

## **State bodies performance assessment as an institutional reforming tool of the state sector in Kazakhstan**

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### **Abstract**

Almost 10 years ago, Kazakhstan started to work on developing its national evaluation system aimed to measure performance of the state bodies. This evaluation system was designed in light of the New Public Management ideas of running government more businesslike and breaking the notion of ‘effective governmental organization’ down to discrete criteria (often adapted from the business management practices too). Initially, the Kazakhstani state bodies’ evaluation system was only supposed to annually measure performance of the central ministries and regional authorities, contrast and compare them across the state apparatus, and drive them to greater efforts to improve their organizational results. However, over the time with more and more data accumulated, this evaluation system turned out to be a great tool to comprehend and advance the governance reforms on a larger scale. For instance, the evaluation practices supported several crucial administrative reforms in Kazakhstan – state services delivery reform, introduction of strategic planning and results-oriented budgeting, digitalization of the government functions and operations, as well as number of new approaches to the civil service.

The evaluation system was used both to assess and to enforce implementation of those reforms. For instance, evaluation data demonstrated that late hours working was a very common practice and one of the major factors deteriorating use of human capital across the state sector. The evaluation system set very harsh criteria on overworking and promoted use of IT-tools and internal changes within the state bodies. The problem was successfully tackled within 3 years. In 2016, 55-60% of civil servants worked late hours; in 2018 the share of over-working civil servants drops to less than 20%.

The Kazakhstani national evaluation system demonstrates that consistent use of evaluation tools lets not only assess and facilitate reforming of the state sector, but also helps formulate an updated agenda for those reforms.

### **Context of the Performance assessment system's introduction**

Administrative reform in Kazakhstan is a continuous process of moving away from directive-based management of a previous governing system to a new public administration based on the principles of Good governance. The importance of this reform is comparable to the transition of our economy from a planned Soviet economy to a market economy. However, despite the fact that the scale and depth of changes in governance is no less than ones in economy, administrative reform in Kazakhstan is not analyzed in such detail.

The vision of reforming institutions of governance was set in several strategic. Back in the mid-90s, during the post-Soviet transition period, the state apparatus began to turn towards “effective and high-quality governance”, later this vision was more specified as the creation of a “compact and professional government”, creation of a “attentive state” and so on.

To sum up the desired institutional changes in governance, there were four main pillars of transformation that administrative reform was supposed to deliver, according to the development state documents:

### ***1. Customer-focused governing***

In many developed countries, citizens' expectation to governance rose along with an increase in their well-being, especially the demand for high-quality state services. Since the beginning of the 90s of the last century, a number of countries (Canada, Great Britain, Australia, New Zealand, etc.) have adopted normative documents aimed at satisfying the needs and requirements of citizens by improving the quality of public services. Thus, in the early 2000s, Kazakhstan also aimed to completely revise state-citizens' interactions to enshrine the principle of service to society.

### ***2. Improving efficiency of the state apparatus***

In a number of foreign countries (Australia, USA, European countries,) in the 1980s, the role of a state in development and economic policies was radically revised. State bodies were reformed with the introduction of a corporate management style, and public sector in the economies was reduced through privatization. New Public Management offered a very simple and compelling idea of running government more businesslike and breaking the notion of 'effective government' down to discrete criteria (often adapted from the business management practices too). This was specifically important to Kazakhstan since the state was seen as a key actor in fulfilling the country's ambitious development plans, primarily in the economy. This role of the state was framed with the adoption of the development strategies such as "Kazakhstan-2030", later followed by the "Kazakhstan-2050" and creation of a number of various state development institutions.

### ***3. Enhancing transparency and accountability***

An important area of administrative reform in Western countries was to increase the transparency of the state apparatus. The principles of an "open government" are being introduced, in which all open data owned and produced by a state is published, various sectors of society are actively involved in the processes of forming public policy.

Fragmented approaches to increase openness of the government bodies have been implemented in Kazakhstan since the mid of 2000s: opening the government bodies' profiles in social networks and blogosphere, disclosure of budget information, creating access to open data, and so on.

