

Issues of Improving the System of Public Planning in the Republic of Kazakhstan

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Abstract. *The article presents a case study of implementation of the result-oriented system of strategic public planning in the Republic of Kazakhstan. It examines the legal framework of the strategic planning system, the relationship between various tactical and strategic plans, and the rationale of the reforms targeted at the allocation of budget resources according to the strategic objectives in the Republic of Kazakhstan. The article also argues for the importance of performance assessment of governmental agencies as a necessary stage in the process of improving the public planning system in the Republic of Kazakhstan.*

Keywords: *system of strategic public planning, performance measurement.*

Raktažodžiai: *strateginio viešojo planavimo sistema, veiklos matavimas.*

Introduction

Public planning in the Republic of Kazakhstan is getting more and more vital for public governance in implementing the objectives set in the President's Message to the People of Kazakhstan on joining 50 competitive economies of the world [3]. The objective of the new system of public planning in the Republic of Kazakhstan is the implementation of the 'Kazakhstan-2030' Strategy, the Strategic Development Plan until 2020, as approved by the President of Kazakhstan, and other strategic documents adopted for further development of Kazakhstan.

The analysis of the public planning system in Kazakhstan, carried out with an aim to work out the methodological foundations for the development of performance indicators, public planning system indicators and to evaluate international experience in performance measurement, has shown that in 2003 Kazakhstan started to draw up a result-oriented budget. Though in 2004-2007 all the procedures aimed at bringing the economic development

plans in line with the use of public financial resources were formally observed, there were no qualitative changes in the branches that prevalently used public financial resources.

The implementation of the public planning system was launched in 2009, after the adoption of the new Budget Code that provided the basis for the result-oriented strategic and budget planning. The new public planning system was finally enshrined in the President's Decree No 827 of 18 June 2009 "On the system of public planning in the Republic of Kazakhstan" [1].

Organisational Issues of Implementation of the New Public Planning System

The objective of administrative and budget reforms in many foreign countries is to increase the efficiency of public finance management. Constantly striving for the efficient use of budget resources, governmental agencies aim to improve performance indicators of all services provided.

Many governments of the world are in search of the most effective tools for the development of their public planning system. One of the tools used in countries such as the USA, the United Kingdom, Australia, New Zealand, Canada, the Netherlands, Sweden, Denmark, is the interrelation of results-orientation with strategic public planning. Not all the countries can boast of extensive experience in implementing this concept, most of them have just started applying it. Nevertheless, the study of various foreign experiences could be useful for Kazakhstan where the implementation of the result-oriented planning system in the public sector is the primary objective of the present policy [2, 4, 5, 6, 7, 8].

Kazakhstan's government started budget reforms with an aim to rationalise its public expenditures. The adoption of the Concept for Implementation of Result-Oriented Public Planning System and of the new Budget Code provided the legal framework for this reform [9, 10]. The changes of the public planning system required gradual implementation of new approaches to budget planning targeted at efficiency, benchmarking, accountability and transparency of processes of governmental agencies.

In the budgeting process of Kazakhstan, the system of internal monitoring and result assessment provides the analysis of performance of governmental agencies.

According to the Decree, the legal framework for the new system of result-oriented public planning is provided by the following documents on the Public Planning System in the Republic of Kazakhstan:

1. Development Strategy of Kazakhstan until 2030;
2. Strategic Plan of Development of Kazakhstan until 2020;
3. Forecast Scheme of Spatial Development of the Country until 2020;
4. 5-10 year state programmes;
5. 5-year Social and Economic Development Forecast;
6. 5-year programmes for territorial development;
7. 5-year strategic plans of governmental agencies;
8. 10-year development strategies and 5-year development plans for national management holding companies, national holding companies, national companies with the government's share in equity capital;

9. sectoral programmes;
10. national (local) 3-year budget.

Concurrently, the new public planning system is supposed to make it possible to form a well-balanced, effective and integral system of strategic documents of the country, systematise and reduce excessive types of documents, build up an effective hierarchy of strategic documents to achieve specific targets.

In accordance with the requirements of result-oriented budgeting, the new public planning system sets strategic objectives, tasks and initiative as well as targets of government performance (including ministries and offices). Those targets could be achieved by activating resources via relevant budget programmes. The starting point is to identify direct and final results of budget assignments and to set performance indicators demonstrating how far the objectives are achieved.

