: economics and finance, industrial and civic construction, IT, medicine, non-ferrous metallurgy, marketing and management etc. It is quite possible that these services will be in demand among Kazakh-speaking students too as the general education course does not teach specialized vocabulary.

### Table 9. Passive and active social aid and protection

<table>
<thead>
<tr>
<th>Type of service</th>
<th>Type of service</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Goal:</strong> to support a certain level of household income.</td>
<td><strong>Goal:</strong> social adaptation and rehabilitation of children and families in hardship.</td>
</tr>
<tr>
<td>• Housing aid;</td>
<td>• Provision of an individual assistant to invalids of the 1st group with a limited mobility;</td>
</tr>
<tr>
<td>• Material provision for disabled children raised and educated at home;</td>
<td>• Provision of a sign language specialist for invalids with impaired hearing;</td>
</tr>
<tr>
<td>• Monthly state subsidy for children under age of 18 from low-income families;</td>
<td>• Providing invalids with mandatory hygienic means;</td>
</tr>
<tr>
<td>• State addressed social aid;</td>
<td>• In-home social aid rendering to the citizens in-need;</td>
</tr>
<tr>
<td>• Organization of public works;</td>
<td>• Social adaptation of people without a permanent place of living;</td>
</tr>
<tr>
<td>• Social aid to specific categories of citizens in need per decision of the local representative bodies.</td>
<td>• Micro-crediting low-income groups of the population;</td>
</tr>
<tr>
<td></td>
<td>• Organization of professional training;</td>
</tr>
<tr>
<td></td>
<td>• Support to children from low-income families through the Fund of Universal Learning.</td>
</tr>
</tbody>
</table>

Source: The BC, article 53, item 4; data of the State institution “The department of employment and social programmes of Ust-Kamengorsk city”
The state minimum standards in the sphere of social protection (table 9) have bilateral directions. The first one is connected with maintenance of a certain level of income for low income families with children, and the second one is directed at social adaptation and rehabilitation. In accordance with these directions, Table 9 divides social services rendered at the local level (including the ones paid for by transfers).

As of January 1, 2006 there were 3,599 low income citizens in Ust-Kamengorsk. Of those, 1,230 were recipients of housing aid, 700 of state addressed social aid, 903 of the monthly payment for children under 18 years of age from low income families, and 140 families were the recipients of financial aid for raising and educating disabled children.

Rendering services to children, families and socially vulnerable groups of population is implemented in Ust-Kamengorsk in two ways: in an organized fashion and at an individual level. The organized services are created by two state institutions, “The department of employment and social programmes”, in particular “The Ust-Kamengorsk city centre for social adaptation of homeless people” has been functioning since 2002. Its capacity is 60 seats and it provides shelter, food, and clothing to more than 600 men and women left without housing or other support. It is noteworthy that besides this, the centre also does work on psychological rehabilitation and consequent employment of its alumni. In 2005 with the help of the department of employment and social programmes, 88 people were employed.

The state institution “The city territorial centre of social servicing to population “Ulba” also renders organized services. The centre has a day ward, where up to 420 people per year can receive preventive healthcare. Most of the clients of the “Ulba” centre are pensioners and invalids, including child invalids. The centre also has a crisis shelter for women with 5 beds. The services of its psychologists and social workers regarding domestic violence from a husband, a cohabitant or relatives can be used by women with children. Unfortunately, the time of being at the crisis shelter is limited to 5 days only.

Along with hospital services, the centre also renders in-home services. The centre has 10 sectors of in-home social assistance, two of those being for children. “Ulba” centre covers 910 people, including 162 disabled children with its in-home social assistance.

63 State institution “The department of employment and social programmes of Ust Kamengorsk city”
64 Reference data about the process of social programme realization in Ust Kamengorsk city
65 In-home services to invalids includes providing an individual assistant for invalids of the first group with limited mobility, rendering social services at home, providing specialists of sign language to invalids with impaired hearing. In 2006, two specialists in sign language rendered services to 70 invalids with impaired hearing and 23 invalids of the first group received services from individual assistants. The specialists’ services are purchased based on the Law of the RK “On state purchases”. Within the rehabilitation programme for invalids for 2003-2005 there was provision of this target group with technical means. 364 invalids received surd equipment, 301 – Teflon equipment, 186 received hearing aid, 46 – wheelchairs. In terms of percentage, the provision with technical means for these years was on average more than 70% of the total need.

A weighty role in providing help to schoolchildren from low income families is played by the Foundation of Universal Education. The Foundation funds (that amounts to 3-5% of the expenses for school maintenance) pay for their meals, clothing, they can also purchase stationery etc. In order to support a certain level of income and to develop household self-sufficiency the Department of Employment and Social Programmes organizes community works for the unemployed. This employment service is used annually by 40-50% of the registered unemployed. For a more successful inclusion of socially vulnerable groups to independent productive labour, the department renders services on professional re-training and on starting a business. Annually this service is used by 500 people, including ones coming from low income households (for example, the long-term unemployed). The training is held either in the job-searching club or through purchasing education services in accordance with the Law of the RK “On state purchases”. For youth and primarily for those coming from low income families the department organizes youth internships and social workplaces.

Also, in the research process there was a focus group held with the unemployed, mothers of disabled children and mothers with many children regarding the issues of social services. Major discussions were held regarding three issues. The first was on the process of getting various types of subsidies. First of all, there was the question of commensurability of the amount of monthly payments for children under 18 years old from low income families in the amount of 1072 tenge with the amount of time and transportation expenses (200-230 tenge) and the costs of photocopying...
(60-80 tenge), that are supposed to be spent every three months for collecting a package of 11 documents. In order to apply for addressed social aid 14 types of documents are required. Most of them must be verified by stamps. The organizations where these documents can be obtained from are located in different parts of the city. Recognizing the necessity to evaluation the level of needy families, all unanimously consider the existing conditions of proof and verification incommensurable with the amount of subsidies.

The second most actively discussed topic was services for disabled children. As much as they are necessary for the families and children, attention should be paid not to “conservation” of a child and parents at their home but to their integration into the community. All focus group participants realized that such an approach would require a significant growth in the budget expenses but expressed their firm conviction that these expenses would be paid out by the decreased number of “broken” families (men often leave a family with a disabled child), an increase in the self-sufficiency of such families, and their status as regular members of society.

They also discussed measures for the social protection of the population living in economically unfavourable conditions in big industrial cities. Currently in Ust-Kamengorsk compensation payments are being paid for the damage caused by the former nuclear testing site at Semipalatinsk. However, in the centre of the city there is the Ulba metallurgical plant with beryllium and tantalum production. However, the payments are limited by the year 1998 when Semipalatinsk was closed. The focus groups participants believe that the compensation payments should be made monthly. All the more, besides the radioactive pollution of the territory of the city, every family has a share of more than one ton of atmospheric discharge and more than 143 m³ in water.

A compensation mechanism could have a savings nature accumulated on individual accounts of children and adults. The accumulated funds could become a source of family expenses, connected with prevention diagnostics, treatment or surgeries (paying from an individual account to an account of a hospital). At present the state foundation has enough social insurance to implement this measure of social protection at least for children having to live in ecologically unfavourable conditions.

It is noteworthy that during focus group discussions there were often different interpretations of what was a social service, and what could be referred to as social aid. As of today, a state social service does not have a normative legal interpretation providing a unified understanding of its purpose as well as of its content. In the general sense a service is understood as an “action benefiting others”. In other words, a service is intangible; one can’t touch it, unlike its results.

At the same time the list of state services in the sphere of social aid includes all types of social subsidies. It is perfectly clear that a subsidy itself having a fiscal equivalent is a type of material aid to the needy planned to sustain a certain level of income for households, whereas a service is a state’s action, providing availability and convenience of the process of receiving a fiscal equivalent of the assigned social aid. A unified understanding and interpretation of a social service, first of all, would allow for faster and more precise determining of problematic zones in funds expenditure in the sector under study. At the same time it is also necessary to take care of developing the standards of their quality for having some objective indicators for evaluation of effectiveness of both routine budget expenses as well as those of the development budgets.

During the research period the necessity of this norm-creation was also revealed very clearly. In the process of initial data collection about the successes in the spheres of education and social protection, there was confusion in the content of questions and answers supplied.

**Conclusion:** The package of education and social services rendered at the local level corresponds fully to the state’s minimum social standards. Their absolute necessity is obvious for both healthy children and those coming from low income families. The provision of school places is 90%, while the provision of disabled children with education in correction institutions and at home is 100%. There is a precedent practice of “feedback” with education services recipients with the help of information technologies. A system of pre-schooling preparation for children on the basis of general education schools is being developed and introduced. There is a positive dynamic in providing children with pre-schools. A profile and professionally-oriented education system is developing. Social and correctional activities with teenagers from unfavourable and low income families through a network of district clubs have a steady nature. The Center for Family support was opened. It is obvious that there is a complex approach to services for anti-social behaviour and law violation prevention among teenagers and youth. There are organizations of organized and in-home servicing, including with two specialized children’s departments. The Crisis Center with a shelter for victims of domestic violence is working. Opportunities for an integrated approach to solving the problems of poverty and vulnerable children, families, youth and the disabled are being looked at for help – adaptation – self-help – employment. At the same time there are a number of problem areas:
First of all, there is no standard legal interpretation of the state social services. Pre-school education and learning is not included in the minimum state standards in the sphere of education even for disabled children and for children from low income families. Consequently, there is no continuity in services aiming at integration of such groups of children into the community. Problems were identified for Russian-speaking graduates in professional training and employment. The burdensome nature of the proof and verification package of documents confirming the need of low-income families for subsidies and material aid was noted. The mechanism of social protection of children and families from the harm caused by the unfavourable environmental situation does not work.

Recommendations:

• To consider the possibility of expanding the list of state minimal social standards of the Law “On children’s rights” with mandatory services of pre-schooling and education of disabled children and children from low income families.

• To recommend accelerating the process of the legal foundation development, regulating provision of social services rendered to the population, including its standard.

• To consider the possibility of changing the paper package of proof materials for obtaining subsidies and material aid with an electronic equivalent (for example, an electronic identification card).

At the local level:

• To consider ways of achieving better integration of disabled children and their parents into the school and professional community;

• To improve the work of the crisis shelter for women and children – victims of domestic violence.

Considerations of the outcome of the research from the perspective of its use for the realization of the initiative “A child-friendly city”.

In August 2006, the akim of Ust-Kamengorsk city and the Child Foundation of the UN in Kazakhstan signed an Agreement of collaboration and realization of the project “Creation of the child-friendly city”. This research was held within the realization of this Agreement and was focused on an analysis of practices of planning and spending of the budget funds in the spheres of education and social aid at the local level. Healthcare was not studied, as according to the BC of the Republic of Kazakhstan it is assigned to the expenditures of oblast budgets.

In August 2006, the mayor of the town of Ust-Kamengorsk and UNICEF in Kazakhstan signed an Agreement to implement the “Creating a Child-Friendly City” project. The present study was conducted as part of the implementation of this Agreement and, at the local level, focused on analysing the practice of planning and spending budget funds in the education and social protection spheres. Healthcare was not surveyed because under the current BC of the Republic of Kazakhstan healthcare is to be funded with money from the regional budget.

One of the basic characteristics of “Child-Friendly City” is “a guaranteed provision of healthcare and social protection services to children”1. The aim of the budget policy of such a town is to achieve an adequate level of funding for the above-mentioned social guarantees both in terms of current expenses and expenditure on development (investment).

The study conducted has graphically demonstrated that neither the revenues nor expenditures of the town’s budget can provide an adequate level of funding for a number of industrial items and standards. For example, operating funds are insufficient to cover the budget’s bills payable presented by the utilities that supply their services to the town’s general schools. Operating funds are also limited to the current maintenance of preschool institutions, the form of ownership of which is “A state enterprise”. Limits for expenditures on development budgets do not allow meeting required standards during major overhauls in schools. Simultaneously, it became absolutely clear that the level of budget powers of the national government bodies at the level of towns (districts) is too modest to have a real impact in the matter of securing adequate funding for the needs of the town in general and social needs in particular.
Due to this circumstance and due to the fact that the implementation of the “Child-Friendly City” initiative is designed to involve families, children and the public in the shaping of local politics, it is reasonable to implement a certain package of measures. Above all, it should include setting up a working group that could handle the promotion of the legislative amendments that were suggested within the framework of the study to decentralize budget powers and bring the revenue up to a level that is adequate to cover the town’s objective needs. It makes sense to involve in the working group NGOs that work in the interests of children, families and vulnerable groups in the population; representatives from the town’s youth organizations and MPs (a budget commission). An introductory seminar should be held for them on the results of the study and mechanisms for promoting citizens’ interests at the legislative level.

Possibly, the formation of a working group should be accompanied by the creation of a national coalition of NGOs, which could serve as a reserve to be mobilized during a subsequent campaign seeking to incorporate amendments into laws and normative acts. In addition, starting from the formulation stage, there will be a need to designate an organization as the leader and administrator that will be able to establish a partnership with the parties to the Agreement on “ Creating a Child-Friendly City” as well as deputies of the Parliament of the Republic of Kazakhstan as well as members of the Government of the Republic of Kazakhstan.

After the training, it will be easier for the members of the working group to hold an informed dialogue at the legislative and governmental levels. Most probably, it should be started with a series of consultations and personal meetings with potential allies who support amending the budget laws in the interests of families, children and vulnerable groups of citizens. They may include representatives from the Parliamentary factions “Otbasy” and “Aymak”, as well as the Chamber of public experts, and the National Commission on family and gender policy matters under the President of the Republic of Kazakhstan. Certainly, the consultations should engage the Economy and Budget Planning Ministry, the Education Ministry, and the Labour and Social Protection Ministry of the Republic of Kazakhstan.

