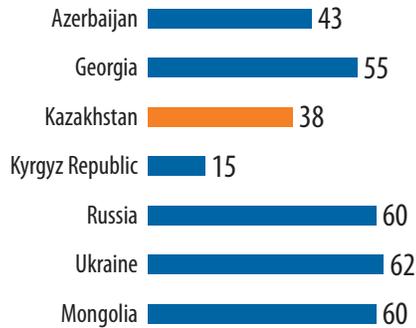




Overall score: 38 (Out of 100) Provides minimal information to the public in its budget documents during the year.

How Does Kazakhstan Compare to Its Neighbors?



Key Findings

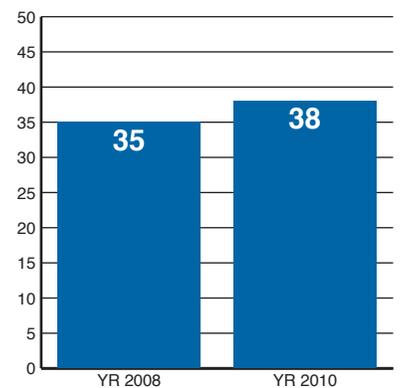
The scores for 92 questions from the Open Budget Survey 2010 (see text box) are used to compile objective scores and rankings of each country's relative transparency. These scores constitute the Open Budget Index (OBI).

Kazakhstan's OBI 2010 score is 38 out of 100, which is less than the average score (42) for the 94 countries surveyed. Its score is also significantly below the average score (49) of the other countries that were assessed in Central Asia.

Kazakhstan's score indicates that the government provides the public with minimal information on the central government's budget and financial activities assessed by the Survey. This makes it extremely difficult for citizens to hold the government accountable for its management of the public's money.

Kazakhstan's OBI score did increase slightly (from 35 to 38) between 2008 and 2010.

OBI Scores Over Two Surveys



Adequacy & Availability of Eight Key Budget Documents

Document	Level of Information Grade*	Publication Status
Pre-Budget Statement	E	Not Produced
Executive's Budget Proposal	D	Published
Enacted Budget	A	Published
Citizens Budget	E	Not Produced
In-Year Reports	B	Published
Mid-Year Review	E	Not Produced
Year-End Report	E	Published
Audit Report	C	Published

* Grades for the comprehensiveness of the information provided in each document and its accessibility are calculated from the average scores received on a subset of questions from the Open Budget Survey related to each document. An average score between 0-20 (scant information) is graded as E; 21-40 (minimal) is graded as D; 41-60 (some) is graded as C; 61-80 (significant) is graded as B; and 81-100 (extensive) is graded as A.

An **Executive's Budget Proposal** is the government's most important policy instrument. It presents how the government plans to raise revenues and where these funds are allocated, thus transforming policy goals into action. Kazakhstan publishes an Executive Budget Proposal, composed of the Draft of the Budget Law, Prognosis of Social-Economic Development and Budget parameters of Kazakhstan for 2010-2014, Comparative Table on Budget of the Republic for 2003-2011, and Information on the Budget of the Republic for 2008-2011. However, the Executive's Budget Proposal is far from being comprehensive and major gaps in information in the budget proposal are found in the following areas:

- It does not present information on the impact of different macroeconomic assumptions on the budget.
- It lacks comprehensive data on expenditures and revenues on the prior year's budget. Prior-year data are important because they provide a benchmark against which budget proposals can be assessed, while long-term spending projections can yield insights into the feasibility and sustainability of future budget proposals.
- It has limited information on certain fiscal activities that can have a major impact on the government's ability to meet its fiscal and policy goals, including information on extra-budgetary funds, quasi-fiscal activities, tax expenditures, contingent and future liabilities, and financial and nonfinancial assets. Absent this information, the public does not know the government's complete fiscal position.
- It lacks information on outputs and outcomes.

A **Pre-Budget Statement** sets forth the broad parameters that will define the government's forthcoming budget. Kazakhstan does not produce a Pre-Budget Statement.

