Improving Public Services in the Post-Soviet Settings: The Potential for Optimisation of Public Services in Kazakhstan

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Abstract

In recent years, optimisation of public services such as the New Public Management (NPM) reform has been actively promoted in the Post-Soviet region. Some post-soviet countries such as Kazakhstan, Georgia and Azerbaijan decided to adopt Western best practices and to introduce one-stop-shops, e-government and open government initiatives. The Kazakh Government introduced a law on public services in 2013–14 and aimed at streamlining all public services with its delivery through local state bodies, one-stop-shops and e-government portal. Most of such public service optimisation initiatives were implemented through a top-down approach where a centralised government agency would impose reform without much consideration of local authorities. Despite all the public sector reforms, Kazakhstan's low standing in global rankings in education and health has uncovered the problem of the low quality of public services.

Hence, this policy paper has investigated this problem of low quality of public service delivery in Kazakhstan. Three root causes have been uncovered such as the narrow and bureaucratic concept of public services, overtly centralised delivery of public services and shifting responsibilities over public services. This policy paper analyses three policy recommendations such as status quo, devolution of functions to local level and the conducting of Business Process Reengineering (BPR) of public services at local level. The BPR of public services, with input from local executive bodies and citizens, would resolve the problem of bureaucratic fragmentation and shifting responsibilities while creating an opportunity for co-production. Therefore, the BPR is identified as the best policy recommendation for Kazakhstan to pursue to improve the quality of public services and to achieve its goal of becoming one of the top 30 developed countries by the year 2050.
The methodology of this policy paper consists of a literature review and a direct observation method (informal consultations with experts, public servants and bloggers). However, this study has several limitations. The author could not afford to conduct a more comprehensive field or survey due to limited resources and time. Moreover, the dearth of prior research on this issue restricted possible findings. Nevertheless, the authors believe that the policy solutions proposed in this memo will help the radical rethinking of Public Services that will lead to a Better Government for all Kazakhstanis.

**Goal**

Kazakhstan, a post-communist transition country that has gained independence in 1991, has always been considered a pioneer of public administration reforms, not only in Central Asia, but also in the CIS region (Knox 2008, Ibrayeva & Nezhnina 2013). The introduction of the New Public Management ideology promoted by international donors and consultants has been endorsed by the country’s leadership. Amagoh (2011) asserted that Kazakhstan drastically adopted the NPM approach in healthcare that showed the focus of Kazakhstani leadership on client focus, quality and results-orientation. Various reforms, such as one-stop-shops and e-government, were introduced to improve the quality of public services in the country. Furthermore, Kazakhstan has an ambitious goal to join the top 30 most developed countries in the world by 2050 according to the national strategy of development Kazakhstan 2050.

The country aims to be a member of the OECD. This, in turn, means that Kazakhstan needs to improve the quality of life to the level of living standards in developed countries. However, this seems to be problematic, considering the differences in the performance of public services of Kazakhstan and OECD countries. As was mentioned by Knox (2017), public services in OECD countries are considered as a means of improving the quality of life, whereas the Kazakhstani determination of public services is rather simplistic and bureaucratic. The Framework for Measuring Well-Being and Progress in OECD countries measures the quality of life, assessing several dimensions, such as health status, work-life balance, education and skills, social connections, environmental quality etc. (OECD, 2017). From the perspective of the OECD framework, Kazakhstan’s public services are low quality in terms of ensuring citizens’ well-being (Figure 1). The goal of this paper is to analyse the problem of low-quality public services in Kazakhstan.
Considering the aforementioned, it seems obvious that Kazakhstan’s public services underperform and are not sufficiently efficient to provide quality public services. According to an OECD (2016) report, Kazakhstan achieved some good input-oriented results in health, education and housing, but the country’s outcomes are not satisfactory in terms of assessing the effectiveness and quality. For example, Kazakhstan has a good level of literacy and number of years in education, but the quality of education is far less than the expected benchmark for the indicators, such
as mean reading and math scores (Figure 1). Moreover, a 2013 survey suggests only about 50 per cent of respondents are satisfied with Kazakhstan’s education system (OECD, 2016). This result is considerably less than the OECD average (ibid). The quality of health is also not reaching the desired outcomes, considering satisfaction with personal health and life expectancy (Figure 1). Although 70 per cent of citizens stated that they had good health in 2012, it is still below the benchmark countries’ level, which is more than 80 per cent (OECD, 2016).