The consultative meetings should result in producing refined and weighty arguments for the benefit of making the amendments, a “time-limit” for turning them into a plan of legislative work and a group of allies in the Parliament of the Republic of Kazakhstan, who are ready to raise an initiative to this effect. During the advancement of the amendments into the plan of legislative work and in the run-up to their examination, members of the working group need to send support letters to MPs.

It is absolutely evident that technical assistance from UNICEF in Kazakhstan will be needed in the work with legislators and government structures. Firstly, there may appear a need to study and use international experience in improving of budget legislation in the interests of families, children and vulnerable groups. Secondly, UNICEF enjoys high prestige in the Parliament of the Republic of Kazakhstan as well as the Government and Ministries of the Republic of Kazakhstan.

As regards the local aspect, the findings of the study should become a tool for enlightening and empowering children and parents to promote a better understanding of the budget process and participation in it. This is important because people form erroneous opinions about the rules and procedures of both budget planning and the spending of budget funds. Chapters of the study contain peculiarities about budget forming and the list of laws and programmes that form its basis, giving a better understanding of the budget process. It also reflects the dynamics of planning and executing the town budget’s expenditure on education and social protection over the past years. Therefore, because there is no need to request budget information from state agencies and wait for it, the study gives citizens an opportunity to be better informed about the funding of education and social protection. In addition, they will understand the reasons for the lack of funds for what seems to be very important social problems.

Education establishments appear to be the most reasonable and acceptable direction for the beginning of the enlightenment work. They are places where children of all ages, parents and the staff of the education system are concentrated. Each school in Ust-Kamensk has a board of guardians (parents’ committees) and school self-government councils (schoolchildren). Enlightenment concerning the town’s expenditure on education (the costs of which account for almost 50% of the budget) is directly linked to the interests of both groups. Both parents and schoolchildren are most interested in the quality of education and schools that are friendly to children’s needs. The promotion of “budget literacy” among young people, children and parents within the framework of the Agreement on implementing the project “Creating a Child-Friendly City” may become an important precondition for the subsequent involvement of the town’s residents in the budget process. Being better informed, they themselves will be able to determine ways of ensuring an adequate level of funding for the social sector.

It may well happen that parents and schoolchildren will not agree on the existing mechanism of evaluating the efficiency of expenditure on education, which is based only on the costs and quality indicators. There may emerge among them some enthusiasts, who, after uniting, may develop
and test a system of “public” indicators reflecting the level of satisfaction with school services. Thus, the town of Ust-Kamengorsk may become a pioneer in the development of, for example, “Alternative public reports” evaluating the quality of different aspects of education facilities: technical equipment, respectful treatment of children and honouring their rights, conditions for personal hygiene, board and so on. In accordance with the rules for evaluating the efficiency of budget programmes, information from the public may be taken into consideration in this process. In accordance with common sense logic, the truth can be somewhere in the middle between the official and alternative reports. And this is an important aspect for reaching an adequate level of funding.

The part of the study concerning the identification of services in the sphere of education and social protection may stimulate multilateral dialogue: the authorities, beneficiaries (recipients) of services, public organizations and business. The need for all parts of society to cooperate from the very beginning is due to the need to pool resources for a real development in the sector of services for children and families. Through round table meetings or public hearings, it should be spelled out how all members of the community can take part in the integration of handicapped children, for example, into the community (one of the needs revealed by focus groups during the study). The “spelling out” should have a constructive nature. It should result in forming a certain public document reflecting the priority of financing services and events with funds from the local budget. Under the budget laws, the local authorities may take independent decisions on distribution of funds only within the limits of additional revenues raised or when some parts of budget funds remain free. They often emerge at the end of a current fiscal year. This is why there are cases when they look in haste for a “niche” for funding within the limits of certain amounts of budget funds. The public document that contains realistic calculations of costs for a certain service or event could certainly become a tool for the public to influence the distribution of expenditure for the benefit of families and children.

In conclusion, it makes sense to note that in Child-Friendly Cities, a child is seen not only as an object for funding and investment, but also as a fully fledged actor shaping local politics, including budget policy. Therefore, the study is considered to be a source of information for enlightenment, discussion and legislative initiatives rather than a package of recommendations on where to channel a certain amount of money “to make a child happy”. Children, families, youth organizations, organizations protecting the rights of children, including those handicapped, should learn themselves how to influence budget policy and take part in it to reach an adequate level of funding and investment in the services and events which are relevant for them.

At the same time, another thing is certain: seeing is believing. There are towns in which the “Child-Friendly City” models of local self-government are successfully functioning already. Probably, it would be helpful to learn from their experience with the help of UNICEF. It would be also important to look through the forms of children’s integration into the process of forming budget policy, however centralized in terms of planning and spending. It would be interesting to learn the experience of children’s and parents’ participation in the evaluation of the quality of services. Learning from international experience is topical because ensuring a stable effect of children’s and families’ participation in the budget process requires some ready algorithms, which can be adapted to local conditions.

**Conclusion**

The study conducted has graphically demonstrated that the level of budget powers of town (district) authorities is too modest to have a real impact on the formation and spending of budget funds. All forms of regulatory inter-budget relations are in the hands of a higher authority. The main indicator in budget planning is not the budget requirements of the regions, but the expenditure limits for a three-year period and a current fiscal year. The integration of mid-term planning into the budget process requires achieving the results expected on a higher-level. This obvious economic absurdity leads to cunning in budget forecasting and accounting, and, accordingly, to the poorer quality of both.

The examination of expenditure in the social sector has revealed the following problems. There is a lack of fullness and completeness in the natural norms of planning (ensuring their completeness). As of today, a number of children’s material and non-material needs are not taken into consideration during planning, and, accordingly, no funds are allocated for them.

Analysis has shown that the considerable growth in expenditure on education is linked to an increase in teachers' salaries. Unfortunately, the expenditure on maintaining education facilities has in fact stayed at the previous level. It is insufficient even for observing standard requirements during major overhauls conducted in schools. Preschool education and training deserve special attention. In Kazakhstan, social services are guaranteed by the Law of the Republic of Kazakhstan “On children’s rights” in the volume of a minimum state standard. Preschool education and training are not covered in the list. Under the classification of the BC...
of the Republic of Kazakhstan, they are to be funded with money from local budgets. While minimal budget powers and funds in local budgets continue, this process will develop very slowly. Most children will have to be content with preschool training groups run in schools. It is necessary either to include preschool education in the list of state standards or to finance it with transfers from higher budgets. There is also the practice of adoption by superior authorities of decisions that become an additional burden on local budgets, which are modest already.

In the sphere of social protection, efforts need to be made to develop and adopt the law of the Republic of Kazakhstan “On social services” together with a tool for evaluating their quality. The existing services for invalids are not conducive to integration. The process of producing evidence to prove a need for benefits is too burdensome and bureaucratic. The mechanism of protecting children and families from the harm caused to people’s health by extremely unfavourable environmental conditions does not function.

**In this connection, it appears necessary:**

- To ensure the observance of the principles of efficiency and effectiveness in mid-term planning.
- To give equal significance in mid-term planning both to expenditure limits and budget requirements.
- To ensure the possibility of restructuring spending limits if the need for it has been proved by lower-level budgets.
- To accelerate the additional development of natural norms of planning (to achieve their completeness).
- To change the process of endorsing norms for distribution of revenues between budgets in order to observe the principles of inter-budget relations.
- To observe the principle of responsibility and compensate for an increase in the spending of lower-level budgets if they emerge as a result of decisions of higher-level bodies of national government (for example, for the ongoing maintenance of kindergartens and major overhaul of 8 schools).
- To accelerate the process of developing the legislative basis regulating the provision of social services to people, including its standard.
- To consider the possibility of making addenda to the list of the state’s minimum social standards defined by the law “On children’s rights” that provides for preschool education services and training for handicapped children and children from low income families.
- To consider the possibility of paying ecological compensations for the harm caused to children, families and vulnerable groups of people with money from the State Fund for Social Insurance (to individual accumulating bank accounts for cashless payments for the services of diagnosis, prophylaxis, treatment and surgical intervention).
- To consider the possibility of changing the package of paper-based evidence needed for receiving the electronic equivalent of benefits and material aid (for example, an electronic identification card).
- On the local level, it makes sense to start searching for and developing ways for the greater integration of handicapped children and their parents into the school and professional community, involving civil society, businesses and the mass media in this process.
LIST OF SOURCES

I. General

I.I. Legislative Acts

I.II. Normative and legal acts
12. Decree by the Government of the Republic of Kazakhstan “On the system of remuneration for the staff of state-funded institutions who are not civil servants” dated 11 January 2002, No 41
14. Order by the Finance Ministry of the Republic of Kazakhstan “On endorsing forms for an authorized agency’s conclusion on the evaluation of the efficiency of budget programmes at the budget implementation stage” No 15
22. Decree by the Mayor of the town of Ust-Kamengorsk “On submitting to the town council for consideration proposals on adjusting the budget of the town of Ust Kamengorsk for the year 2006 that was endorsed under the decision of the town council dated 14 December 2005, No 19/2, ‘On the budget of the town of Ust Kamengorsk for the year 2006.’” No 3094 dated 11 April 2006.


25. Decree by the Mayor of the town of Ust Kamengorsk “On submitting to the town council for consideration proposals on adjusting the budget of the town of Ust Kamengorsk for the year 2006 that was endorsed under the decision of the town council dated 14 December 2005, №19/2.” №4190 dated 12 July 2006.


27. Decree by the Mayor of the town of Ust Kamengorsk “On submitting to the town council for consideration proposals on adjusting the budget of the town of Ust Kamengorsk for the year 2006 that was endorsed under the decision of the town council dated 14 December 2005, №19/2.” №384 dated 16 October 2006.


29. Decree by the Mayor of the town of Ust Kamengorsk “On implementation of the budget of the town of Ust Kamengorsk in the nine months of 2006” №445 dated 26 October 2006.


37. Report by the Mayor of the town of Ust Kamengorsk at the meeting of the town’s active functionaries 2005

I.III. References and text books


39. Letter from the economy and budget planning department of the town of Ust Kamengorsk “Tariffs for socially significant services for 2004-2005”.


II. Special part

II.I. Legislative acts


### Appendix 1: Forecast Effect of Amendments to the BC of the Republic of Kazakhstan, Regulating the Forming of Local Budgets

<table>
<thead>
<tr>
<th>List of budget procedures</th>
<th>As of 1 January 2006</th>
<th>As of 1 July 2006</th>
<th>Effects of amendments made</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adoption of fiscal policy on the local level for a forthcoming three-year period (article 70 of BC of RK)</td>
<td></td>
<td></td>
<td>Forecasting assessment indicators of results of the year on the basis of the situation arisen over a past period of the year</td>
</tr>
<tr>
<td>Developing of fiscal policy</td>
<td>1 June of current year</td>
<td>1 September of current year</td>
<td></td>
</tr>
<tr>
<td>Endorsement of fiscal policy</td>
<td>1 June of current year</td>
<td>1 September of current year</td>
<td></td>
</tr>
<tr>
<td>Forecasting budget revenues (Article 72 of BC of RK)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Defining the limits of budget expenditure and a list of priority budget-funded programmes (article 72 of BC of RK)</td>
<td></td>
<td></td>
<td>Rational distribution of budget funds in the expenditure package taking into account priority directions and socio-economic orientation of a specific region by way of implementing investment projects on the local level.</td>
</tr>
<tr>
<td>Defining expenditure limits</td>
<td>- of current budget-funded programmes</td>
<td>- of current budget-funded programmes</td>
<td></td>
</tr>
<tr>
<td>- of development programmes</td>
<td>- of development programmes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Informing administrators about the limits</td>
<td>- of current budget-funded projects</td>
<td>- of current budget-funded projects</td>
<td></td>
</tr>
<tr>
<td>- development programmes</td>
<td>- development programmes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- of the list of priority budget-funded programmes (sub programmes)</td>
<td>- of the list of priority budget-funded programmes (sub programmes)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Drafting of budget requests by administrators of budget-funded programmes (Article 74 of BC of RK)

<table>
<thead>
<tr>
<th>Basis of budget request</th>
<th>Single budget classification</th>
<th>Single budget classification</th>
<th>Rational distribution of budget funds in the expenditure package taking into account priority directions and socio-economic orientation of a specific region within the set limits, the efficiency of invested budget funds increases due to a mandatory monitoring of ongoing budget-funded programmes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditure limits</td>
<td>Expenditure limits</td>
<td>Expenditure limits</td>
<td>efficient management of budget funds within the set limits by an administrator; a new deadline for submitting budget requests makes it possible to expedite the budget process with budget being endorsed before the start of the next fiscal period. It does not allow budget administrators to build up debts.</td>
</tr>
<tr>
<td>Budget request for a 3-year period</td>
<td>Budget request for a 3-year period</td>
<td>Budget request for a 3-year period</td>
<td>Efficient management of budget funds within the set limits by an administrator; a new deadline for submitting budget requests makes it possible to expedite the budget process with budget being endorsed before the start of the next fiscal period. It does not allow budget administrators to build up debts.</td>
</tr>
<tr>
<td>Indicators of mid-term plan and fiscal policy</td>
<td>Indicators of a mid-term plan and fiscal policy</td>
<td>List of priority investment projects</td>
<td>Efficient management of budget funds within the set limits by an administrator; a new deadline for submitting budget requests makes it possible to expedite the budget process with budget being endorsed before the start of the next fiscal period. It does not allow budget administrators to build up debts.</td>
</tr>
<tr>
<td>List of priority investment projects</td>
<td>Draft passports of budget-funded programmes</td>
<td>Evaluation of efficiency of ongoing budget programmes</td>
<td>Efficient management of budget funds within the set limits by an administrator; a new deadline for submitting budget requests makes it possible to expedite the budget process with budget being endorsed before the start of the next fiscal period. It does not allow budget administrators to build up debts.</td>
</tr>
</tbody>
</table>