### ***4. Professionalization of civil service***

An important aspect of administrative reform is improving the efficiency of public servants. Kazakhstan faced both challenges of attracting best minds to civil service and shrinking vast Soviet-style bureaucratic apparatus at the same time (while keeping the state stable and functioning). After the Soviet Union's collapse, there were 34 ministries only in Kazakhstan, including a separate ministry of forestry and woodworking industry, a ministry of mounting and special construction works, and so on. After a series of organizational transformations, the state apparatus was stabilized in terms of its functionality and structure, and it was time to carry out more "subtle" reforms to increase its efficiency. As a result, the state companies were separated from the ministries and formed a quasi-state sector, where a national welfare fund "Samuryk" was set to ensure their further development through setting proper corporate management practices. As to the state apparatus itself, it was transferred to a strategic management approach (although still preserving many Soviet administrative procedures).

## **Evolution of the national State Performance Assessment System**

The state bodies' performance assessment system (hereinafter – Assessment system) required several reforms to be launched in prior. The following are the 'prerequisite' reforms, that laid a basis for conducting a government-wide performance assessment in Kazakhstan:

- Creation of the national strategic planning system with elaborated sets of performance indicators set for each state body with annual targets;
- Extensive budget reform;
- Introduction of public services with all related quality management tools (quality standards);

- The first stage of the Kazakhstani government' digitalization (electronic document management, development of electronic government's systems);
- Reforms of public service.

Since listed above measures present an extensive block of reforms in public administration, the assessment system was created as a tool to track and promote organizational and technical changes for the administrative reform. The initial design of the system was very 'unifying' - the same criteria were applied to all evaluated state bodies, the assessment was carried out at the same time every year.

The assessment system was launched by the Decree of the President of the Republic of Kazakhstan dated January 13, 2007 No. 273 "On measures to modernize the public administration system". The methodological framework of the assessment system was developed taking into account best practices of the foreign countries. The main approaches were adapted from the Canadian 'Management Accountability Framework' (areas of assessment, set of criteria). However, over time, important aspects of these methods were adapted to reflect specific features of the Kazakhstani public administration system, which made the current assessment system unique to a certain extent.

In 2010, the President signed Decree No. 954 "On the System of Annual Performance Assessment of the Central State Bodies and Regional Authorities", which officially started works on conducting assessment. That year, a pilot assessment of the several government agencies was carried out: the Ministry of Labor and Social Protection, the Agency for Natural Monopolies regulation, the akimat of Akmola region (akimat is a form of a regional and municipal authority in Kazakhstan). In 2011, 40 government agencies were assessed.