Specifically, this paper will concentrate on the delivery of public services at local level because Kazakhstan is a highly centralised country with weak representative institutions at local level (maslikhats). At the local level, the Law on Local Public Administration in Kazakhstan granted the most power to regional governments i.e. oblasts, akims (regional governors) were established as the most powerful bodies in their region. Maslikhats (regional elected assemblies) were established that would make akims accountable to them. In reality, akims would proceed with their policies and would depend on their loyalty to the political centre, Astana, rather than maslikhats (Bhuiyan 2010). This enforced and cemented strong state centralisation in Kazakhstan, which does not allow local bodies to be active in design and delivery public services. Thus, it is extremely important to concentrate on public service delivery at local level when dealing with the problem of low-quality of public service in Kazakhstan.

Target Group

This policy paper has generated policy alternatives and recommendations for practitioners involved in the optimisation of public services in transition countries. This paper can serve as important discussion material for Kazakhstani policy-makers and officials involved in the delivery and design of public services. Specifically, this policy paper will be useful for local executive bodies and non-governmental organisations at local level which pursue the modernisation and optimisation of public services. This paper will be particularly useful for development experts and officials from international organisations involved in the design of public sector reforms and capacity building programmes for public officials.

Policy Aims

This policy memo has investigated in-depth the problem of low quality public service delivery in Kazakhstan. Three policy alternatives have been discussed, such as (1) maintaining the status quo, (2) devolution of public services to the local level and (3) business process re-engineering with enhanced citizen engagement and more input from local executive bodies (3). Finally, this paper, after applying three criteria, has chosen a policy recommendation of business process re-engineering of
public services. Implementing this recommendation would require state bodies to introduce a legislative mechanism that would facilitate direct citizen input into public service design at local level. Another important aim is to allow local executive bodies to make changes to standards and regulations of public services after such services are re-engineered at local level with citizen input. The final practical aspect of this recommendation is to provide training to officials at local level and motivate them to re-engineer public services.

**Background Information: Public Service Regulation in Kazakhstan**

The process of public service development in Kazakhstan could be broadly divided into three stages. The first stage was the introduction of one-stop-shops. In 2005, the President of the Republic of Kazakhstan initiated the creation of public service one-stop-shops that would facilitate and increase the quality of public service delivery. Moreover, public service centres or one-stop-shops were also introduced as a means of corruption control (Janenova and Kim, 2016; Sheryazdanova and Butterfield, 2017). Another rationale was to create “a more business-like atmosphere” in processing requests from citizens (Janenova and Kim, 2016, 323). The second stage was the adoption of the Law “On Public Services” in 2013 that formed the legal framework for the provision of public services and introduced regulations and standards for state services, according to which public services should be delivered. As of today, there are over 800 services officially listed in the Register of the Public Services (Law ‘On Public Services, 2013). Most importantly, the Law has defined that the regulation and standards for public services are designed and/or approved by central executive bodies and the Ministry of National Economy. The third stage is the establishment of the State Corporation Government for Citizens in 2015. 100th step of the Nation Plan – 100 Concrete Steps outlined the creation of a separate public organisation which would be a single provider of public services. The Government for Citizens was created through the reorganisation of several quasi-governmental organisations responsible for different public services, including one-stop-shops and “e-government” (State Corporation, 2017).

Based on the above, this paper identifies three major root causes of the problem. First, most of the adopted measures have contributed to centralisation of the delivery of public services. The design and delivery of public services are determined by its standards and regulations, which are developed and approved by state bodies. Almost 75% of all public services are determined by the Central state bodies (ministries) whilst only 25% of public services are designed by local bodies (but local bodies still have to approve them with central bodies). Second, the recent wave of bureaucratisation caused by the Law on Public Services led to the increase in the number of fragmentary public services. Therefore, due to the Soviet bureaucratic legacy, the state bodies have divided public services into numerous separate activ-
ities (or functions) that cannot encompass the true essence of delivered services. In Kazakhstan, the improvement of public services is perceived as the process for bringing changes to the standards and regulations and introducing new legislation. Finally, numerous state bodies are responsible for the delivery of public services, while local executive bodies have a limited role in its design and implementation. As a result, one can observe shifting responsibilities and divisions between state bodies. This in turn causes the low quality of public service delivery in Kazakhstan.