### Structure of a budget request and the time-limit for submitting it

<table>
<thead>
<tr>
<th>Excluded</th>
<th>Information about accounts receivable as at 1 January of a current year with a run-down for years and indication of main reason for their emergence</th>
<th>Efficient management of budget funds within the set limits by an administrator; a new deadline for submitting budget requests makes it possible to expedite the budget process with budget being endorsed before the start of the next fiscal period. It does not allow budget administrators to build up debts.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrators of budget-funded programmes submit budget requests for a forthcoming fiscal year to the central authorized agency for budget planning before 1 June of a current fiscal year.</td>
<td>Efficient management of budget funds within the set limits by an administrator; a new deadline for submitting budget requests makes it possible to expedite the budget process with budget being endorsed before the start of the next fiscal period. It does not allow budget administrators to build up debts.</td>
<td></td>
</tr>
</tbody>
</table>

### Expenditure calculations

<table>
<thead>
<tr>
<th>Calculations of expenditure on a budget-funded programme (sub programme) reveal cost and quantity indicators of budget-funded programmes, which are determined taking into account approved natural norms.</th>
<th>Expenditure on a budget-funded programme (sub programme), exception costs channelled into subsidies, is calculated on the basis of normative, quantitative and cost indicators of budget-funded programmes and approved natural norms.</th>
<th>Efficient management of budget funds within the set limits by an administrator; a new deadline for submitting budget requests makes it possible to expedite the budget process with budget being endorsed before the start of the next fiscal period. It does not allow budget administrators to build up debts.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The amount of budget subsidies is defined as an amount spent to cover the costs of activities of private individuals, legal entities and farms minus the costs covered by private individuals, legal entities and farms at their own expense.</td>
<td>Calculations of expenditure does not include budget spending on subsidizing; the administrator is personally responsible for drafting and adjusting budget requests, and spending funds within set limits, taking into consideration priority directions as well as functioning regional (sector) programmes.</td>
<td>The administrator’s more precise calculations make the budget-forming process easier.</td>
</tr>
<tr>
<td>An administrator of budget programmes is responsible for drafting a budget request on the basis of calculations and their authenticity.</td>
<td>An administrator of budget programmes must submit a budget request that is within the expenditure limits;</td>
<td>The administrator’s more precise calculations make the budget-forming process easier.</td>
</tr>
<tr>
<td>An administrator of budget programmes must submit a budget request that is within the expenditure limits; in the event that the total cost of budget programmes (sub programmes) exceeds the limits of expenditure, administrators of budget programmes submit to the central authorized agency for budget planning, as part of their budget requests, well-grounded proposals for changing:</td>
<td></td>
<td>The administrator’s more precise calculations make the budget-forming process easier.</td>
</tr>
<tr>
<td>approved state, industry (sector), regional programmes, including their plans of events</td>
<td></td>
<td>The administrator’s more precise calculations make the budget-forming process easier.</td>
</tr>
<tr>
<td>natural norms</td>
<td></td>
<td>The administrator’s more precise calculations make the budget-forming process easier.</td>
</tr>
<tr>
<td>quantitative and costs indicators of budget programmes (sub programmes)</td>
<td></td>
<td>The administrator’s more precise calculations make the budget-forming process easier.</td>
</tr>
</tbody>
</table>
Appendix 2

Indicators of socio-economic development in 2005-2007 for the town of Ust-Kamengorsk

<table>
<thead>
<tr>
<th>Social protection for population</th>
<th>Unit of measurement</th>
<th>2005 Report</th>
<th>2006 Assessment</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of pensioners (annual average)</td>
<td>thousand people</td>
<td>52,520</td>
<td>52,320</td>
<td>52,300</td>
</tr>
<tr>
<td>Number of recipients of the state basic pension (annual average)</td>
<td>thousand people</td>
<td>52,664</td>
<td>52,664</td>
<td>52,664</td>
</tr>
<tr>
<td>Number of recipients of state social benefits (annual average)</td>
<td>thousand people</td>
<td>11,840</td>
<td>11,892</td>
<td>11,941</td>
</tr>
<tr>
<td>due to disability</td>
<td>thousand people</td>
<td>7,651</td>
<td>7,651</td>
<td>7,700</td>
</tr>
<tr>
<td>due to loss of wage earner</td>
<td>thousand people</td>
<td>4,148</td>
<td>4,200</td>
<td>4,200</td>
</tr>
<tr>
<td>due to old age</td>
<td>thousand people</td>
<td>0.041</td>
<td>0.041</td>
<td>0.041</td>
</tr>
<tr>
<td>Number of recipients of special state benefits (annual average), including</td>
<td>thousand people</td>
<td>25,976</td>
<td>26,000</td>
<td>26,000</td>
</tr>
<tr>
<td>from the republican budget</td>
<td>thousand people</td>
<td>25,976</td>
<td>26,000</td>
<td>26,000</td>
</tr>
<tr>
<td>from local budgets</td>
<td>thousand people</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>Annual average number of recipients of special state benefits for people who worked in underground and open-cast mines, on jobs with especially harmful and especially difficult working conditions (jobs on List №1)</td>
<td>thousand people</td>
<td>1.953</td>
<td>1.960</td>
<td>1.960</td>
</tr>
<tr>
<td>Republican budget’s expenditure on payment of pensions</td>
<td>million tenge</td>
<td>7,076.2</td>
<td>7,642.0</td>
<td>8,253.0</td>
</tr>
<tr>
<td>Republican budget’s expenditure on payment of basic pension payments</td>
<td>million tenge</td>
<td>958.2</td>
<td>1,916.4</td>
<td>1,916.4</td>
</tr>
<tr>
<td>Social protection for population</td>
<td>Unit of measurement</td>
<td>2005 Report</td>
<td>2006 Assessment</td>
<td>2007</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>---------------------</td>
<td>-------------</td>
<td>-----------------</td>
<td>------</td>
</tr>
<tr>
<td>Republican budget’s expenditure on benefits, including</td>
<td>million tenge</td>
<td>1,886.8</td>
<td>2,038.2</td>
<td>2,200.7</td>
</tr>
<tr>
<td>state social benefits</td>
<td>million tenge</td>
<td>956.1</td>
<td>1,033.0</td>
<td>1,115.2</td>
</tr>
<tr>
<td>special state benefits</td>
<td>million tenge</td>
<td>758.1</td>
<td>818.8</td>
<td>884.2</td>
</tr>
<tr>
<td>state special benefit</td>
<td>million tenge</td>
<td>172.6</td>
<td>186.4</td>
<td>201.3</td>
</tr>
<tr>
<td>Amount of average monthly pensions</td>
<td>tenge</td>
<td>11,035</td>
<td>11,918</td>
<td>12,871</td>
</tr>
<tr>
<td>Amount of basic pension payment</td>
<td>tenge</td>
<td>3,000</td>
<td>3,000</td>
<td>3,000</td>
</tr>
<tr>
<td>Amount of average monthly state social benefits</td>
<td>tenge</td>
<td>6,655</td>
<td>7,054</td>
<td>7,478</td>
</tr>
<tr>
<td>Amount of average monthly state special benefits from the republican budget</td>
<td>tenge</td>
<td>2,420</td>
<td>2,565</td>
<td>2,719</td>
</tr>
<tr>
<td>Amount of average monthly state special benefits</td>
<td>tenge</td>
<td>7,768</td>
<td>8,234</td>
<td>8,728</td>
</tr>
</tbody>
</table>

**Indicators of socio-economic development in 2005-2007 for the town of Ust Kamengorsk**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Poverty line amount (annual average)</td>
<td>tenge</td>
<td>2,375</td>
<td>3,178</td>
<td>3,178</td>
<td>3,369</td>
<td></td>
</tr>
<tr>
<td>Number of people living below poverty line (annual average)</td>
<td>thousand people</td>
<td>3,725</td>
<td>3,539</td>
<td>3,539</td>
<td>3,468</td>
<td></td>
</tr>
<tr>
<td>Number of recipients of targeted social aid among them</td>
<td>thousand people</td>
<td>0.791</td>
<td>0.700</td>
<td>0.700</td>
<td>0.673</td>
<td></td>
</tr>
<tr>
<td>Amount of average monthly social aid provided by the state</td>
<td>tenge</td>
<td>973</td>
<td>905</td>
<td>1,118</td>
<td>1,185</td>
<td></td>
</tr>
<tr>
<td>Number of recipients of housing aid</td>
<td>thousand families</td>
<td>1,451</td>
<td>1,230</td>
<td>1,230</td>
<td>1,050</td>
<td></td>
</tr>
<tr>
<td>Number of recipients of child benefits for children under 18 years old from low-income families</td>
<td>thousand children</td>
<td>0.903</td>
<td>0.700</td>
<td>0.700</td>
<td>0.720</td>
<td></td>
</tr>
<tr>
<td>Amount of an average monthly child benefit</td>
<td>tenge</td>
<td>821</td>
<td>821</td>
<td>900</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount of money earmarked for housing and targeted social aid, and child benefits Including:</td>
<td>million tenge</td>
<td>23,800</td>
<td>31,127</td>
<td>30,818</td>
<td>30,484</td>
<td></td>
</tr>
<tr>
<td>Targeted social aid</td>
<td>million tenge</td>
<td>9,240</td>
<td>7,699</td>
<td>9,390</td>
<td>9,570</td>
<td></td>
</tr>
<tr>
<td>Housing aid</td>
<td>million tenge</td>
<td>14,560</td>
<td>14,528</td>
<td>14,528</td>
<td>13,600</td>
<td></td>
</tr>
<tr>
<td>Child benefits</td>
<td>million tenge</td>
<td>8,900</td>
<td>6,900</td>
<td>7,314</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utilized</td>
<td>million tenge</td>
<td>23,480</td>
<td>23,920</td>
<td>23,920</td>
<td>23,170</td>
<td></td>
</tr>
<tr>
<td>Targeted social aid</td>
<td>million tenge</td>
<td>9,240</td>
<td>9,390</td>
<td>9,390</td>
<td>9,570</td>
<td></td>
</tr>
<tr>
<td>Housing aid</td>
<td>million tenge</td>
<td>14,240</td>
<td>14,530</td>
<td>14,530</td>
<td>13,600</td>
<td></td>
</tr>
</tbody>
</table>

*) approved amount of earmarked funds for child benefits and targeted social aid in accordance with the town council’s session

**) actual amount of allocated funds for child benefits and targeted social aid in accordance with the town council’s session
### Appendix 3

<table>
<thead>
<tr>
<th>Name of service</th>
<th>Budget funds, thousand tenge</th>
<th>Number of users of services, people</th>
<th>Budget funds for 1 person</th>
</tr>
</thead>
<tbody>
<tr>
<td>State-funded targeted social aid</td>
<td>5.464</td>
<td>2,123</td>
<td></td>
</tr>
<tr>
<td>Training of handicapped children at home to help them adapt to living conditions</td>
<td>195.3</td>
<td>74.5</td>
<td>0.37</td>
</tr>
<tr>
<td>Provision of services to handicapped children at home to help them adapt to living conditions</td>
<td>5.646</td>
<td>2,974</td>
<td>0.51</td>
</tr>
<tr>
<td>Provision of technical and other means to handicapped children</td>
<td>1,523</td>
<td>74.5</td>
<td>0.51</td>
</tr>
<tr>
<td>Provision of social payments to certain categories of citizens: one-time payment for purchasing medicines for handicapped children</td>
<td>4,955</td>
<td>141</td>
<td>0.17</td>
</tr>
<tr>
<td>Provision of transportation system for handicapped children with poor eyesight</td>
<td>6,123</td>
<td>88</td>
<td>0.85</td>
</tr>
<tr>
<td>Provision of discounts for travel on the town’s transportation system to handicapped children</td>
<td>5,464</td>
<td>2,500</td>
<td></td>
</tr>
</tbody>
</table>

Source: Reference data on the implementation of social programmes from the employment and social programmes department of the town of Ust-Kamenogorsk

### Appendix 4

**LIST OF REQUIRED DOCUMENTS SUBMITTED BY CITIZENS WHEN APPLYING FOR CHILD BENEFITS:**

1. A copy of the applicant’s ID card;
2. A copy of children’s birth certificates;
3. A copy of registration book for house or flat (the book issued by the Ministry of Justice);
4. A copy of a certifying letter following form №4 (for single mothers);
5. Information on income:
   - A certified letter from an employment department indicating the amount of benefits paid (for unemployed people who have children over 3 years old);
   - A certified letter from employers indicating the amount of wages paid;
   - A certified letter from an academic institution indicating the amount of stipend;
   - A certified letter indicating the amount of monthly expenses or an announcement about putting the wage earner on a waiting list;
   - A certified letter on the amount of pensions, state-funded benefits and provision of material aid to handicapped children who are educated and trained at home;

Information on the income should be for the quarter preceding the quarter in which the application is filed.