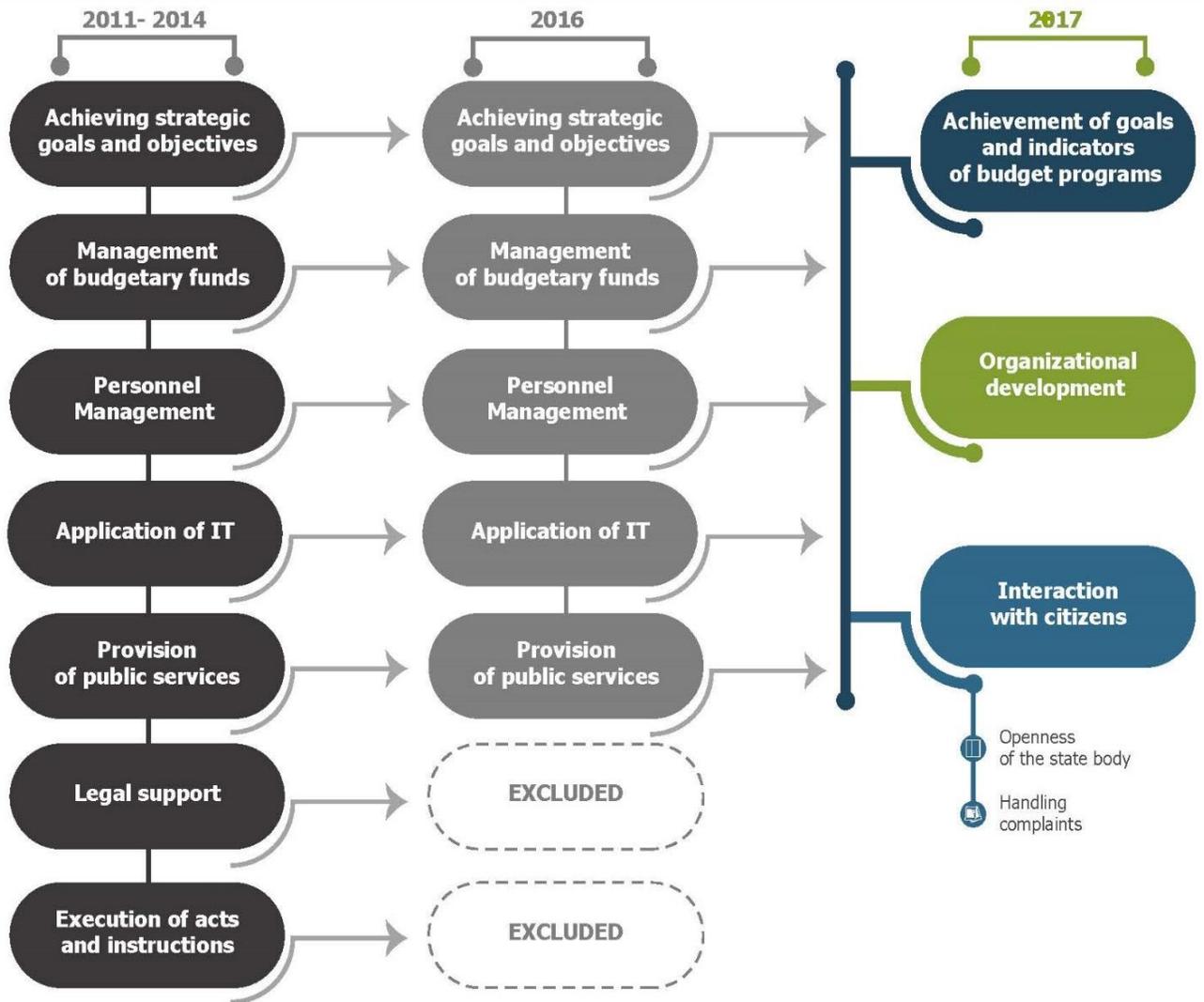
Now, the assessment system is a set of consequent measures aimed at collecting structured data and other information on effectiveness of a government agency and factors influencing it. The System decomposes effectiveness of state bodies into a number of specific indicators and tracks them from year to year. Those indicators are the same for different state bodies - for line ministries, for agencies, for regional akimats. The logic of such unification in assessment is the following: despite the differences in competence and level of management, any effective state body should fully fulfill its strategic goals, provide high-quality public services, effectively manage its staff and ensure implementation of the key administration reforms.

In the early years of the assessment (2011-2014), the System was focused on technical parameters of conducted administrative transformations such as executive discipline of the government agencies, introduction of the electronic documentation management, elaboration of the newly introduced strategic plans, allocation and use of budgetary funds, etc.

In 2015-2016, the Assessment System introduced a new methodological model. The new model refused to evaluate many internal procedures and put greater emphasis on evaluating results and supporting key public administration reforms. For example, an external expert survey has been introduced to assess progress within the key areas of government policies. Also, the System initiated conducting anonymous staff survey to assess important informal changes of civil service (management practices, culture, late-hours working, ethics, etc).

The new methodological framework introduced a whole new block of assessment of how well the state bodies interact with the citizenry, which also was an important internal communicational signal for the assessed state apparatus.

Diagram 1. Change of the methodological framework, 2011 - 2019



The current methodology of the assessment consists out of three key units:

**1) Strategic Goals Fulfillment**

The first assessment unit analyzes how the state bodies achieve their annual performance indicators established in the strategic plans of ministries and regional development programs, as well as how they use budget funds in relation to strategy.