Figure 2
The Map of the Problem

![Diagram showing the problem of low quality of public services in Kazakhstan](image)

To summarise, Kazakhstan faces a problem of low quality public services, resulting in negative consequences (Figure 2). It leads to the low quality of education and healthcare which is essential in ensuring the well-being of citizens. As a result, there is underperformance in improving the quality of life. This can threaten Kazakhstan's goal of joining the top 30 developed countries.

Policy Alternatives

This paper will suggest three major policy alternatives for the optimisation of public services. The first obvious policy alternative is to maintain the status quo which
implies that the central state bodies will continue to define and design standards and regulations for most public services, with little consultation between citizens and local executive bodies. Thus, Kazakh authorities will continue to exercise centralised bureaucratic control over public services, which will not necessarily lead to higher satisfaction of citizens with the quality of public services. The second alternative is devolution and transfer of critical public services to local level. This implies that the state would also provide financial resources to local executive bodies to design and deliver public services.

The third alternative is to introduce business process re-engineering at local level on a massive scale, while engaging citizens and allowing local executive bodies to have direct input into the regulations and standards of public services. Business process re-engineering (BPR) of public services originated from the private sector’s practices. Business process re-engineering is based on the concept of lean management which came from the Toyota Motor Corporation for the manufacture of cars as a radical alternative to the traditional method of mass production and combining various principles for optimal efficiency, quality, speed and cost (Holweg, 2007). The BPR process is achieved through forms of problem-solving and change management, often through re-drawing activities that add value, whilst eliminating those that do not (Womack & Jones, 1996; Radnor & Osbourne, 2013). Thus, the major goal of the BPR is to eliminate activities or processes that do not generate value, whilst preserving those that are most meaningful. With the adoption of the NPM and focuses on clients, the BPR technique was a critical tool in transforming public services to serve the needs of clients. It has been implemented across various public services and numerous countries (Radnor & Osbourne, 2013).

The five most important criteria to choose a policy alternative are effectiveness, economic efficiency, political acceptability, equity and robustness. Effectiveness will determine if the policy alternative helps to achieve its goal of Kazakhstan entering the top 30 developed countries by providing high-quality public services. Economic efficiency will determine which alternative delivers the best value for money, economically feasible and has less corruption risks. Political acceptability will ensure that a chosen policy alternative would be acceptable for major stakeholders. Equity refers to the distribution of goods and services among individual members or sub-groups of a society.
### Figure 3
Analysis of three policy alternatives

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<td><strong>Effectiveness</strong></td>
<td><strong>MID.</strong> Current devolution of public services can potentially improve oversight at public services. However, it is not evident that local bodies have sufficient resources and expertise to deliver public services.</td>
<td><strong>HIGH.</strong> This policy alternative effectively preserves the infrastructure of public services whilst providing inputs from citizens and local executive bodies.</td>
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<tr>
<td><strong>Economic Efficiency</strong></td>
<td><strong>LOW.</strong> Current centralisation of public services leads to low level of quality and poor outcomes for the citizens of Kazakhstan.</td>
<td><strong>LOW.</strong> Corruption and the low level of transparency can lead to deficient delivery of public services (risk of decentralised corruption). Negative Impact of rent-seeking activity of public officials at local level.</td>
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<tr>
<td><strong>(incl. Corruption Risks)</strong></td>
<td><strong>MID.</strong> Currently, public services are provided at the average level of economic efficiency while corruption risks are being constrained by the one-stop-shops and e-government infrastructure.</td>
<td><strong>MID.</strong> Additional costs will be required to begin a massive optimisation of public services.</td>
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<tr>
<td><strong>Political Acceptability &amp; Equity</strong></td>
<td><strong>MID.</strong> Status Quo allows for state officials to control and manage public services whilst preserving equity through unified bureaucratic standards.</td>
<td><strong>HIGH.</strong> Preservation of the status of central state bodies will be politically acceptable. Furthermore, equity would increase through more input from citizens and local state bodies and increased accountability.</td>
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The status quo policy alternative ranks low for effectiveness whilst being mid-level for economic efficiency and political acceptability. The preservation of the current policy will not resolve the cause of bureaucratisation and overly centralisation of public services delivery. The second policy option (devolution and transfer of public services to local level) in the Kazakhstani institutional settings may lead to unsatisfactory results. This option ranks low for both economic efficiency-
Improving Public Services in the Post-Soviet Settings: The Potential for ...

