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## **CASE STUDY 8**

### **KAZAKHSTAN**

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## **INTRODUCTION**

Kazakhstan is the second largest of the former Soviet republics and the ninth biggest country in the world, roughly about the size of Western Europe with a population of around 15 million. Under the current constitution, significant power is concentrated in the presidency.

Kazakhstan has no tradition of a modern, established civil service. There was no institutional knowledge of the qualitative and quantitative strength of state employees. No comprehensive survey had been carried out previously.

## **Background**

The government of Kazakhstan acknowledges that the main role of the modern state in a democratic market-based economy is to provide fair and equal conditions and standards as the basis for daily life of citizens and economic activities. When a downturn in its revenues and expenditure affected the government's ability to maintain essential functions it was recognised that urgent action was needed. Accordingly, the country has embarked in the last few years on an ambitious and wide-ranging programme to establish financial stability and implement structural reforms.

The World Bank responded to the government's requests for assistance with a Public Sector Resource Management Adjustment Loan of US\$230 million to be disbursed in three tranches, US\$80 million in 1997, and US\$75 million in each of 1998 and 1999 thus supporting the budgets during the period in which the government put in place temporary policy and institutional reforms as a basis for later, more permanent solutions. This loan was to support policy and institutional reforms in four broad areas:-

- state administration and development of the civil service
- financial control and processes
- public sector investment process
- housing and related utilities.

## **Reason for the Census**

The reform of the state administrative infrastructure and civil service development underpinned the strengthening of public sector resource management and was expected to achieve two purposes:

- the improvement of transparency and accountability of government decision-taking

- the streamlining of the government to enable it to meet the growing and increasingly complex challenges of modern administration in a market-based economy, consistent with the country's financial position.

A number of measures have been taken to minimise bureaucracy such as the reduction in the number of:

- ministries, from 21 to 14
- cabinet committees, from 13 to 3
- administrative districts from, 19 to 14.

A project was also set up to identify and review all bodies funded by government with a view to their abolition or privatisation.

The reform programme included the overhaul of the civil service in order to establish system that guarantees sufficient standards of professional quality and continuity, integrity and accountability among officials and which enhances the reliability of public administration. An Agency for Civil Service was established to oversee the restructuring which was tasked with:

- a) carrying out a review of existing civil service laws and regulations so that enhanced provisions could be made for recruitment, promotion, job security and remuneration to develop a professional, efficient and effective workforce (by January 1999)
- b) developing a comparative pay study (by June 1998) so that recommendations could be made for a revised civil service pay policy
- c) establishing a personnel information network linking to a post management system for authorisation of number of posts within each fiscal unit (by September 1998)
- d) undertaking a training needs assessment and developing an integrated training programme and action plan (by June 1998)
- e) carrying out a census of employees paid from the State budget.

## **The Census**

Although an integral part of the government reform programme, the need to undertake a census was given additional impetus and priority by its inclusion as one of a number of "key actions" which had to be fulfilled as a condition for receiving the World Bank second and third tranche payments.

The main objectives of the census were to:

- carry out a headcount
- obtain qualitative data
- provide input into the personnel roll and post management system
- act as a basis for developing a civil service legal framework.

To achieve this, the census concentrated on data-gathering of employees:

- numbers
- grades
- gender
- work assignments
- language competency
- educational background
- qualifications
- training received
- age
- pay
- location
- organisation
- service details.

The census was carried out in two stages. The first covered all employees of 29 ministries and agencies of the central executive branch, and all employees of the health and education sectors in two districts (Kustanai and Pavlodar). This was to be completed by June 1998.

The second stage covered health and education sector employees in the rest of the country and was to be completed by June 1999. Within the set timescales, work was to

be carried out on checking accuracy and anomalies and actual numbers against cadre and analysing the results.

Some government departments were not included in the first stage because of the confidentiality of data. These comprised:

- President's Office
- President's Guarding Service
- National Guard
- Committee of National Security
- Barlau service
- Ministry of Defence
- Ministry of Interior Affairs.