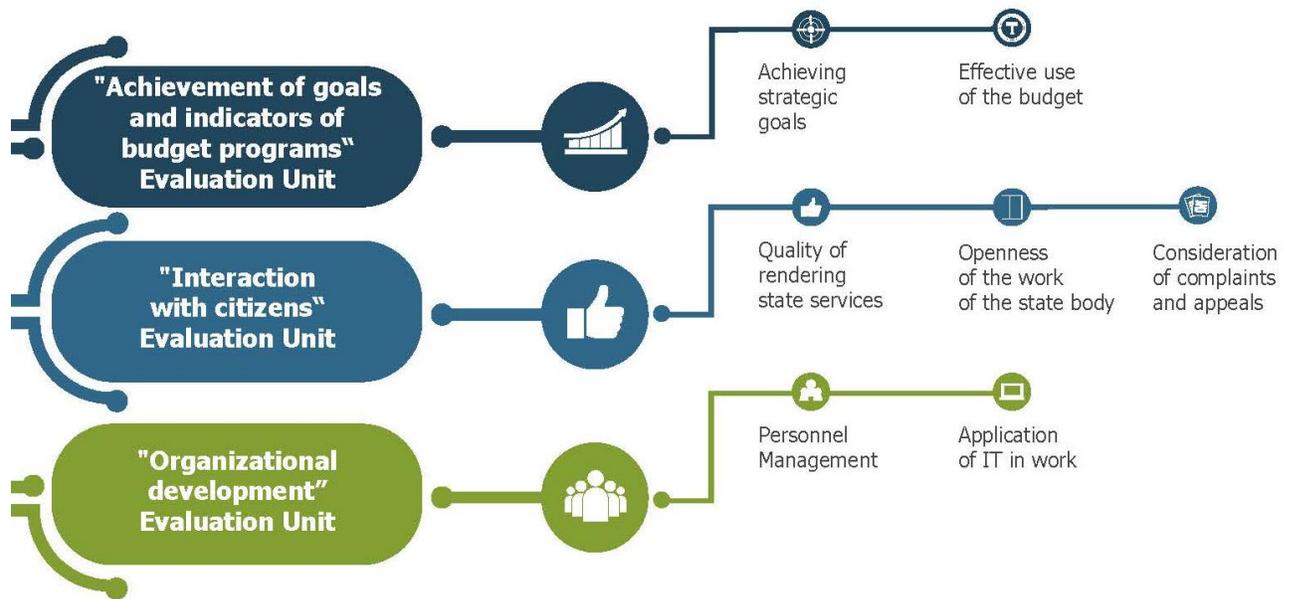
**2) Interaction with Citizens**

The second unit of assessment is focused on improving three key areas - how the state bodies provide public services, respond to complaints and requests of the citizens, and how open they are in their work.

**3) Organizational Development**

The third unit was created to stimulate internal factors to increase efficiency of the state bodies as organizations. This unit assesses how the state agency uses IT systems in its work and how it manages personnel.

Diagram 2. Units and areas of assessment



The new assessment model excludes a number of process indicators, while new units and result-oriented criteria are introduced. While developing a new methodological model, a main discussion point was the next: What exactly can be considered a result of work of the state bodies in light of assessing its effectiveness? Can we assume that achievement of strategic goals is the only indicator of effectiveness, the only type of work results? Or vice versa, only provision of public services cannot also be considered the only result of work, considering all the wide range of interactions between citizens and the state. So, for the Kazakhstani assessment system the answer is this: We imply that an effective state body will achieve strategic goals with efficient use of the allocated budget, will handle citizens' requests efficiently and on time (services and appeals), and will constantly work to implement reforms and projects to modernize public administration (openness, civil service reforms, automation of work, e-government, etc.).

To support the Assessment system' work, in 2010 the Office of the President established the Center for State Bodies Assessment (as a delivery unit at one of the state-owned research institution). This Center became the assessment operator, ensured fair evaluation, improved the methodology and accumulated the acquired data and knowledge. The Center was needed to ensure that all the participating parties go along with the assessment procedures.

## Assessment as a Tool for Institutional Reform

### *State Services Provision Reform*

Within a large-scale modernization of the state administration system that began in 2007, one of the priorities was to re-orient the state bodies from mere execution of tasks and orders to serving citizens. In 2008, the Constitutional Council ruled a distinction in concepts of a “state function” and a “public service”, which allowed the government officially position the state bodies as service-providers and start to make governance more client-oriented. The Government compiled and approved a list of what was then considered services - the Register of Public Services, and simultaneously launched an electronic services portal. Also, network of the One-Stop-Shops for service provision began to sprung across the country.