...cy and political acceptability, which reflects the nature of the Kazakhstani state as a fragile transit state with high risks for decentralised corruption and unequal distribution of public services. Finally, the third policy alternative, which is Business Process Re-engineering of public services with enhanced citizen engagement and input from local executive bodies, scores well on all three criteria. This reflects that this policy alternative does not attempt to distort the current political system, while it has potential to significantly improve outcomes for the citizens of Kazakhstan.

**Stakeholder Analysis**

The delivery and design of public services has become increasingly complex in recent years (Figure 4). The creation of Government for Citizens has caused some confusion with regard to the responsibilities for public service delivery between various state bodies. The Ministry of National Economy is responsible for the overall coordination and approval of standards and regulations of public services, whereas the Agency for Civil Service is mainly responsible for the control and dealing with complaints re public services. The Government for Citizens is a major front office but most of its public services are delivered in back offices (various state bodies). This complex management and the lack of unified state bodies have exacerbated the coordination problem of various public services. Furthermore, this creates a situation of shifting the blame amongst public officials and especially between the Ministry of National Economy and Agency for Civil Services who are both central bodies for public service delivery.
Local executive bodies (akimats) have less influence in policy design as they can only provide recommendations and proposals to standards and procedures of public services. They can suggest recommendations which central state bodies are not obliged to adopt. Meanwhile, local representative councils (maslikhats) do not have any official functions to provide input to public services design and delivery. Furthermore, there is no legal mechanism or input from citizens and the business community to provide input into public service design and delivery. Hence, the design and delivery of public services in Kazakhstan is over reliant on the coordination between central state bodies, whilst little attention is given to the input from local executive bodies, local representative bodies and citizens. It is confusing and cumbersome to integrate and improve the quality of public services within such a complex structure. The stakeholder analysis has revealed that the current system of design and delivery of public services dissolves responsibility between central state bodies and ignores the input from local state bodies and citizens.

**Figure 4**
Key Stakeholders in the Delivery of Public Services in Kazakhstan

<table>
<thead>
<tr>
<th>Key players/stakeholders</th>
<th>Role in Public Service Design and Delivery</th>
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<tr>
<td>Local executive bodies</td>
<td>• Development of recommendations and proposals to standards and procedures of public services that are locally delivered</td>
</tr>
<tr>
<td>Ministry of National Economy</td>
<td>• Central coordinating agency for delivery of public services</td>
</tr>
<tr>
<td>President’s Administration (Assessment System of Efficiency of state bodies)</td>
<td>• Support and adjustment of recommendations and proposals to standards and procedures of public services</td>
</tr>
<tr>
<td>Ministries and agencies</td>
<td>• Monitoring of implementation of recommendations and proposal for public services that underwent BPR and optimization</td>
</tr>
<tr>
<td>Government for Citizens</td>
<td>• Assessment of violations and satisfactions with public services</td>
</tr>
<tr>
<td>Citizens and representatives of business community</td>
<td>• Implementation and introduction of necessary changes to the standards for public services, laws and codes.</td>
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<td></td>
<td>• Back office for most of public services.</td>
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<tr>
<td>Agency of Civil Service</td>
<td>• Direct delivery of most of public services to citizens (Front Office)</td>
</tr>
<tr>
<td>Ministry of Information and Communications, ZERDE</td>
<td>• Provision of critical feedback and input on the delivery of public services</td>
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<tr>
<td></td>
<td>• Control over the quality and violations related to the delivery of public services; complaints of citizens with services.</td>
</tr>
<tr>
<td></td>
<td>• Promotion and provision of IT support to the optimization and introduction of electronic public services</td>
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Consultation & BPR Potential in Kazakhstan

An important aspect of business process reengineering (BPR) is that it seeks to streamline processes for clients. With regard to public services, BPR implies the involvement of citizens and frontline officials in the redesign of public services. The BPR can serve as a tool for collaboration and it can offer ways for co-production. The BPR of public services was conducted through the support of the European Union Kazakhstan Regional Development project. During the project, public servants of oblast’ level executive bodies were trained to re-engineer and optimise public service business processes between 2015 and 2017. The project proved successful in implementing optimisation of public services through active consultation and engagement of officials.