6. A copy of court ruling on recovering maintenance money;
7. 16-digit number of a bank account in Halyk Bank
LIST OF DOCUMENTS REQUIRED TO APPLY FOR TARGETED AID
1. IDENTITY DOCUMENTS OF ALL FAMILY MEMBERS
2. BIRTH CERTIFICATES OF ALL CHILDREN
3. TAXPAYER’S IDENTIFICATION NUMBERS OF ALL FAMILY MEMBERS
4. SOCIAL INDIVIDUAL CODES OF ALL FAMILY MEMBERS
5. CERTIFIED LETTER FROM AN EMPLOYMENT CENTRE
6. CERTIFIED LETTER ON FORM №4
7. CERTIFIED LETTER ON INCOME (WAGES, BENEFITS ETC.)
8. DIVORCE CERTIFICATE
9. DEATH CERTIFICATE
10. CERTIFIED LETTER FROM AN ACADEMIC INSTITUTION FOR CHILDREN OVER 18
11. CONTRACT ON TUITION PAYMENT
12. CERTIFIED LETTER ON THE AMOUNT OF STIPEND
13. SAVINGS-BANKS BOOK WITH A 16-DIGIT NUMBER
14. BOOK FOR REGISTERING PEOPLE LIVING IN A HOUSE OR FLAT

LIST OF DOCUMENTS SUBMITTED BY CITIZENS WHEN APPLYING FOR HOUSING AID AND ANNUAL RE-APPRAISAL
1. ID card or passport of the applicant with a copy attached;
2. Document certified the right of ownership to a housing item with a copy attached;
3. Book for registering people living in a house or flat (a copy);
4. Certified letter on the family’s income (wages, pension, benefits, revenues from a business, maintenance money, stipend and other document confirming income level);
5. A certified letter from an employment centre if unemployed;
6. A certified letter from a cooperative of flat owners on charges for services supplied to a household;
7. A receipt of the payment for all utilities for the preceding quarter, with a copy attached;
8. Marriage certificate;
9. Divorce certificate;
10. A letter certified the fact that [one of] parents has been put on a waiting list (for recipients of maintenance);
11. Death certificate of spouse;
12. Certified letter on form Х!! 4 for single mothers
13. Taxpayer’s identification number;
15. Savings-bank book;
16. A certified letter from the Bank on the amount of the mortgage loan to be repaid;
17. Bills from the heating and water supply services;

ALL CERTIFIED LETTERS ARE COLLECTED ONLY AFTER INTERVIEW WITH SPECIALISTS ON GRANTING HOUSING AID FROM THE EMPLOYMENT AND SOCIAL PROGRAMMES DEPARTMENT OF THE TOWN OF UST-KAMENGORSK LOCATED AT: 157/2 VOROSHILOV STREET, ROOMS 1,2,6,7,8. EVERY DAY EXCEPT FRIDAY FROM 9:00 TO 12:00 AND 14:00 TO 17:00
PRO-CHILD GROWTH AND SOCIAL POLICY IN THE EUROPEAN COUNTRIES IN TRANSITION

by Giovanni Andrea Cornia
University of Florence (giovanniandrea.cornia@unifi.it)
1. INTRODUCTION

The last seven years have been characterized by the entry in the European Union of 10 of the 27 countries that until 1989 constituted the European socialist bloc, increasingly more stable political conditions, a rapid resumption of growth, a decline in poverty, an overall improvement in well-being, and the diffusion of an upbeat climate that sees the painful economic and social adjustments demanded by the transition as a problem of the past. While there are good reasons for rejoicing about all this, it is equally true that the situation varies considerably from country to country and from place to place within countries, and that some parts or the region have been left behind by this recent renaissance. In addition, as already observed since the 1960s and 1970s in the advanced nations, a decline in child survival and poverty problems was accompanied by the worsening of more subtle child socialization and protection problems that require renewed attention by the research community and a firm response by governments, communities and the international community. Within this context, this paper assesses the extent of economic and social polarization observed within the region over the years 1989-2004 with the aim of identifying clusters of relatively homogeneous countries in transition characterized by broadly similar child problematics. It also aims at identifying the main problems affecting children in each of the clusters identified and, last, at outlining the related policy responses.
2. INCREASING SOCIO-ECONOMIC POLARIZATION WITHIN THE REGION AND THE EMERGENCE OF DISTINCT COUNTRY CLUSTERS

The 27 countries in transition of Eastern Europe and the former Soviet Union have always been very different. Their heterogeneity has distant origins and finds its roots in their varying endowments of natural resources, geography and historical developments over the last few centuries. Yet, during the socialist era the communist ideology explicitly aimed at reducing differentials in economic development and human wellbeing among the socialist states of Europe, among regions within states and among social classes. Since the onset of the transition such approach was replaced by a liberal approach that entailed the dismantling of the within- and cross-country equalization mechanisms set up during the socialist era, the adoption of national policies that place greater emphasize on merit, incentives, decentralization, a limited intervention of the state in the economy, and a shift in welfare policy from the principle of ‘equalizing outcomes’ to that of ‘equalizing opportunities’.

The impact of such policy shift on child wellbeing has been mixed. While some countries, provinces and groups gained markedly, this was hardly the general case. Four dimensions of wellbeing (measured by five indicators) can help summarizing the gains/losses of child wellbeing observed in the 27 European countries in transition over the last 15 years. These are: child poverty (proxied by the GDP per capita at constant PPP prices, combined with the Gini coefficient of the distribution of gross income per capita),

---

79 Albania (ALB), Armenia (ARM), Azerbaijan (AZE), Belarus (BLR), Bosnia-Herzegovina (BIH), Bulgaria (BGR), Croatia (HRV), Czech Republic (CZE), Estonia (EST), Georgia (GEO), Hungary (HUN), Kazakhstan (KAZ), Kyrgyz Republic (KGZ), Latvia (LVA), Lithuania (LTU), Macedonia FYR (MKD), Moldova (MDA), Poland (POL), Romania (ROM), Russian Federation (RUS), Serbia and Montenegro (YUG), Slovak Republic (SVK), Slovenia (SVN), Tajikistan (TJK), Turkmenistan (TKM), Ukraine, and Uzbekistan (UZB).

80 For instance, before the transition, the Central Asian Republics received from Moscow rouble grants and non reimbursable credits accounting for between 0 and 5 percent of their GDP. Likewise the oil producing nations provided oil at prices equal to 10 percent of the world market price to the other members of Comecon, which received in this way a considerable subsidy.

81 The data on the Gini coefficient are available for different types of distributions (of gross, income, net income, consumption and wages). To ensure comparability, all these Gini indexes have all been standardized in terms of ‘gross income per capita’.
child survival (measured by the Infant Mortality Rate, or IMR, an indicator that correlates closely with most measures of child health and development), child socialisation (measured by the Total Fertility Rate, or TFR, a proxy of the cognitive and socialisation difficulties that might be experienced by children in countries affected by low fertility and dominance of single-child families), and child abandonment (proxied by Abandindex, i.e. the number of children/youth living in institutions or with foster parents per 100,000 children/youth of 0-17 years of age).

Except for IMR, the years between 1989 and 1999 witnessed a well-known worsening in average regional indicators of child wellbeing, as GDP/c-PPP fell, inequality rose, fertility collapsed and child abandonment surged (Table 1, first panel). This tendency was reversed over the subsequent five years in the case of GDP/c-PPP, while in the other four areas there was a slow down in the rate of improvement or a further deterioration.

**Table 1. Mean and coefficient of variation of key variables in 27 European countries in transition**

<table>
<thead>
<tr>
<th></th>
<th>IMR</th>
<th>TFR</th>
<th>GDP/c-PPP</th>
<th>Gini</th>
<th>Abandindex</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean values (unweighted)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1989</td>
<td>33.4</td>
<td>2.45</td>
<td>7,100</td>
<td>32.4</td>
<td>736</td>
</tr>
<tr>
<td>1999</td>
<td>27.1</td>
<td>1.69</td>
<td>6,089</td>
<td>42.1</td>
<td>964</td>
</tr>
<tr>
<td>2004</td>
<td>25.1</td>
<td>1.61</td>
<td>7,958</td>
<td>43.5</td>
<td>1,097</td>
</tr>
<tr>
<td>Coefficients of variation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1989</td>
<td>0.771</td>
<td>0.371</td>
<td>0.476</td>
<td>0.172</td>
<td>0.663</td>
</tr>
<tr>
<td>1999</td>
<td>0.919</td>
<td>0.409</td>
<td>0.688</td>
<td>0.198</td>
<td>0.666</td>
</tr>
<tr>
<td>2004</td>
<td>0.994</td>
<td>0.362</td>
<td>0.634</td>
<td>0.219</td>
<td>0.679</td>
</tr>
</tbody>
</table>

Source: author’s calculations on Transmonee and WIID2 data. Notes: the regional mean values are the unweighted average of the national values of the 27 countries of the region. The coefficient of variation (CV) is the standard deviation divided by the mean of the relevant variable. An increase in CV signals growing cross-country polarisation, a decline growing convergence.

These problematic trends in average regional child wellbeing were accompanied by growing cross-country polarisation in the five wellbeing areas indicated above. As suggested by the coefficients of variation in Table 1 – second panel, the cross-country differentials widened markedly during the difficult years 1989-1999 for all five indicators considered, and continued rising over 1999-2004 in the case of IMR, Gini and Abandindex. Some country examples illustrate vividly this trend towards growing cross-country polarisation in child wellbeing. For instance, in 2004 the GDP per capita of Ukraine was 42 percent lower than in 1989 while in nearby Poland it was 42 percent higher. Likewise, between 1989 and 2003 IMR declined by 61 percent in the Czech Republic and by 14 percent in Bulgaria. Finally, between 1989 and 2003, pre-primary enrolments rose from 56.3 to 76.2 percent in Slovenia while they fell from 53.1 to 15.7 percent in Kazakhstan. A trend towards cross-country divergence in levels of wellbeing, both for children and the general population, is evident in practically every area.

This growing polarisation in child wellbeing has led to the formation of country groups characterized by dissimilar child problematicaes that require different policy and program responses. To bunch the 27 countries of the region into groups of broadly similar countries, a hierarchical cluster analysis based on the scale-unstandardized five variables described
above was carried out for 1989 (the transition’s baseline), 1999 (a decade into the transition) and 2004 (the latest year with available data). The related data (see Annex Table 1) are taken from the Transmonee database (2005 version) and – for the Gini indexes of income inequality – from the WIID2 database of WIDER

The analysis permits to identify in 2004 four clusters of countries, that are clearly ordered in terms of GDP/c-PPP, IMR, TFR and Gini (as the mean of these four variables change steadily across the four clusters), but not so in terms of the Abandindex. ‘Country cluster 1’ includes the Czech Republic and Slovenia, i.e. countries with a high GDP/c-PPP and moderate Gini coefficients (and therefore a low incidence of child poverty) and low IMRs, but with a low TFR (a marker of a high proportion of families with one child), and a medium rate of child abandonment. Thus, while child poverty and mortality do not represent a problem for them, the same cannot be said for child abandonment and socialisation.

‘Country cluster 2’ includes the three Baltic countries, Croatia, Hungary, Poland and Slovakia, i.e. countries almost as advanced as those in the first cluster, and fairly homogeneous among each other (as suggested by its low coefficients of variation). Yet, except for TFR, this cluster has less favourable average indicators than the first – though the degree of dissimilarity between them is much less marked than that between them and the other two. ‘Country cluster 3’, (the most heterogeneous – as suggested by its coefficients of variation) includes South Eastern Europe, the Balkans and the big Slavonic countries i.e. Russia, Belarus, Ukraine and Kazakhstan (in the latter, a considerable proportion of the population is of Russian origin), i.e. all countries characterized by a medium-high incidence of child poverty (because of a medium level of GDP/c-PPP combined with high income inequality) and child mortality (though with considerable variation within the group), as well as a high share of children exposed to socialisation problems due to low fertility and high child abandonment. In a sense, countries in this cluster have to face both the old and the new child problematics. Finally, ‘Country cluster 4’ is very distant from the previous three as its structural features resemble those of low-middle income developing countries. This group includes the countries of Central Asia (but for Kazakhstan) and the Caucasus, as well as Moldova and Albania, i.e. less developed and highly unequal countries with intense child poverty and mortality problems, though with less acute child socialisation and abandonment problems.

**Table 2. Descriptive statistics of the four country clusters of the European economies in transition (based on unstandardized variables), 2004**

<table>
<thead>
<tr>
<th>Cluster 1 (Cze, Svn)</th>
<th>Minimum</th>
<th>Mean</th>
<th>CV</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>IMR</td>
<td>3.9</td>
<td>3.95</td>
<td>0.017</td>
<td>4.0</td>
</tr>
<tr>
<td>TFR</td>
<td>1.22</td>
<td>1.23</td>
<td>0.005</td>
<td>1.23</td>
</tr>
<tr>
<td>GDP/c-PPP</td>
<td>17,874</td>
<td>18,571</td>
<td>0.05</td>
<td>19,268</td>
</tr>
<tr>
<td>Gini index</td>
<td>25.4</td>
<td>32.4</td>
<td>0.304</td>
<td>39.4</td>
</tr>
<tr>
<td>Abandindex</td>
<td>866</td>
<td>1,194</td>
<td>0.388</td>
<td>1,522</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cluster 2 (Est, Hrv, Hun, Ltu, Lva, Pol, Svk)</th>
<th>Minimum</th>
<th>Mean</th>
<th>CV</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>IMR</td>
<td>5.7</td>
<td>7.0</td>
<td>0.193</td>
<td>9.8</td>
</tr>
<tr>
<td>TFR</td>
<td>1.23</td>
<td>1.28</td>
<td>0.049</td>
<td>1.40</td>
</tr>
<tr>
<td>GDP/c-PPP</td>
<td>11,101</td>
<td>12,703</td>
<td>0.119</td>
<td>15,452</td>
</tr>
<tr>
<td>Gini index</td>
<td>32.2</td>
<td>44.4</td>
<td>0.234</td>
<td>58.3</td>
</tr>
<tr>
<td>Abandindex</td>
<td>831</td>
<td>1,660</td>
<td>0.472</td>
<td>2,726</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cluster 3 (Bgr, BiH, Blr, Kaz, Mkd, Rom, Rus, Ucr, Yug)</th>
<th>Minimum</th>
<th>Mean</th>
<th>CV</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>IMR</td>
<td>8.6</td>
<td>18.4</td>
<td>0.915</td>
<td>63.0</td>
</tr>
<tr>
<td>TFR</td>
<td>1.18</td>
<td>1.41</td>
<td>0.169</td>
<td>1.81</td>
</tr>
<tr>
<td>GDP/c-PPP</td>
<td>5,876</td>
<td>6,938</td>
<td>0.151</td>
<td>9,097</td>
</tr>
<tr>
<td>Gini index</td>
<td>33.3</td>
<td>42.1</td>
<td>0.181</td>
<td>55.0</td>
</tr>
<tr>
<td>Abandindex</td>
<td>380</td>
<td>1,233</td>
<td>0.615</td>
<td>2,698</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cluster 4 (Alb, Arm, Aze, Geo, Kgz, Mda, Tjk, Tkm, Uzb)</th>
<th>Minimum</th>
<th>Mean</th>
<th>CV</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>IMR</td>
<td>17.1</td>
<td>50.5</td>
<td>0.472</td>
<td>80.2</td>
</tr>
<tr>
<td>TFR</td>
<td>1.34</td>
<td>2.15</td>
<td>0.344</td>
<td>3.62</td>
</tr>
<tr>
<td>GDP/c-PPP</td>
<td>1,103</td>
<td>2,930</td>
<td>0.508</td>
<td>5,085</td>
</tr>
<tr>
<td>Gini index</td>
<td>34.6</td>
<td>46.8</td>
<td>0.212</td>
<td>63.5</td>
</tr>
<tr>
<td>Abandindex</td>
<td>300</td>
<td>547</td>
<td>0.662</td>
<td>1,478</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Entire region (27 countries)</th>
<th>Minimum</th>
<th>Mean</th>
<th>CV</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>IMR</td>
<td>3.9</td>
<td>25.1</td>
<td>0.094</td>
<td>80.2</td>
</tr>
<tr>
<td>TFR</td>
<td>1.18</td>
<td>1.61</td>
<td>0.362</td>
<td>3.62</td>
</tr>
<tr>
<td>GDP/c-PPP</td>
<td>1,103</td>
<td>7,958</td>
<td>0.634</td>
<td>19,268</td>
</tr>
<tr>
<td>Gini index</td>
<td>25.4</td>
<td>43.5</td>
<td>0.219</td>
<td>63.5</td>
</tr>
<tr>
<td>Abandindex</td>
<td>300</td>
<td>1,097</td>
<td>0.679</td>
<td>2,726</td>
</tr>
</tbody>
</table>