However, bureaucratization of procedures, lack of clear coordination between government agencies, low readiness to use one-stop-shops and the e-government portal, and generally poor quality

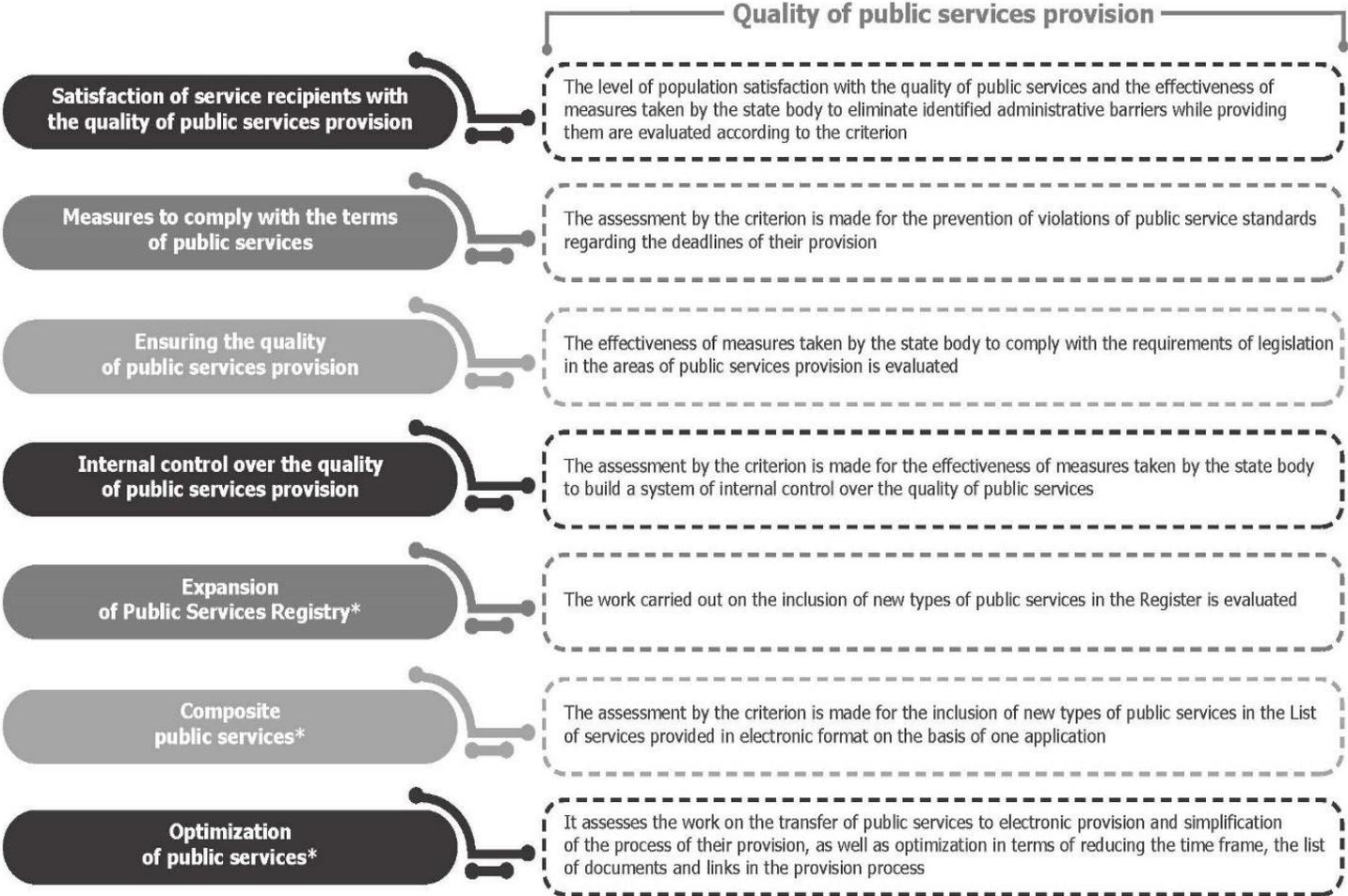
of public service delivery did not produce visible results. Starting 2010, provision of services to the population was set as one of the key areas of assessment to tackle mentioned issues.

At that time, the Public Services Register included only about a third of existing services, quality standards were approved only for 9% and regulations only 3% of the services. There were 381 one-stop-shops (OSS) already in place, but only 4% of the total volume of services (5.5 million) were provided through them. Due to weak filling and integration of the state databases, OSS were a mere “transmission link” in the general cycle of services provision. Out of 656 services, only 107 (16%) were converted to electronic format, and among them only 35 services (5%) were actually available for receiving electronically. Regional state bodies in the absence of regulations did not provide electronic services.