One important feature of the BPR is that it can be used in both top-down and bottom-up settings (Hammer & Champy, 1993; Weerakkody & Hinton, 1999). In essence, many of the advocates of BPR have agreed that in order to maintain breakthroughs or transformational type change, organisations must take a radical approach when tackling change (e.g. Champy, 2002; Hammer & Champy, 1993). Hence, the BPR can be used as an effective tool in the Kazakhstan institutional settings of highly rigid bureaucratic structure. BPR, through its flexibility and ability to be used in different settings, can be used highly effectively to avoid the problem of reform decoupling. Decoupling inherently implies that the limited political will or limited capacity and gap between reform and the country’s settings lead eventually to reform mimicry (Meyer & Rowan 1997, Krause 2013). Di Maggio and Powell (1983) noted that organisations adopt the required form and legitimisation with the need to ensure the flow of resources. Hence, BPR allows the political structure to proceed with the optimisation of reforms and to actively engage citizens whilst preserving its legitimacy and resources.

Policy Recommendation

The chosen policy recommendation (BPR of public services with the inclusion of local executive bodies and citizens) would require three stages of implementation (Figure 5). The first stage is to provide a legislative framework to facilitate input from local executive bodies and citizens. For instance, the changes to the Law on Public services should be made to allow local executive bodies to provide recommendations to change all public services. If necessary, a special government decree or order of the President should allow a facilitated legal procedure to change standards and regulations of public services.

Second, a network of national project offices on BPR of public services should be established across the country. The offices would provide capacity building training and exercises for local officials to pursue BPR of public services. Furthermore,
the offices will also serve as the front office for optimisation of public services where trained experts, local officials and active citizens would work together.

Finally, once the legislative framework is established and the offices are operational, active citizens will be encouraged to provide input on the design and delivery of public services. Funding will be provided to local non-governmental organisations and self-help citizen groups to participate and collaborate in the process. Furthermore, the co-production of public services would be encouraged through the interaction between the network of project offices, local officials, citizens and non-governmental organisations.

**Figure 5**
Implementation Stages of Recommended Policy Alternative

- **First Stage**
  - Creation of legislative/regulatory framework

- **Second Stage**
  - Creation of network of project offices with training

- **Third Stage**
  - Co-production of public services using resources at local level

**Conclusion**

This policy memo has examined the state of public services in Kazakhstan. The paper identified key stages of public service delivery. The paper has analysed three stages of the development of public services: introduction of one-stop-shops, adoption of the Law on Public services and establishment of the Government for Citizens. The paper has uncovered the issue of underperforming public services and its low quality in such areas as education and healthcare. Moreover, the consistent failure to considerably improve the quality of life is analysed. Three main root causes of the problem have been elaborated upon in the paper. Narrow and fragmentary design of public services, as well as obsession with regulations, is one of the root causes. Overtly centralised design and delivery of public services significantly limit the opportunity for its improvement. Finally, division and shift of responsibilities
for public service delivery between key state bodies is also a contributing factor to the low quality of public services. The paper has identified three policy solutions and has applied three major criteria to identify the best policy option.

The suggested policy recommendation of conducting Business Process Re-engineering of public services would resolve three identified root causes of the problem of the low quality of public services in Kazakhstan. First, BPR would resolve the fragmented and bureaucratic nature of public services by redesigning and optimising its regulations and standards. BPR will focus on the core activities of public services whilst getting rid of all unnecessary paperwork. Second, BPR with the input from local bodies and citizens would change the nature of centralised systems of public service delivery in Kazakhstan. Finally, the creation of a network of BPR offices across the country would help to unite the efforts of all state agencies in improving public service design and delivery in the country. The implementation of the recommendations would increase the quality of redefined public services. They would facilitate the achievement of the strategic goal of the country of joining the Top 30 developed countries by the year 2050. Most importantly, quality public services would improve the quality of life, resulting in citizens’ satisfaction with the government, which is the vital criterion for sustainable development.

References