Source: author’s calculation on data included in Annex Table 1. Notes: Annex Table 2 illustrates the evolution of these four clusters between 1989, 1999 and 2004. It shows that there were 10 changes of cluster (out of a maximum number of changes equal to 27) between 1989 and 1999 concerning mainly cluster 1 and 2, and 2 changes over the period 1999-2004.
3. CURRENT PROBLEMS AFFECTING CHILDREN IN THE DIFFERENT CLUSTERS OF EUROPEAN ECONOMIES IN TRANSITION

Hereafter are discussed the main problems currently affecting to different extents children and adolescents in the four country clusters identified above:

(i) A declining but still widespread child poverty, and prospects for its alleviation in the years ahead.

During the last five years, the incidence of child poverty declined in all four clusters owing to rapid growth, the stabilisation of inflation and – in countries such as Lithuania and Moldova – a reduction in income inequality (however, in the latter country such decline was recently reversed). At the moment, the proportion of children living under a fixed poverty line of US$-PPP 2.15 per person/day varies between less than five percent in country clusters 1 and 2 and in Belarus, to 10-30 percent in country clusters 3, to 40 to 70 percent in country cluster 4 where it exceeds the 70 percent mark in Tajikistan and Kyrgyzstan. National estimates of child poverty generally produce lower poverty rates that remain however very high in many cases. This decline in child poverty has produced a ‘glow effect’ that makes many believe that child poverty no longer constitutes a policy issue to be dealt with by policy makers. Yet a closer look at the data suggests that in most of the region child poverty remains at a level still requiring continued attention by policy makers over the next decade. First, while it is uncontroversial that child poverty has fallen during the recent years, the extent of such decline and the current level of poverty incidence remain debatable. In many cases, child poverty is assessed on the basis of national ‘food-only’ poverty lines or ‘one or two dollars a day’ poverty lines. Yet, ‘food-only’ poverty lines do not permit to identify the cost of a minimum survival package in countries where temperatures fall as low as -40°C. Under such circumstances, survival requires access to a modicum of shelter, heating, electricity, warm clothing and life-saving drugs. In many countries of clusters 3 and 4 the use of such poverty lines can lead in other words to an un-
derestimation of the number of poor children. The same applies to the use of 1 or 2 US$-PPP/day poverty lines in the countries of clusters 1 and 2. Results of self-assessment confirm that the ‘perceived’ poverty incidence is higher than officially estimated with the above approach. For instance, the Government of Moldova estimated in 2002 that the incidence of poverty was 40.4 percent. Yet, a poverty self-assessment for the same year indicated that 68 percent of the households interviewed considered themselves poor. This discrepancy means that the official poverty line (around a dollar a day) was too low and underestimated the spread of poverty as perceived by the people. A second explanation is that the interviewees associated to the term ‘poverty’ a kind of ‘low income status’ i.e. a concept broader than that of nutritional deprivation used by the government. Unfortunately, there are no participatory studies on children’s self-assessment of poverty, and this an area where more anthropological and sociological studies could be carried out in the future.

Finally, the use of absolute poverty lines is less justified in clusters 1 and 2, as in middle-high income countries such as Slovenia, the Czech Republic and Hungary the poverty lines normally used are relative poverty lines, i.e. benchmarks that define poverty in terms of relative rather than absolute deprivation.

Second, while child poverty is falling, its incidence is becoming increasingly concentrated in few groups. Available panel data shows that only a quarter to a third of the poor are permanently poor and that for most people poverty is a temporary phenomenon. Yet, there are ample indications that where it is high (as in Tajikistan, Romania and Uzbekistan) temporary poverty can quickly lead to chronic poverty. The permanent hard core poor tend to comprise families with many children, mono-parental and problem families, families whose head has less than college education, and families of elderly unrelated individuals living together. These families may adopt unsustainable coping strategies such as the withdrawal of children from school, or the condoning of adolescent prostitution and child labor, i.e. strategies that raise the probability of intergenerational transmission of poverty.

Third, prospects for future child poverty alleviation hinge on the pattern of growth that will be followed in the region. In this regard, it must be noted that, with the exception of most clusters of countries 1 and 2, i.e. countries where investment rates and FDI are high and industrial modernization has progressed steadily, the region has not yet experienced a robust, stable, broad-based and equitable growth. In 16 of the 27 countries of the region, including in two of its three largest economies (Russia and Ukraine), in 2005 the GDP per capita index was still below its 1989-1991 level. This suggests that so far growth has mainly consisted in a rebound in the use of existing production capacity rather than in the creation of new one. In addition, in all but parts of clusters 1 and 2 and Belarus, such growth is characterized by persistently high level of inequality, with Gini coefficients of the distribution of gross income per capita averaging around 42-47 and nearing in many instances Latin American levels. Such high inequality reduces the employment and poverty alleviation elasticity of growth, marginalizes large segments of society and erodes work incentives. In many countries growth remains confined to the capital-intensive sector where the labor intensity per unit of output is low. In some cluster 3 and 4 countries (Russia, Azerbaijan, Kazakhstan, Turkmenistan), growth is driven by high energy prices and much less by a diversification of the economy leading to a broad-based growth. In addition, several countries (such as Georgia, Ukraine and Belarus) enjoy positive spillover effects, mainly in the form of transit fees for energy exports. Likewise, short term growth in Albania, Moldova, Romania, Kyrgghizstan, Tajikistan and other countries is led to a large extent by migrant remittances that in Moldova account, for instance, for 23 percent of GDP. While oil-money, transit fees and remittances have been shown to reduce child poverty in the short term, their long term effect on investments, growth and child poverty is likely to be weak or imperceptible. One of the reasons, is that energy-exporting and – to a lesser extent – remittances-receiving countries are affected by the ‘Dutch disease’, i.e. an appreciation of the real exchange rate following a large inflow of foreign exchange that discourages exports, growth and employment in the tradable sector, while it encourages imports, and hampers the diversification of the tax base, tax collection and domestic labor supply.

Finally, in the first three clusters, future growth and reduction of child poverty will be - ceteris paribus – affected by the drastic fall in TFR and the subsequent rapid ageing of the population recorded since the onset of the transition. Population ageing (and continued external migration) will affect negatively labour supply and the wage rates in the years ahead, worsen the dependency ratio, reduce private savings for productive investments, and increase public expenditure on pensions and health care of the elderly, with the likely effect of reducing public expenditure on kindergartens, education and child allowances. While population ageing has affected several OECD economies, such as Italy and Germany, this occurred at much higher levels of GDP/c.

(ii) profile and main causes of child poverty.

Except in highly urbanized clusters 1 and 2, child poverty is found mainly in families of agricultural labourers and small farmers in remote rural areas, as well as in families earning a low wage or with inactive workers living in...
declining mono-industrial small towns. Children living in these areas face a 2-3 times higher risk of falling into poverty than those living in urban areas. In some countries (such as Russia, Tajikistan and Uzbekistan) child poverty varies also markedly across regions, with remote regions – where economic opportunities and public services are less developed – experiencing on average much higher child poverty rates.

In clusters 1, 2 and 3, only a small share of children are poor because of the large number of children per family. Indeed, while the risk of poverty rises sharply in families with three or more children\(^{84}\), except in cluster 4 countries, the recent sharp contraction in TFR makes that the children living in such families account for less than 10 percent of the total child population. Be it as it may, the fact remains that children in very large families are poor because the child allowance system does not reach all of them, or because the subsidies provided are not sufficient to lift the family to which they belong out of poverty, or because – in many cases – the family would be poor even if it had no children. Indeed, the main factor behind child poverty remains the unemployment, underemployment and low wages of their ‘working poor’ parents. In turn, and unlike in most other middle income countries, child poverty does not decline with a rise in the level of education of the parents except for parents with university education, as the socialist system ensured schooling of all till age 16 or 18.

Child poverty is also higher in problem families and single-parent families (that now account for 8-10 percent of the total) where single-parenthood is due to rising separation, divorce, death\(^{85}\), migration of one parent, or a rise in the share of never married women. In Russia half of the single-parent families are poor. Over one-fifth of all persistently poor are accounted for by these families. In this regard, the complex effect of migration on child poverty must be underscored. Available data shows that child poverty falls with a rise in migrant remittances. Yet, such effect may be limited as non-poor families receive the lion’s share of migrant remittances (70 percent in the case of Moldova). Remittances, however, could also reduce poverty by stimulating the local economy and raising the domestic wage of those categories of workers that frequently out-migrate. Finally, child poverty is much higher among ethnic minorities. For instance, in Serbia & Montenegro the incidence of extreme poverty among the Roma population is 22 times bigger than among the general population.

\(^{84}\) In Russia, 70 percent of the families with three or more children are poor.

\(^{85}\) The risk of growing up in a single parent family has been exacerbated by the sharp increase in the crude death rate registered in the entire region except country cluster 1 where mortality has fallen considerably since the onset of the transition.

(iii) Undesirable effects on children of the transition’s demographic adjustment.

The radical changes recorded since the onset of the transition in the field of family formation and stability, reproductive behavior, mortality and migration have caused many undesirable effects that affect negatively current and future levels of child wellbeing.

To start with, marriage rates fell by 50 percent in most of the region owing to rising insecurity and emigration. In turn, divorce rates declined – as expected – during the difficult years of the transition in much of the region but rose in Russia, Ukraine and Moldova, possibly due to job-search related migration, loss of self-esteem, alcoholism, and domestic violence caused by economic difficulties. Marriage postponement, divorce, separation and family instability increased also in countries experiencing large internal and external migration. These trends led to an unprecedented decline in the birth rate and TFR. In some countries of clusters 1, 2 and 3, TFR had fallen below the replacement rate (2.1 children per woman of fertile age) already in the 1980s, but such decline accelerated sharply since 1989. As a result, with the exception of cluster 4, all countries in the region now have TFRs in the 1.2-1.3 range. Such fall was accompanied by a decline in the ‘quality’ of births, as a rising proportions of them now occur to very young, often unmarried and little educated mothers. This trend might be the harbinger of considerable child problems. Very young, particularly if single, mothers are generally neither economically independent nor psychologically mature to raise and educate a child who runs in this way a high risk of abandonment, institutionalization, poverty, psychological maladjustment, and school abandonment.

Specifically, the above trends in birth, death and migration rates have led to:

- a decline in population size in 17 of the 26 countries analyzed. A rise was recorded only in cluster 4 countries,
- an ageing of the population and a worsening in the old-age dependency ratio that – ceteris paribus – augment the spending on pensions and the care of the elderly while affecting negatively investment, growth, public expenditure on children and child poverty in the years ahead,
- rising migration and mortality among young-middle aged males altered the sex structure of the population, reducing in this way its reproductive potential over the short and long term. In extreme cases – as in rural Tajikistan – this triggered the re-birth of polygamy, a fact of concern as children of polygamous families have low welfare scores,
- a rise in the number of one-child families. In view of the recent decline in the coverage of pre-school education (see later), a growing share
of children, particularly from younger couples, poor families and rural areas risks facing a peer socialization gap,
• an increase in mono-parental families and problem families (as shown by the rise in the proportion of births to under-age and/or unmarried mothers raised) the share or number of children at risk of abandonment, institutionalization, poverty, and orphanhood.

(iv) A slow down and divergence in mortality rates of children and youth, and an increasingly less egalitarian access to health care.

With the exception of the countries belonging to clusters 1 and 2, the health of children and adolescents improved less rapidly during the 1990s than during the prior decade. In addition the distribution of health gains by age group, location and income strata deteriorated considerably. During the initial years of the transition, IMR and the U5MR stagnated or even rose in most of the region – including in some cluster 2 countries. Yet, with the exception of cluster 4 nations such as Tajikistan, Georgia and Albania, since the late 1990s most of the region recorded an improvement in IMR.