The top document of the public planning system is the Development Strategy of Kazakhstan until 2030, which is to be implemented in three stages. In this strategy, the priorities in social, economic and political development of the country as a whole are set for every decade.

The main purpose of strategic planning is to provide high efficiency and future competitiveness by implementing long-term programmes. The strategic plan is meant to foresee prospects, balance objectives and possibilities, adapt to current conditions and allocate resources appropriately.

The strategic plan has its own specific features:

- it embraces quite a long period of time to solve formidable strategic tasks;
- it includes general performance indicators;
- it provides alternative scenarios for a prospective period since internal and external factors have a tendency to change;
- it is regularly reviewed, corrected and prolonged, taking into an account of changes due to the transition from one to another stage of the economic cycle.

The system of performance indicators of the strategic plan is of general and, at the same time, full and systemic character. On the national level, the strategic plan comprises indicators of demographic, social, economic, ecological, territorial division processes, development of science and technologies, dynamics of living standards and foreign economic relations.

Findings of the Research on Strategic Public Planning

Kazakhstan has worked out and puts into practice long-term state programmes. One of the forms of programming is to work out and implement state programmes meant for a period of 5 to 10 years. In other words, these are documents of nation-wide and intersectoral character. The list of such programmes is limited by the President's Decree of 19 March 2010, which specifies that state programmes are worked out for industrial and innovative development, healthcare, education, development and use of languages.

Effectiveness and efficiency of long-term development strategies, state and regional programmes depend not only on the quality of the strategies and programmes themselves but mainly on the mechanisms of their implementation. These documents are implemented via strategic plans of governmental agencies, strategies and development plans of national holding companies and firms, sectoral programmes, and, definitely, national and local budgets.

These are tactical documents that define specific mechanisms for achieving strategic aims. The implementation of result-oriented methods and administrative procedures means that approaches both to planning and to budget processes are changing when monitoring and assessment of these processes is also taken into consideration.

Today the performance assessment system has turned into one of the key tools for improving the system of public administration, public planning and increasing the competitiveness of the economy.

At present, there are several types of performance assessment system (control) in Kazakhstan:

1. Assessment of strategic and programme documents, i.e. determining the level of productivity and effectiveness in implementing the strategic and programme documents (the Government of the Republic of Kazakhstan, Ministry of Economic Development and Trade of the Republic of Kazakhstan);
2. System of annual assessment designed to estimate work efficiency of central state and local executive agencies, oblasts, cities of republican significance, the capital (Administration of the President of RK);
3. Systemic, impartial study and analysis, estimation of results as well as offering proposals on possible improvements and corrections within the framework of control measures (Accounts Committee for Control over Execution of the Republican Budget, Auditing Commissions of Maslikhats);
4. Conducting activities aimed at controlling compliance with laws on budget, on public procurement and other laws of the Republic of Kazakhstan (Committee for Finance Control of the Ministry of Finance of RK).

The essence of the new approaches to the result-oriented planning process stems from the fact that the allocation of budget resources is based on priorities, and the efficiency of budget implementation is measured by the amount of specific results achieved by governmental agencies rather than by the amount of the allocated budget funds. In this respect, the objective to interrelate budget expenditures and priorities of public policy, i.e. allocation of budget resources not by types of expenditures but in accordance with strategic aims, is important.

Each of the above-mentioned documents has a definite system of performance indicators of expected results – clearly defined, measurable, accessible and comprehensible. The implementation of each document and the achievement of planned results consecutively lead to the implementation of strategic documents at a higher level. Monitoring and assessment of programme implementation was introduced in order to implement these documents and to timely respond to changing internal and external conditions of social and economic development.

Thus, all governmental agencies work according to their strategic plans and are directly responsible for achieving specific performance indicators that reflect the objectives of the major strategic documents of the country – Strategic Plan-2030, Strategic Plan-2020 and state programmes. It is necessary to establish a system that will evaluate efficiency of each governmental agency and its head. Budget resources have to be allocated to governmental agencies only according to the objectives established by the strategic plan, which will create conditions and prerequisites for consolidating strategic, budget, social and economic planning.