A pilot census was carried out in January 1998 to check the effectiveness of the software that was developed specially to process the results and to check the questionnaire forms and suggest any improvements. The pilot included the Kustanai and Pavlodar health and education sector staff and the local state bodies in one district (Almaty)

Lack of precedents in the form of previous censuses caused some initial difficulties in co-ordinating activities. The Ministry of Finance took responsibility for carrying out the census and co-ordinating work between the various state organisations. The Ministry had the IT resources available to process the information in the form of a Computer Centre and could provide control and accurate checking of the data.

The Ministry provided a core group of five staff supplemented by a further 15-20 at the peak period, to work on the census for six months. Work was carried out on the methodology for the data-gathering operation which was by questionnaires devised by the team in conjunction with a local publishing house. The forms were delivered to relevant district bodies for them to ensure completion by each employee. Completion of the forms was sanctioned officially by the government. Heads of units were made responsible for ensuring accurate coverage and officials were nominated as enumerators for each budgetary entity. They were trained intensively in filling of the forms and several dry runs were conducted as tests. Overseeing each budgetary entity's census exercise was a designated co-ordinator backed up by a team of roving supervisors to check the work. A good deal of cross-checking with salary details was carried out and a sample of forms was checked to verify that personal details were correctly taken and completed. The team then collected the completed forms, checked them and passed them to the Ministry of Finance's Main Computer Centre in Almaty for data input. The timeframe for sending out forms to receipt of the completed ones was two months.

## **Summary of the Results of the Census**

Payment to “ghost” workers was not considered a problem in Kazakhstan. The main problem discovered was one of substantial understaffing when comparing cadre against actual staff. This was found to be due mainly to two factors:

- the reduction of staff in any one budgetary unit so that better pay could be given to staff from the wage budget as a form of incentive
- pluralism whereby some staff have two or more jobs; this was found to be more pronounced in the education and health sectors.

At March 1999, the cadre for central state bodies was 5077 whereas the actual number revealed by the census was 4049, a 20% difference; in the local state bodies the actual personnel numbers were 59745 showing a difference from the cadre of 1744 or 4.4%. In the three years to July 2002, it was found that retirements will amount to 1.19% of the total number of central state bodies, increasing to 3.75% within 5 years. Similar figures applied at the local state bodies.

The census also provided some data for a profile of the structure of the state establishment by identifying the proportion of staff of central state bodies not involved in carrying out state functions – this varied from 81.2% in the Central State Archive down to 1.3% in the Ministry of Energy, Industry and Commerce. Nationally, this figure was 16.6%, indicating a substantial amount of money intended for carrying out state functions actually being spent on service work.

The analysis by gender demonstrated that women and men occupied an equal number of posts generally but that few women were appointed to senior posts. Women did however occupy a far greater number of positions as specialists in the health and education sectors. The census enabled the age groupings for each ministry to be calculated. This revealed that personnel in the central state bodies were in average younger than indicated that at the local level staff, a higher proportion of whom will retire in the next few years. Language skills showed a marked difference between the central state bodies, where 20% spoke English, and the local bodies, where fewer staff had higher education standards. Russian was widely spoken as this is the language of inter-ethnic communication and the medium for teaching in universities and colleges. Disparity of grade and qualifications and pay was revealed and the census brought out a welter of facts and figures on which budgets and reforms could be based.

## **Overview of the Results of the Census**

The census was completed within the agreed timescale of 18 months from start to finish including background work, development of the forms, logistics, transfer of data to the

computerised database and analytical work. This was completed despite relocation of the capital and severe weather problems. Costs of the conduct and analysis of the census included technical assistance for the provision of two national consultants who, as part of their role on other aspects of reform, assisted the census exercise, plus US\$515,000 for other expenses.