However, limited or no gains were recorded in the mortality rate of children 5-14 years of age, while death rates for the 15-19 years age group often rose, especially among boys, mainly because of a rise in socially-related deaths due to injuries, traffic accidents and suicide. In Russia the death rate of boys 15-19 years of age rose from 154 per 100 000 in 1989 to 172 per 100 000 in 2003. A rise was observed also in Azerbaijan, Kazakhstan and Turkmenistan, while stagnant youth death rates were observed in another four. Even in the Czech Republic the mortality of male adolescents fell by 16 percent over 1989-2003, as opposed to a 61 percent decline in IMR. Meanwhile the death rates of male adults remains higher than in 1989 in most clusters 3 and 4 countries. Finally, the few studies of time changes in IMR, U5MR and LEB differentials, shows that the differentials by level of income, education, location and ethnic group generally widened.

While stress, economic marginalization and socialization problems are at the base of such trends, there is no doubt that – at least in cluster 3 and 4 countries – an increasingly more unequal access to health services has contributed to the widening of health differentials. Indeed, following the transition fiscal crisis, a large share of health expenditures was unloaded on the households with the results of restricting access to health care by low income households and their children. The decline in the availability of publicly provided health services, the introduction of formal and ‘informal’ user fees, the adoption of health insurance in economies where a large proportion of the population works in the informal sector, and the transfer of the cost of drugs to the households led to a marked fall in the utilization of health care facilities by the poor. While this differential access is less pronounced for hospital-based deliveries and vaccination programs, children and adolescents from poor families are often excluded from curative services.

Growing cross-country differentiation in mortality rates (Table 1) has thus been accompanied by growing divergence in mortality rates by regions, social groups, level of education, family types, age groups and ethnic groups. As noted above, differentials widened also among children of different ages, as infants and younger children have been better protected than have adolescents and the youth.

(v) Declining rates of pre-school education and difficult cognitive development and socialization of young children.

Though the cognitive, developmental and psychosocial benefits of pre-school education have long been recognized, during the initial years of transition, enrolment rates for the 3-6 age group fell in practically all the region despite the sharp contraction in birth rates noted above. Since the mid-late 1990s, enrolment rates recovered and are now in the 70-80 percent range in all countries of clusters 1 and 2 and in some of cluster 3. In the rest of cluster 3 and most cluster 4, pre-school enrolment rates are still below their pre-transition level and range between 30-60 percent in cluster 2 and 10-20 percent in most countries of cluster 3. Such situation is a cause for concern, particularly for children in the 5-6 age group. Considerable damage may in fact result in terms of child socialization, peer interaction and school preparedness, all areas in which family substitutes can only be of limited relevance, particularly for the growing number of children living in one-child, incomplete, problem or poor families.

While the situation varies from country to country, it appears that the fall in enrolments depended on the closures of kindergartens managed by state enterprises and their transfer to poorly funded municipal authorities that introduced or raised fees for school meals, uniforms, heating and bus services. Rising unemployment among women, the return to a culture that assigns a traditional role to women, and the desire to attribute to the family a bigger role in child rearing may have contributed to reducing the demand for these services.

(vi) An increasingly less egalitarian access to secondary and university education.

Despite the difficulties of the transition and massive cuts in public expenditure on education, school enrolment rates for children of 7-14 years...
of age remained very high throughout the transition. In contrast, the enrolment rates in non-compulsory upper secondary education catering to pupils of 15-18 years of age declined steadily until 1999-2000, though it staged a recovery over the last few years. The enrolment rate drop was most marked among the pupils of vocational schools and likely affected children of low and middle income groups, especially from rural areas. In contrast, after an initial fall, the enrolment rate in general secondary education (that mainly leads to the university) rose steadily except in cluster 4 countries. The drop in enrolment rates in upper secondary education can be attributed to the fall in real household incomes and the subsequent rise in the opportunity cost of the time of adolescents, rising school fees and other private costs for education, and the perceived loss of relevance of vocational education. A falling quality of education, particularly in poor and remote rural locations and small towns was also a problem. As a result, inequality in the access to upper secondary and tertiary education has risen. The decline in school enrolment among the children of low-middle families will have an effect on long term inequality and poverty.

(vii) Rising youth problems.
A frequently ignored aspect of the transition concerns the rising marginalization of segments of the youth population, a fact that impedes them to participate fully in the life of society and in some cases leads to deviant social behaviors. Combating social exclusion is thus a key component of any strategy aiming at reducing poverty among the youth.

Social marginalization takes different forms. A first problem is the high rate of unemployment among the 15-20 years old, and their difficult transition from school to work. Unregulated work among the under-16 is another problem. With the flourishing of the informal economy, the number of income-earning opportunities has multiplied, offering innumerable possibilities for exploitative labor and involvement in criminal activities. Third, except in the countries of clusters 1 and 2, the number of yearly cases of tuberculosis rose among marginals, paupers, homeless youth, street children, and jail inmates (adolescents included). Drug addiction and HIV-AIDS and sexually transmitted diseases appear to have risen modestly, including among adolescents, and so did the consumption of alcohol, tobacco and other intoxicants. A fourth sign of social malaise is the rise in crime motivated by material gain committed by the youth and the subsequent rise in sentencing and incarceration. In several countries (as Ukraine, Russia, Moldova, Romania, Albania, Bulgaria and so on) there was also a massive rise in poverty-related prostitution and trafficking abroad of young women. Problems of psychological dysadaptation among youth ‘left to themselves’ are also likely to be considerable, as possibly signaled by the rise in suicide rates among males aged 15-19 years in Poland, Lithuania, Belarus, Russia and Kazakhstan.

These different forms of marginalization find a common root in the cultural and institutional vacuum caused by the collapse of socialist ethics and institutions entrusted with the socialization of adolescents (i.e., the family, school, work and associations) and the weakening of the administrative and police controls that have accompanied the tumultuous developments of the last years, before Western values and socialization mechanisms were put into place. All this contributed to moral disorientation, the weakening of social fabric, social marginalization, and a surge in various forms of deviance. A second factor was the growing pressures to seek income from any kind of activity, whether informal, semi-legal, illegal or criminal.

(viii) Weakening family structure and child socialisation.
Another subtle cost of the transition is the mounting share of a rapidly shrinking child population growing up in incomplete families in which one or both of the parents are absent (because of divorce, separation, lone parenthood, migration or adult mortality), in the care of public institutions (orphanages, boarding schools, other residential educational institutions), with foster parents, under the tutelage of local guardians, with relatives, or by themselves and their siblings. In Moldova, nearly 50 percent of children in village schools have one or – less frequently – both parents working abroad. Meanwhile routine data indicate that the yearly number of children without parental care placed every year in the state care or foster care shows a steady rise in relative terms (see the changes in the Abandindex variable in Annex Table 1). Such institutions are however not the best solution for children, as current research suggest that child development is delayed by one month for every three months of residence in orphanages and similar institutions.

There is an ample literature suggesting that children growing up in the absence of one or both parents face short and long term problems of emotional development, a higher risk of accident, unsatisfactory school performance, youth deviance (including a higher risk of starting smoking early, taking alcohol or drugs), and psychosocial dysadaptation due to the lack of role models. In the worst cases such children/youth end up in the street. Children of migrants face also higher risk of being mistreated, exposed to robbery, other crimes and violation of their property. Problems arising from the erosion of family stability are particularly ominous in the transitional economies where new approaches for addressing family problems are less common.

67 Trafficked women are generally young (over half of them are in the 18-24 age bracket), often come from rural areas, have low levels of education, and half of them have children for whom they are the only source of support.
In some cluster 3 and 4 countries, the difficulties of child socialization are exasperated by the surge of migration. While migrant remittances provide precious resources to the children left behind, their medium term sustainability depends to a good extent on policies in the countries of destination in the field of migration quotas, pardon of illegal migrants, family reunifications and so on. At the macroeconomic level, migration induces some beneficial effects on consumption and the balance of payments but may cause domestic inflation, and an appreciation of the exchange rate that affects output and employment in the tradable sector, as well as exports volume.

The above review suggests that more analytical work is needed, particularly in the countries of clusters 3 and 4, to identify the nature and extent of the current child problems in the region.

Table 3. Main problems on which more analytical work is needed

<table>
<thead>
<tr>
<th>Areas of work</th>
<th>Cluster 1 outcome</th>
<th>Cluster 2 outcome</th>
<th>Cluster 3 outcome</th>
<th>Cluster 4 outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absolute child poverty (assessed using lines different than ‘food only’, $1 and 2$). Disparity analysis</td>
<td>N.A.</td>
<td>Relevant</td>
<td>Highly relevant</td>
<td>Highly relevant</td>
</tr>
<tr>
<td>Relative child poverty</td>
<td>Relevant</td>
<td>Relevant</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
<tr>
<td>Child (0-14) Survival Disparity analysis</td>
<td>N.A.</td>
<td>N.A.</td>
<td>Highly relevant</td>
<td>Highly relevant</td>
</tr>
<tr>
<td>Adolescent survival Disparity analysis</td>
<td>Relevant</td>
<td>Relevant</td>
<td>Relevant</td>
<td>Highly relevant</td>
</tr>
<tr>
<td>Differential access to services and the financing of health/education and Low fertility, family structure, child socialization and emotional/cognitive development of child</td>
<td>N.A.</td>
<td>N.A.</td>
<td>Highly relevant</td>
<td>Highly relevant</td>
</tr>
<tr>
<td>Children left alone (in institutions, with guardian, or incomplete migrant families)</td>
<td>Highly relevant</td>
<td>Highly relevant</td>
<td>Highly relevant</td>
<td>N.A.</td>
</tr>
<tr>
<td>Protection and integration of adolescents in society</td>
<td>Relevant</td>
<td>Relevant</td>
<td>Highly relevant</td>
<td>N.A.</td>
</tr>
<tr>
<td>Pro-child growth</td>
<td>Fairly relevant</td>
<td>Relevant but difficult</td>
<td>Relevant but difficult</td>
<td>Relevant but difficult</td>
</tr>
</tbody>
</table>

Source: author’s compilation

4. PRIORITY AREAS OF INTERVENTION

Hereafter are discussed priority areas of intervention on which governments, communities and international institutions should focus their attention and action to solve the problems highlighted above for the different country clusters.

(i) free or subsidized access to basic public services for children.

A first priority area of intervention concerns the universal and free provision of essential child services in the field of health, nutritional support, education and kindergarten. As noted in part 3, the unloading on the households of a growing share of the cost of these services was caused by the recession, declining tax revenue and fiscal crisis that affected the region during the initial years of transition.

Nevertheless, in Hungary, the Czech Republic and Slovenia, a comprehensive social policy ensured that free or highly subsidized basic social services remained accessible to all children despite the difficulties of those years. But elsewhere the response was, and often remains, to cover the budgetary shortfalls of social ministries by sharper service targeting, the introduction of user fees, privatization, health insurance and community financing. As a result, in most countries of clusters 3 and 4 and in some of cluster 2, private health expenditure came to represent by the early-mid 2000s between 30 and 80 percent of the total, and similar trends are evident in the field of pre-school and secondary education. This shift is a major source of child problems and needs to be reversed. While ‘nominal fees’ have been shown to be welfare enhancing, ‘substantial fees’ in public institutions, the privatisation of services, and the introduction of health insurance in countries where many workers are employed outside the formal economy raise prohibitive price barriers for the children of the poor and near-poor.

With the return in the early 2000s to a robust GDP growth and the achievement of a comfortable budget position in most nations, especially in the four oil economies, it is time to increase the allocation of public money to the activities highlighted above and to resist the temptation to introduce some kind of neoliberal tax regime (such as the flat tax) that would reduce revenue generation and deprive the treasuries of a modicum of resources to finance – inter alia – key child programs. Recent examples from middle income developing countries show that an enlargement of...
public expenditures is economically feasible and politically desirable. With the consolidation of democracy, public social expenditure rose in Latin America in both absolute terms and as a share of GDP, without weakening the fiscal balance. Such process is being replicated in the European economies in transition that have entered or are in the process to enter the European Union, and that have therefore to respect a number of ‘acquis communautaires’ in the social field. Such process needs now be extended to the rest of the region.

Within this broad approach, a specific objective of national and international institutions such as Unicef, the WHO and the World Bank should be to ensure the access to basic services by children of poor families who are often excluded by legal price barriers, a host of illicit payments, and the high opportunity cost of their time. The policy here must be two-pronged. First there is a need to remove, for all, all fees for basic services, including secondary education and life-saving hospital care. Subsidized programs for essential drugs or teaching material need also to be introduced. Fees can be introduced in higher education and some kinds of hospital care but need to be accompanied by an equitable system of exemptions and by an increase in the number of fellowships for poor but meritorious students. Second, ‘conditional transfers’ (by which a poor family is paid a subsidy conditionally to the regular participation of the child to a health, nutrition or educational program) will be needed to compensate the high opportunity cost of the time of the child attending the service or of the parent accompanying him or her. As shown by the Brazilian Bolsa Escola or Mexican Progresa programs, there is now considerable experience to draw upon for the design and execution of conditional transfers, and this can be used as an initial blueprint for the introduction of these programs in the region. Finally, ad hoc preventative and curative health measures, and a strengthening of the institutions for the social integration of the youth, are in order if the problematic trends in youth health and marginalization observed in all four clusters are to be reversed.