There were also issues of general policy making (no authorized control body, no clear responsibility for poor quality of public services). Citizens didn’t trust the reform, more than 80% of service recipients still preferred to contact government agencies directly. Only in 2010, about 20 thousand citizens filled complaints to the Presidential Office on issues of public services provision.

The Assessment system pushed the state bodies to resolve these problems through carefully setting its criteria to track annual progress. After first years of assessment, the Register of State Services expanded significantly, and 100% of the services listed there had established quality standards and clear deadlines for the provision.

**Diagram 3. Set of criteria for assessing state services provision**

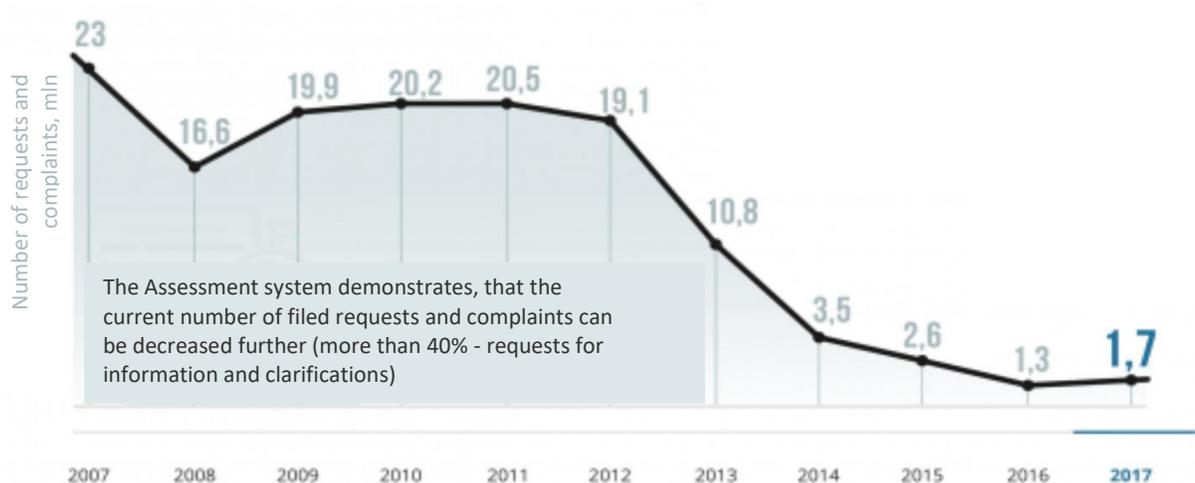


A good example of the assessment's effect could be a service for issuing ID for population. In 2010, the service provision took 30 days and was of the very poor quality. About 93% out of all 494.6 thousand services provided with term infringement was accounted for the services of issuing a passport and identity card. Over 3 years of assessment, number of term infringement for ID-issuing services decreased by 44 times. Due to process optimization and automation of public services, the term of this service delivery dropped from 30 days to 4 days (in some cases to 2 days).

Today, 454 types (60%) of public services are automated and provided electronically. Three out of every four services are available to the citizens through One-Stop-Shops.

Kazakhstanis undoubtedly felt positive changes following the nine years of state services assessment. The number of term infringements decreased by more than 100 times (from 494.6 thousand to 4.9 thousand), and the level of population's satisfaction increased from 25 to 73%. It is worth noting that the annual survey of citizens' satisfaction with the quality of service provision was started within the assessment system.

**Diagram 4. Impact of the administrative reform**



Due better services provision, the volume of appeals and complaints to state bodies over the past 11 years has decreased drastically by 14 times - from 23 million to 1.6 million (last number from the assessment report for the year of 2018).

### ***Personnel Management Reforms***

In reforming civil service, Kazakhstan aimed at structural changes (less people employed, less levels of management) and qualitative transformations (organizational culture, payment system, result measurement, etc). The assessment of personnel management started in 2012 and was originally aimed at streamlining procedures across the state apparatus. The assessment system monitored such criteria as employee training, work place conditions, timeliness of vacation. Particular attention was paid to the training of civil servants and the quality of ongoing work to prevent corruption. As these problems were resolved, new assessment indicators were introduced such as workforce outflow and job turnover, level of workload on civil servants, motivation and incentives for people to stay in the civil service, level of satisfaction and management practices.