An **Enacted Budget** becomes a country's law and provides the baseline information for all budget analyses conducted during the budget year. In general terms, the Enacted Budget should provide the public with the data it can use to assess the government's stated policy priorities and hold it to account. Kazakhstan publishes a comprehensive Enacted Budget.

OPEN BUDGET SURVEY 2010

Kazakhstan

The International Budget Partnership's Open Budget Survey assesses the availability in each country assessed of eight key budget documents, as well as the comprehensiveness of the data contained in these documents. The Survey also examines the extent of effective oversight provided by legislatures and supreme audit institutions (SAI), as well as the opportunities available to the public to participate in national budget decision-making processes.

Research to complete this country's Open Budget Survey was undertaken by:

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A **Citizens Budget** is a nontechnical presentation of a government's budget that is intended to enable the public — including those who are not familiar with public finance — to understand a government's plans. Kazakhstan does not produce a Citizens Budget.

In-Year Reports provide a snapshot of the budget's effects during the budget year. They allow for comparisons with the Enacted Budget figures and thus can facilitate adjustments. Kazakhstan publishes fairly comprehensive In-Year Reports, but there are gaps in information. They do not, for example, present information related to the composition of government debt for the budget year.

A **Mid-Year Review** provides a comprehensive overview of the budget's effects at the midpoint of a budget year and discusses any changes in economic assumptions that affect approved budget policies. Information in this report allows the government, legislature, and the public to identify whether or not adjustments related to revenues, expenditures, or borrowing should be made for the remainder of the budget year. In Kazakhstan, the Finance Minister presents mid-year data in the form of a slide show presentation; however, it cannot be considered a Mid-Year Review per the Open Budget Survey methodology because it lacks important information and details. Therefore, for the purpose of this research, Kazakhstan does not produce a Mid-Year Review.

A **Year-End Report** compares the actual budget execution to the Enacted Budget. Year-End Reports can inform policymakers on tax policies, debt requirements, and major expenditure priorities, facilitating adjustments for upcoming budget years. Kazakhstan publishes a Year-End Report (the Report on 2008 Budget Implementation of the State Budget for 2008 and Tasks for the 1st quarter of 2009), but it has serious deficiencies. It does not, for example, explain the difference between the enacted levels (including in-year changes approved by the legislature) and the actual outcome for expenditures.

An **Audit Report** is an evaluation of the government's accounts by the country's supreme audit institution (SAI). It reports whether the government has raised revenues and spent national revenue in line with the authorized budget, whether the government's bookkeeping is balanced and accurate, and whether there were problems in the management of public funds. Kazakhstan publishes an Audit Report, but it is not sufficiently comprehensive. It does not, for example, include audits of extra-budgetary funds.

Public Participation and Institutions of Accountability

Beyond improving the availability and comprehensiveness of key budget documents, there are other ways in which Kazakhstan's budget process can be made more open. This includes ensuring the existence of a strong legislature and SAI that provide effective budget oversight, as well as providing greater opportunities for public engagement in the budget process.

Are oversight bodies effective in their budget role?

Oversight Institution	Strength**
Legislature	Moderate
SAI	Moderate

** Legislature and SAI strengths are calculated from the average scores received for a subset of questions from the Open Budget Survey 2010. An average score between 0-33 is graded as weak, 34-66 as moderate, and 67-100 as strong.

According to the Open Budget Survey 2010, budget oversight provided by Kazakhstan's legislature is inadequate because it does not hold open budget discussions at which the public can testify.

According to the Open Budget Survey 2010, budget oversight provided by Kazakhstan's SAI is inadequate because:

1. it is not fully independent from the executive, which can remove the head of the SAI without seeking final consent from the legislature or judiciary; and
2. it does not issue reports on the follow-up steps taken by the executive to address audit recommendations.

Recommendations

Kazakhstan should:

- increase the comprehensiveness of the Executive's Budget Proposal, In-Year Reports, the Year-End Report, and Audit Report;
- produce and publish a Pre-Budget Statement, Citizens Budget, and Mid-Year Review;
- provide opportunities for the public to testify at legislative hearings on the budget; and
- increase the powers of the SAI to provide more comprehensive oversight of the execution of the budget.