Greater allocations of public expenditure will often need to be accompanied by an introduction of reforms aiming at increasing the quality and impact of public expenditure. In many countries of the region, and particularly in clusters 3 and 4, a first set of reforms should aim at integrating the medium term physical planning of the ministries of health, social protection, education, labour and so on, with their yearly expenditure programs and with the budget allocations by the ministry of finance. In practice, this requires shifting from ‘lump sum allocations’ to target-related financial allocations, in which expenditures are derived by multiplying unit service costs for the quantitative targets expressed in terms of ‘inputs’ (for instance, the number of teachers to be hired, or the numbers of vaccines to be purchased), and in which ‘inputs’ are related in a quantitative fashion to ‘outputs’ (enrolment and vaccination rates) and ‘outcomes’ (the acquisition of a given level of literacy or mortality due to immuno-preventable diseases). In this regard, the MDG-PRSP exercise underway in several clusters 3 and 4 countries – and the related program costing exercise that goes with it – offers a good opportunity to start effecting such shift. A second reform that should accompany an increase in public expenditure consists in strengthening the feed-back mechanisms between public expenditure, the acquisition and deployment of material inputs, and the achievement of given outputs and outcomes. Such ‘permanent evaluation approach’ can help identifying the sources of inefficiency and delays in the social sector, as well as their solution such as, better procurement policies, the introduction of performance-related incentives among civil servants in charge of program design and delivery, and the strengthening of weak bureaucracies through training and better hiring policies.

A third set of measures ought to focus on the preservation of a reasonable balance in the allocation of public funds between expenditure items, i.e. wages, current inputs (drugs, consumables, teaching material, etc), maintenance outlays, and capital expenditure, as in many cases most expenditure is eaten up by wage payments. As a result, schools with teachers but few books, or clinics with nurses but no drugs do not help much achieving the pre-set targets. Fourth, decentralizing part of public expenditure is another way to improve the efficiency of public interventions. Local authorities often enjoy a considerable ‘informational advantage’ in relation to central authorities, as they are in regular touch with the local beneficiaries of public expenditure, a fact that allows greater consultation with them, better program design and higher service utilisation. In addition, under democracy, decentralisation creates strong political incentives to improve programme design in order to be re-elected, as it is well known that inefficient administrators can be voted out of office by citizens who easily observe the results of their decisions. At the moment, however, especially in countries of clusters 3 and 4, many local administrators are still appointed by the central authorities rather than being elected, and only a small part of public expenditure is decentralized to the local level. Finally, greater community participation in the design and execution of public services may help tapping community resources and relying on costless local delivery channels, as in the well-known case of Uzbekistan’s Mahallas (neighbourhood associations) that target efficiently family allowances on behalf of the central government.
(ii) child poverty, single-child-families, and child allowances.

Such allowances can play an important role in responding to two of the problems identified in section 3, i.e. the (varying) persistence of child poverty, and the low fertility and family instability that often cause the child socialization problems.

Child allowances can – and in some countries do – play an important role in alleviating or eliminating child poverty. Data from the Transmonee dataset of Unicef indicate that in the early-mid 2000s public expenditure on family allowances ranged between 0.1 and 0.9 percent of the GDP of the countries of clusters 3 and 4, i.e. countries where child poverty remains a key concern, especially among children of single-headed households, household with three and more children and of marginal families. In these countries the share of families receiving child allowances is low (around 10-30 percent), i.e. lower than the number of families in poverty. In contrast, expenditures on child allowances of 1-1.5 percent of GDP are common in countries in cluster 1 and 2 such as the Czech Republic and Hungary. Countries of clusters 3 and 4 might thus consider raising expenditure on allowances on children and working mothers to around one percent of GDP. This seems particularly necessary in the case in Russia where – despite mounting oil revenues – family benefits account for 0.22 percent of GDP, or 3.3 percent of the child’s subsistence minimum, and reach only about half of the child population.

Issues of design, targeting, progressivity, indexation and poverty alleviation effect of child allowances also need to receive greater policy attention. In fact, in many cases – as in Uzbekistan – family transfers are well targeted but are too low to have an impact – and for this reason are ineffective in removing children from poverty. To improve the targeting on the child, child allowances can also be provided in the form of school feeding or conditional in kind transfers so as to reduce the risk that monetary benefits are used by other family members. Policies followed in some cluster 1 and 2 countries in this area could provide an initial blueprint for a comprehensive system of family policies in countries of clusters 3 and 4.

An increase in child allowances requires however solving a key political-economy problem, i.e. the priority assigned by many governments of the region to the protection of pensions relative to wages, child allowances, unemployment benefits and social assistance expenditure. While population ageing raises the pressure to increase spending on pensions and health care for the elderly, the dominant political economy exacerbate the trend against child services and family benefits. In each country, this bias can be overcome through political debate, information sharing, and political campaigns in which the policies followed in clusters 1 and 2 and in countries such as France and the Nordics can be used as examples. Finally, especially in countries included in clusters 1 and 2, child and family allowances – together with increased availability of affordable crèches, adequate parental leave, part time jobs, and flexible working schedules – can encourage higher birth rates. Without any policy response, marriage and fertility rates will continue to remain low and – even in cluster 1 countries – the problems of child socialization and demographic decline will not be tackled.

(iii) Labour market policies.

These policies play an important role in improving child well-being as, as noted in section 3, much of child poverty in the region depends on the low activity level and wages of their parents. Programs in this area ought to raise the employment elasticity of growth (a particularly acute problem in Central Asia), introduce adequate minimum wages and programs to raise the skills of the long-term unemployed, stimulate job creation in the private sector, and enlarge public works program targeted at low-income groups.

(iv) Social protection and integration of the youth.

Problems in this area are often ‘unperceived’ by the political class. This is true also for the social costs due to the loss of growth and greater public expenditures required in the future for the rehabilitation of deviant individuals and for crime repression. Data in this area are often incomplete and little publicized, unlike for the detailed IMR and enrolment data that are regularly collected and widely disseminated. In addition, youth deviance is often regarded as a problem of individual irresponsibility rather than one of collective nature. In others, including child labour, part of society actually gains from these activities.

Strengthening the social protection of children and adolescents is therefore essential. Policies required in this area include an ‘inclusive-integrated approach’ focussing on school support, employment creation for the adolescents, youth associations and psychological support. Many social pathologies and emotional problems of adolescents can also be prevented by stable, cohesive, and responsive communities and families.

(v) Monitoring the well-being of children.

An understanding of how economic, demographic and policy changes affect child outcomes requires the availability of systematic data on determinants and outcomes. Most countries could do a better job in collecting and analysing data on the ‘new deprivations’ affecting children in the
field of child socialisation and adolescent marginalization and deviance. Considerable progress has been realized in this area, particularly with the large scale introduction over the last decade of randomized Household Budget Surveys, Demographic Health Surveys, the World Bank’s Living Standards Measurement Surveys and Unicef’s Multiple Clusters Surveys. In addition, a low-cost monitoring of child wellbeing can be carried out also by the systematic and, where needed, strengthened use of routine statistics, that generally are of fairly good quality in much of the region.

(vi) pro-child growth.

The problems of poverty, high mortality, abandonment, unequal access to education and health care, difficult socialization and inadequate social integration afflicting children and youth in the European economies in transition cannot be solved by relying only on public expenditure policies. Indeed, the literature convincingly shows that child wellbeing is also influenced in an important way by the households’ assets and incomes, income instability and inequality, the relative prices of basic necessities, the human capital of family members, health knowledge and behaviors, and a few more variables. In the specific case of the European economies in transition, there is no doubt that the high GDP contraction and in formalization of the economy that followed the onset of the transition, and the distorted pattern of growth followed in parts of the region in the subsequent years do affect many aspects of child wellbeing.

Parallel to the introduction of public expenditure and regulatory measures discussed above, it is therefore essential to elaborate a child-friendly approach to economic development, or a “pro-child growth approach” (PCGA). What are the main features of PCGA? Obviously the response will vary from country to country, but there are some common features that can be identified in general terms, starting from the observation that policies affect in dissimilar ways different age and income groups, and that therefore there is a need to make conventional policies less “child-blind”. In this regard, it is important to underscore that child-friendly economic policies are, by and large, policies that are good for their parents, as the impact on children is mediated through the impact on families. If this principle is followed, PCGA ought to aim at explicitly benefiting families with dependent children, i.e., families whose parents are in the 25-50 years of age, work and – as suggested by the lifecycle hypothesis – generally borrow money to sustain a steady flow of consumption. Such families benefit from policies that promote high and reasonably stable employment, decent and stable wages, safety nets, low income inequality and an inclusive pattern of growth, low interest rates, stable and competitive real exchange rates, cautious foreign debt policies (to avoid debt-traps), a strong domestic mobilisation of savings, a non-fundamentalist approach to inflation control (that could cut employment), and – as suggested above – expenditure policies that allocate a fair share of public resources to child-oriented activities and allowances, and that avoid user fees for child related services. In contrast, policies that favour a capital intensive development, high profits and rents, employment for few highly skilled workers, high interest rates and floating or pegged exchange interest rates, large public expenditures on pensions and curative health care, and user fees in schools, clinics and kindergartens are clearly hostile to children.

Pursuing PCGA means, first of all, adopting macroeconomic policies (in the field of real exchange rate and capital controls) that avoid debt accumulation and financial and currency crises, such as those that hit the region over the last 15 years and that proved particularly harmful to the poor and their children. In the event that such crises cannot be avoided, PCGA ought to promote an approach to macro stabilization that avoids an overly contractionary stance and accept for a few years comparatively large budget deficits. As the evidence shows, budget deficit cuts of up to 1 percent of GDP a year are sustainable, unharful and rational, larger ones are not. This is all the more relevant for the children of low income families who are particularly affected during macroeconomic crisis by the priority assigned to a rapid achievement of fiscal balance by means of public expenditure cuts.

The approach to inflation is also to be adjusted in a PCGA. Moderate inflation tends to have a less negative impact on young families with children, who are often indebted, than policies focusing strictly on inflation control. Some inflation may even be beneficial to them. On the other hand, raises in the real rate of interest introduced to control inflation are particularly harmful for young parents with children, as these raise the cost of loans invested in housing and sanitation.

Second, a PCGA ought to focus more than done at the moment in clusters 3 and 4 on a development pattern that disseminates its benefits broadly, both in the rural and urban areas, as well as among people with different skill levels. It is particularly important that such growth raises the demand for semi-skilled workers that constitute the largest part of those in poverty. This means providing incentives to attract investments and create employment in agriculture, labor intensive manufacturing and services and the small and medium enterprises.

A third key component consists in adopting a tax and expenditure policy that allows the provision of universal basic social services (see above).
This means raising an adequate amount of taxes to finance – inter alia – kindergartens, schools, health services, child allowances and other family transfers. The experience of several cluster 1 and some cluster 2 countries shows that this is possible. Such policy will eliminate or contain the recourse to substantial user fees that – as seen above – exclude children of poor families from the utilisation of basic services and reproduce poverty across generations. When public expenditure has to be reduced, it is imperative to protect programmes of special importance to children, such as basic social services, water and sanitation. In some cases, expenditure targeting might be necessary to reach the most vulnerable groups but ought to avoid means testing and other costly, intrusive and inefficient approaches.

Annex Table 1. Values of the variables used to summarize the evolution of child wellbeing over 1989-2004 in the 27 European economies in transition