A good case of bringing substantial changes to the civil service through assessment is a case of dealing with overwork. The assessment system raises the issue of high volume of late-hours work since 2013. The system promoted use of IT-systems to monitor state buildings access control to monitor working hours of civil servants (time of coming and leaving workplaces). This ACS (access control systems) started to generate objective data, which demonstrated scope of the problem.

Along with IT solutions, the assessment system started an anonymous survey of civil servants to collect data on many intangible topics including lengths and reason of over-working.

At that time, late-hours working was seeing as a part of organizational culture of the civil service in Kazakhstan, like something that was set in design of civil service and cannot be changed. For instance, at a norm of 40 work hours per week, government employees worked over 60 hours, plus worked over weekends and holidays.

But it wasn't just organizational culture issue, the survey results showed that most of the reasons to stay late at work or work on weekends were coming from management practices. So, somehow we had to come up with a solution that would allow us to curb that unnecessary excessive workload and improve work culture across the state bodies. In 2016, the assessment system tested and introduced a program for automatically shutting down work computers at the end of working day (18:30). The logic of this intervention was the following: if we cannot persuade every senior official to reasonably manage workload of their employees, then we could install a system barrier that will make them do that. The program called "ForcedShutdown" was installed in all central ministries in 2017, this program made the civil servants' worktime strictly limited (not an inexhaustible resource as before). In case a civil servant has to work after the end of workday, he or she must request prolonged hours with clarification of reasons to do so. The assessment system set several consistent criteria that lowered assessment grades of those state bodies, where late-hour work did not decrease.

As a result, in 2016 up to 60% of surveyed employees answered that they work late or on weekends, in 2017 – about 36%, in 2018 their share decreased to 12%. Data from IT-products also confirm the survey results. This measures contributed to greater satisfaction level, in particular 88.52% of the civil servants surveyed said that they have enough time to maintain a work life balance now.

The assessment system efforts to support the civil service reform show a systemic effect. The level of staff outflow is steadily decreasing: 2015 - 11.2%, 2016 - 6.3%, 2017 - 7%, 2018 - 6.77%. The degree of satisfaction with work among government officials surveyed is growing: 2018 - 93.21% (in 2017 - 90%).

### ***Assessment System as Institutional Reform***

The evaluation system itself is an element of the institutional transformations of the state apparatus. Earlier, the administrative system of Kazakhstan did not use any monitoring and evaluation tools in the modern sense, the focus was on such control and punitive measures as audit, inspections, and reporting.

When introduced in 2010, the assessment system encountered significant resistance from within the state apparatus. In order to give significance to the assessment activities and send the right communication signals, results of the assessment were announced at the office of the President of the country (and the Presidential office still directly curates the assessments).

Gradually, a culture of evaluation in state bodies has developed, to support that the Center for assessment practices periodic visits to the regions of the country, where it conducts discussions on assessment issues and collects feedback from municipal governments. Moreover, the System consistently upheld the need to use such assessment tools in the public sector as program evaluation, citizens' needs assessment, impact evaluation of governmental sectoral policies and reforms.

Now, Program Evaluation has been introduced into the public sector as one of the requirements of the State Planning System, and now work is underway to properly evaluate design of programs and policies before they are fully launched. Also, a special Center for Programs and Reforms Evaluation was opened at the central office of the Nur-Otan party (majority in Parliament) with the task of conducting an independent examination and evaluation of the results of state regulation measures.

Separately, it is also worth to mention the newly created hub for impact evaluation in the public administration of Kazakhstan, which will bring together M&E practitioners, government officials and experts.

As an institutional reform, the assessment in Kazakhstan was important because it was first mechanism that did not have punitive character. Non-punitive ideology of assessment is consciously promoted by the Office of the President in order to change attitude of the state apparatus to delivering and measuring results. Although discussion of the assessment results at the President's Office takes place in the format of 'naming and shaming', but overall, the assessment system refuses to punish officials.

The Kazakhstani national evaluation system demonstrates that consistent use of evaluation tools lets not only assess and facilitate reforming of the state sector, but also helps formulate an updated agenda for those reforms. All assessment data is accumulated in the Center for Assessment and constitutes substantial knowledge base on key reforms of public administration.

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