This approach will radically differ from the previous ones. The analysis yielded that most programmes in the republic did not actually work, they were not based on budget resources and did not give a clear picture of the strategic priorities that they served. For instance, the number of implemented strategic plans is 43; they contain over 2000 indicators. Most of the latter ones do not give a clear idea about the performance of governmental agencies; moreover, governmental agencies include low priority issues into their strategic plans and these issues are consequently subsidised. Agencies and their plans are supposed to exclusively focus on the most essential objectives of priority to Kazakhstan's development, as set in the Strategies 2030, 2020 and to correlate with the strategic plans of governmental agencies and state programmes.

Along with the issue of achieving aims, the issue of selecting priorities to be financed is important, especially under the conditions of rigid resource restrictions. Those issues raise the following questions: Which existing programmes must be financed in the first place? Which programmes can be painlessly cut down? Which programmes require increased funding and what should be sacrificed to allow such an increase?

The Strategic Plan-2020 has 257 nation-wide performance indicators. Each of them is the responsibility of a specific governmental agency. To implement this strategic document, it is necessary to work out new strategic plans of governmental agencies and to integrate them with the indicators of the Strategic Plan-2020. [11]

A governmental agency is supposed to be aware of the performance indicators to be achieved, of the measures to be taken, and of the bridging objectives to be fulfilled. Each of the performance indicators is to be reflected in the relevant documents of the public planning system, in state programmes, in programmes for territorial development, in strategic plans of governmental agencies.

These and many other factors show the necessity to further improve the assessment system by taking the following steps: working out the key performance indicators of efficiency and result assessment of governmental agencies; establishing internal auditing service in governmental agencies (on the basis of service for internal control); intensifying institutional basis of external assessment and auditing of governmental agencies; developing the Public Planning System by improving, among others, the methodology of strategic and budget planning, etc.

Conclusion

1. The analysis of strategic plans of governmental agencies has displayed that they are mainly based on quantitative rather than qualitative indicators. Nearly every strategic plan of governmental agencies misses indicators of efficiency and financial productivity of a governmental agency. Hence, in the present stage the implementation of strategic planning in the country has not yet contributed to achieving high results in the use and allocation of limited public resources, first of all in the rational use of budget funds. The given indicators of strategic plans fail to show the influence of budget expenditures within the framework of budget programmes on the achievement of strategic aims by ministries and offices.

2. To improve methods of designing strategic plans, it is essential to facilitate the coordination between governmental agencies and to thoroughly set up bridging performance indicators.

3. The interrelation of state strategic documents, state programmes and strategic plans should result in:

- controlling the implementation of programmes and spending budget resources by establishing efficiency indicators and comparing practically achieved and planned results;
- correlating expected results of programme implementation and the amount of resources necessary for this implementation;
- full substantiation of budget claims by governmental agencies;
- more efficient allocation of budget funds on competitive expenditure items, which corresponds to public policy priorities;
- increasing transparency and comprehensibility of budget, which will contribute to enhancing people's trust in governmental agencies.

4. Thus, the work efficiency of governmental agencies plays an important role in the process of improving the public planning system. This efficiency is determined, first of all, by social and political results of governmental agencies, not only by high economic outcome. In order to assess the efficiency of public planning system and the performance of governmental agencies, it is necessary to have stable and impartial assessment technologies and procedures that will allow timely coordinate processes of governmental agencies so that strategic programme documents would correspond to efficiency indicators of governmental agencies.

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Viešojo planavimo sistemos tobulinimo Kazachstano Respublikoje problemos

Anotacija

Straipsnyje pateikiama Kazachstano Respublikos į rezultatus orientuotos strateginio planavimo viešajame sektoriuje sistemos įgyvendinimo atvejo studija. Tiriama strateginio planavimo sistemos teisinė aplinka, ryšiai tarp įvairių taktinių ir strateginių planų bei reformų, nukreiptų į biudžeto išteklių paskirstymą pagal strateginius tikslus, įgyvendinimo motyvai. Pabrėžiama valdžios institucijų veiklos vertinimo kaip būtino etapo Kazachstano Respublikos viešojo sektoriaus planavimo tobulinimo procese svarba.

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