<table>
<thead>
<tr>
<th>Cod</th>
<th>Country</th>
<th>Year</th>
<th>IMR</th>
<th>TFR</th>
<th>GDP/c-PPP</th>
<th>Gini</th>
<th>Aband-pindex</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>ARM Armenia</td>
<td>1989</td>
<td>53.6</td>
<td>2.50</td>
<td>3,341</td>
<td>29.5</td>
<td>260^</td>
</tr>
<tr>
<td>2</td>
<td>AZE Azerbaijan</td>
<td>1989</td>
<td>85.0</td>
<td>2.80</td>
<td>3,016</td>
<td>30.6</td>
<td>436</td>
</tr>
<tr>
<td>3</td>
<td>BGR Bulgaria</td>
<td>1989</td>
<td>14.4</td>
<td>1.90</td>
<td>7,137</td>
<td>28.5</td>
<td>1,402^</td>
</tr>
<tr>
<td>4</td>
<td>BLR Belarus</td>
<td>1989</td>
<td>13.88</td>
<td>2.03</td>
<td>5,886</td>
<td>40.9</td>
<td>1,195</td>
</tr>
<tr>
<td>5</td>
<td>CZE Czech Republic</td>
<td>1989</td>
<td>9.8</td>
<td>1.87</td>
<td>11,328</td>
<td>25.2</td>
<td>880</td>
</tr>
<tr>
<td>6</td>
<td>EST Estonia</td>
<td>1989</td>
<td>13.1</td>
<td>2.21</td>
<td>9,588</td>
<td>40.3</td>
<td>822^</td>
</tr>
<tr>
<td>7</td>
<td>GEO Georgia</td>
<td>1989</td>
<td>44.0</td>
<td>2.14</td>
<td>5,272</td>
<td>33.1</td>
<td>240^</td>
</tr>
<tr>
<td>8</td>
<td>HRV Croatia</td>
<td>1989</td>
<td>11.7</td>
<td>1.63</td>
<td>9,679</td>
<td>27.6</td>
<td>800^</td>
</tr>
<tr>
<td>9</td>
<td>HUN Hungary</td>
<td>1989</td>
<td>15.7</td>
<td>1.78</td>
<td>12,045</td>
<td>26.8</td>
<td>880</td>
</tr>
<tr>
<td>10</td>
<td>KAZ Kazakhstan</td>
<td>1989</td>
<td>54.4</td>
<td>2.82</td>
<td>5,958</td>
<td>28.4</td>
<td>250^</td>
</tr>
<tr>
<td>11</td>
<td>KGZ Kyrgyz Republic</td>
<td>1989</td>
<td>70.0</td>
<td>3.88</td>
<td>2,356</td>
<td>30.9</td>
<td>635</td>
</tr>
<tr>
<td>12</td>
<td>LTU Lithuania</td>
<td>1989</td>
<td>11.1</td>
<td>1.98</td>
<td>12,285</td>
<td>38.8</td>
<td>2,169</td>
</tr>
<tr>
<td>13</td>
<td>LVA Latvia</td>
<td>1989</td>
<td>13.5</td>
<td>2.05</td>
<td>10,129</td>
<td>37.6</td>
<td>640^</td>
</tr>
<tr>
<td>14</td>
<td>MDA Moldova</td>
<td>1989</td>
<td>31.5</td>
<td>2.50</td>
<td>3,830</td>
<td>39.7</td>
<td>1,434^</td>
</tr>
<tr>
<td>15</td>
<td>MKD FYR Macedonia</td>
<td>1989</td>
<td>34.8</td>
<td>2.09</td>
<td>7,192</td>
<td>38.6</td>
<td>410</td>
</tr>
<tr>
<td>16</td>
<td>POL Poland</td>
<td>1989</td>
<td>19.1</td>
<td>2.08</td>
<td>6,960</td>
<td>30.9</td>
<td>892</td>
</tr>
<tr>
<td>17</td>
<td>ROM Romania</td>
<td>1989</td>
<td>26.9</td>
<td>2.20</td>
<td>6,497</td>
<td>25.6</td>
<td>845^</td>
</tr>
<tr>
<td>18</td>
<td>RUS Russian Federation</td>
<td>1989</td>
<td>23.1</td>
<td>2.01</td>
<td>10,484</td>
<td>32.0</td>
<td>1,688</td>
</tr>
<tr>
<td>19</td>
<td>SVK Slovak Republic</td>
<td>1989</td>
<td>13.5</td>
<td>2.08</td>
<td>11,300</td>
<td>22.1</td>
<td>705</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>----</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1989</td>
<td>1999</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SVN</td>
<td>Slovenia</td>
<td>8.2</td>
<td>1.52</td>
<td>12,172</td>
<td>30.3</td>
<td>760</td>
<td></td>
</tr>
<tr>
<td>TJK</td>
<td>Tajikistan</td>
<td>92.6</td>
<td>5.19</td>
<td>2,380</td>
<td>31.7</td>
<td>350</td>
<td></td>
</tr>
<tr>
<td>TKM</td>
<td>Turkmenistan</td>
<td>83.0</td>
<td>4.34</td>
<td>5,645</td>
<td>28.3</td>
<td>220</td>
<td></td>
</tr>
<tr>
<td>UKR</td>
<td>Ukraine</td>
<td>19.36</td>
<td>1.92</td>
<td>9,153</td>
<td>29.5</td>
<td>509</td>
<td></td>
</tr>
<tr>
<td>UZB</td>
<td>Uzbekistan</td>
<td>65.8</td>
<td>4.18</td>
<td>1,748</td>
<td>29.3</td>
<td>323</td>
<td></td>
</tr>
<tr>
<td>YUG</td>
<td>Serbia and Montenegro</td>
<td>25.6</td>
<td>2.06</td>
<td>5,900</td>
<td>41.5</td>
<td>505</td>
<td></td>
</tr>
<tr>
<td>ALB</td>
<td>Albania</td>
<td>30.8</td>
<td>2.96</td>
<td>2,550</td>
<td>38.9</td>
<td>200</td>
<td></td>
</tr>
<tr>
<td>BIH</td>
<td>Bosnia-Herzegovina</td>
<td>18.4</td>
<td>1.70</td>
<td>7,870</td>
<td>38.6</td>
<td>430</td>
<td></td>
</tr>
<tr>
<td>ARM</td>
<td>Armenia</td>
<td>35.2</td>
<td>1.72</td>
<td>2,267</td>
<td>56.4</td>
<td>430</td>
<td></td>
</tr>
<tr>
<td>AZE</td>
<td>Azerbaijan</td>
<td>77.6</td>
<td>2.07</td>
<td>2,223</td>
<td>33.7</td>
<td>436</td>
<td></td>
</tr>
<tr>
<td>BGR</td>
<td>Bulgaria</td>
<td>14.6</td>
<td>1.23</td>
<td>5,505</td>
<td>41.5</td>
<td>1,998</td>
<td></td>
</tr>
<tr>
<td>BLR</td>
<td>Belarus</td>
<td>11.7</td>
<td>1.31</td>
<td>4,526</td>
<td>46.4</td>
<td>1,285</td>
<td></td>
</tr>
<tr>
<td>CZE</td>
<td>Czech Republic</td>
<td>4.6</td>
<td>1.13</td>
<td>14,756</td>
<td>25.3</td>
<td>1,330</td>
<td></td>
</tr>
<tr>
<td>EST</td>
<td>Estonia</td>
<td>9.5</td>
<td>1.23</td>
<td>8,836</td>
<td>53.5</td>
<td>1,761</td>
<td></td>
</tr>
<tr>
<td>GEO</td>
<td>Georgia</td>
<td>41.0</td>
<td>1.54</td>
<td>1,801</td>
<td>47.1</td>
<td>355</td>
<td></td>
</tr>
<tr>
<td>HRV</td>
<td>Croatia</td>
<td>7.7</td>
<td>1.38</td>
<td>8,906</td>
<td>38.1</td>
<td>790</td>
<td></td>
</tr>
<tr>
<td>HUN</td>
<td>Hungary</td>
<td>8.4</td>
<td>1.29</td>
<td>12,279</td>
<td>30.2</td>
<td>775</td>
<td></td>
</tr>
<tr>
<td>KAZ</td>
<td>Kazakhstan</td>
<td>61.8</td>
<td>1.92</td>
<td>4,037</td>
<td>54.5</td>
<td>400</td>
<td></td>
</tr>
<tr>
<td>KGZ</td>
<td>Kyrgyz Republic</td>
<td>60.6</td>
<td>2.63</td>
<td>1,491</td>
<td>41.5</td>
<td>556</td>
<td></td>
</tr>
<tr>
<td>LTU</td>
<td>Lithuania</td>
<td>8.6</td>
<td>1.35</td>
<td>8,415</td>
<td>49.8</td>
<td>2,274</td>
<td></td>
</tr>
<tr>
<td>LVA</td>
<td>Latvia</td>
<td>11.3</td>
<td>1.16</td>
<td>7,314</td>
<td>47.6</td>
<td>2,153</td>
<td></td>
</tr>
<tr>
<td>MDA</td>
<td>Moldova</td>
<td>30.2</td>
<td>1.40</td>
<td>1,294</td>
<td>56.8</td>
<td>1,091</td>
<td></td>
</tr>
<tr>
<td>MKD</td>
<td>FYR Macedonia</td>
<td>17.4</td>
<td>1.76</td>
<td>5,811</td>
<td>35.9</td>
<td>368</td>
<td></td>
</tr>
<tr>
<td>POL</td>
<td>Poland</td>
<td>8.9</td>
<td>1.37</td>
<td>9,938</td>
<td>38.5</td>
<td>1,380</td>
<td></td>
</tr>
<tr>
<td>ROM</td>
<td>Romania</td>
<td>18.6</td>
<td>1.30</td>
<td>5,787</td>
<td>34.6</td>
<td>1,204</td>
<td></td>
</tr>
<tr>
<td>RUS</td>
<td>Russian Federation</td>
<td>20.6</td>
<td>1.17</td>
<td>6,540</td>
<td>45.7</td>
<td>2,151</td>
<td></td>
</tr>
<tr>
<td>SVK</td>
<td>Slovak Republic</td>
<td>8.3</td>
<td>1.33</td>
<td>11,035</td>
<td>28.8</td>
<td>849</td>
<td></td>
</tr>
</tbody>
</table>

---

<p>| | | | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1989</td>
<td>1999</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SVN</td>
<td>Slovenia</td>
<td>4.5</td>
<td>1.26</td>
<td>16,183</td>
<td>41.5</td>
<td>1,214</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TJK</td>
<td>Tajikistan</td>
<td>82.0</td>
<td>4.10</td>
<td>744</td>
<td>47.2</td>
<td>344</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TKM</td>
<td>Turkmenistan</td>
<td>76.0</td>
<td>2.92</td>
<td>2,944</td>
<td>47.1</td>
<td>260</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UKR</td>
<td>Ukraine</td>
<td>18.6</td>
<td>1.20</td>
<td>3,830</td>
<td>39.1</td>
<td>912</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UZB</td>
<td>Uzbekistan</td>
<td>59.5</td>
<td>2.72</td>
<td>1,471</td>
<td>46.1</td>
<td>390</td>
<td></td>
<td></td>
</tr>
<tr>
<td>YUG</td>
<td>Serbia and Montenegro</td>
<td>14.5</td>
<td>1.69</td>
<td>4,514</td>
<td>36.0</td>
<td>538</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ALB</td>
<td>Albania</td>
<td>12.3</td>
<td>2.10</td>
<td>3,450</td>
<td>36.3</td>
<td>250</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BIH</td>
<td>Bosnia-Herzegovina</td>
<td>10.15</td>
<td>1.36</td>
<td>8,520</td>
<td>38.1</td>
<td>535</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ARM</td>
<td>Armenia</td>
<td>29.0</td>
<td>1.34</td>
<td>3,916</td>
<td>35.9</td>
<td>560</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AZE</td>
<td>Azerbaijan</td>
<td>74.6</td>
<td>2.01</td>
<td>3,888</td>
<td>34.6</td>
<td>521</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BGR</td>
<td>Bulgaria</td>
<td>12.3</td>
<td>1.30</td>
<td>7,423</td>
<td>47.0</td>
<td>1,600</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BLR</td>
<td>Belarus</td>
<td>8.6</td>
<td>1.24</td>
<td>6,431</td>
<td>38.9</td>
<td>1,589</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CZE</td>
<td>Czech Republic</td>
<td>3.9</td>
<td>1.23</td>
<td>17,874</td>
<td>25.4</td>
<td>1,522</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EST</td>
<td>Estonia</td>
<td>5.7</td>
<td>1.40</td>
<td>13,376</td>
<td>58.4</td>
<td>2,118</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GEO</td>
<td>Georgia</td>
<td>41.0</td>
<td>1.45</td>
<td>2,585</td>
<td>52.7</td>
<td>456</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HRV</td>
<td>Croatia</td>
<td>6.3</td>
<td>1.35</td>
<td>11,203</td>
<td>39.0</td>
<td>831</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HUN</td>
<td>Hungary</td>
<td>7.2</td>
<td>1.28</td>
<td>15,452</td>
<td>32.2</td>
<td>848</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KAZ</td>
<td>Kazakhstan</td>
<td>63</td>
<td>1.81</td>
<td>6,810</td>
<td>55.0</td>
<td>752</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KGZ</td>
<td>Kyrgyz Republic</td>
<td>58.4</td>
<td>2.49</td>
<td>1,780</td>
<td>45.7</td>
<td>506</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LTU</td>
<td>Lithuania</td>
<td>7.5</td>
<td>1.26</td>
<td>12,116</td>
<td>54.1</td>
<td>2,446</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LVA</td>
<td>Latvia</td>
<td>9.8</td>
<td>1.24</td>
<td>11,101</td>
<td>51.6</td>
<td>2,726</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MDA</td>
<td>Moldova</td>
<td>23.0</td>
<td>1.35</td>
<td>1,588</td>
<td>63.5</td>
<td>1,478</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MKD</td>
<td>FYR Macedonia</td>
<td>12.8</td>
<td>1.67</td>
<td>6,145</td>
<td>41.5</td>
<td>380</td>
<td></td>
<td></td>
</tr>
<tr>
<td>POL</td>
<td>Poland</td>
<td>7.1</td>
<td>1.23</td>
<td>12,237</td>
<td>42.7</td>
<td>1,601</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ROM</td>
<td>Romania</td>
<td>17.3</td>
<td>1.29</td>
<td>7,995</td>
<td>33.3</td>
<td>1,769</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RUS</td>
<td>Russian Federation</td>
<td>16.8</td>
<td>1.31</td>
<td>9,097</td>
<td>49.8</td>
<td>2,698</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SVK</td>
<td>Slovak Republic</td>
<td>6.0</td>
<td>1.25</td>
<td>13,438</td>
<td>32.9</td>
<td>1,050</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
INCREASING SOCIAL ORIENTATION OF BUDGETS AND EFFICIENCY OF PUBLIC EXPENDITURES AT NATIONAL AND LOCAL LEVELS IN THE BEST INTERESTS OF CHILDREN AND FAMILIES

Annex Table 2.
Changes over time in cluster structure of 27 European countries in transition based on the unstandardized values of IMR, TFR, GDP/c-PPP, the Gini coefficient and Abandindex

<table>
<thead>
<tr>
<th>Group</th>
<th>1989</th>
<th>1999</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group 1</td>
<td>CZE, HUN, LTU, SVK, SVN</td>
<td>CZE, SVN</td>
<td>CZE, SVN</td>
</tr>
<tr>
<td>Group 2</td>
<td>EST, HRV, LVA, RUS, UKR</td>
<td>BIH, EST, HRV, HUN, LTU, POL, SVK</td>
<td>EST, HRV, HUN, LTU, LVA, POL, SVK</td>
</tr>
<tr>
<td>Group 3</td>
<td>BGR, BIH, BLR, GEO, KAZ, MKD, POL, ROM, TKM, YUG</td>
<td>BGR, BLR, KAZ, LVA, MKD, ROM, RUS, UKR, YUG</td>
<td>BGR, BIH, BLR, KAZ, MKD, ROM, RUS, UKR, YUG</td>
</tr>
<tr>
<td>Group 4</td>
<td>ALB, ARM, AZE, KGZ, MDA, TJK, UZB</td>
<td>ALB, ARM, AZE, GEO, KGZ, MDA, TJK, TKM, UZB</td>
<td>ALB, ARM, AZE, GEO, KGZ, MDA, TJK, TKM, UZB</td>
</tr>
</tbody>
</table>

Source: author’s calculations on the data of Annex Table 1. Note: A red colour indicates the shift over time towards a lower country cluster, a green one a shift towards an upper country group.

---

592 INCREASING SOCIAL ORIENTATION OF BUDGETS AND EFFICIENCY OF PUBLIC EXPENDITURES AT NATIONAL AND LOCAL LEVELS IN THE BEST INTERESTS OF CHILDREN AND FAMILIES

Republic of Kazakhstan 593