The census was regarded as a success despite opposition from some ministers. The President was extremely supportive of the exercise, convinced of the benefits to the country. The census was generally well-received. There was a large group of officials who were keen to begin the task of restructuring, and senior civil servants lent their support to the reforms. Most civil servants could see the benefits in terms of enhancing their status and creating greater equality and better standards in working conditions and pay rates. Only a minority feared that the results would be used for downsizing.

The census has helped to:-

- identify problems in the quality of state employees and their educational standards and qualifications, and disparities and inconsistencies in conditions and pay
- establish a broad picture of the civil service
- forecast retirements by category and department
- identify training and retraining needs generally and specifically for specialists in health and education
- assess gender balance
- provide the means to determine the structure of state budgets.

The census has also provided the basis for developing by the end of 1999:

- *the Personnel Management Information System* with a database of all state employees capable of giving details of numbers due to retire, demand for specialist posts, help in the appointment and promotion process and other information on pay policy, maximising labour resources and business travel management. This system will allow a reduction in the number of staff working on personnel issues and will involve the integration of various existing and new IT systems and make use of a single identification number for each official for pay, pension and other purposes; this codification will be then used as a model for setting out the criteria for other information databases such as taxpayers and agents and contributors to the pension fund)
- implementing *a pay policy* with wage differentials and magnetization of non-wage benefits

- establishing *qualification requirements* for each grade and setting out procedures for competitive recruitment and promotion. (These requirements have been drafted as: knowledge of legal and regulatory framework and anti-corruption law; educational standards corresponding to the position; experience; language skills; decision-making ability).

The *post management system* was approved and used to decrease the establishment of some ministries, for example Agriculture by 3717 staff, Natural Resources and Environment Protection by 355, Transport Communication and Tourism by 478 and Labour and Social Protection by 56.

Overall, it has been a useful tool for creating a civil service system where civil servants have a right to career advancement based on merit, setting out clearly their rights and duties with an openly-disclosed and well-regulated income, and high standards of education and selection with job protection coupled with sound disciplinary provisions. This will make a reliable, efficient and effective civil service less vulnerable to corruption and contributing to enhanced professional values and integrity. The census data has meant that the qualifications of civil servants could be assessed by job category.

The main results and findings were completed in time for them to be taken into consideration while preparing the 1999 budgets.

## **The Future**

At this stage, because there is a functioning treasury system, no further census is planned but now that the first one has been undertaken successfully, further censuses may be considered to monitor the extent to which systems and reforms are working efficiently and accurately and are sustainable and to ensure that the various statistical information on databases are updated at set intervals. It would also be useful to know if civil servants have come to “own” and adhere to formal regulations and laws, and if the enhanced capacity building initiative has been seen to be sustainable and based not just on increased pay but other incentives such as better job security and pension.

In any future census, inclusion of these bodies excluded from this exercise may well be an issue; departments, such as Interior Affairs and Defence are large and their exclusion has an impact on the quality and comprehensiveness of the data.

There are often sensitive discrimination issues that could be considered for inclusion in a further census. There is a mix of ethnic groups and beliefs although the people generally live in peaceful co-existence. Details about ethnicity were thought to be lacking from the Census. In a country where Kazakhs make up around 47% of the population and Russians about 32%, with the rest comprising Ukrainians, Germans, Uzbeks, Tatars and others, this would be of interest in ensuring, or proving, equality of treatment, identifying concentrations of ethnic groups and in looking at the complete profile of the civil service, to know of such information. Similarly with religion where Islam and Russian Orthodox Christians are almost equally split; if there was felt to be any religious issues involved in the selection and treatment of civil servants, it would be advantageous to obtain data completion of analysis.

The Census highlighted the need to look to the future because for the first time, numbers of staff who are due to retire in coming years are known. Although not directly concerning the civil service Census, it would be wise to consider mounting a survey of schools and colleges and universities to look at the quality of future applicant pools and new recruits, to ensure a dynamic rather than static sense of the existing and coming labour market conditions and the ability of the civil service to attract qualified personnel.