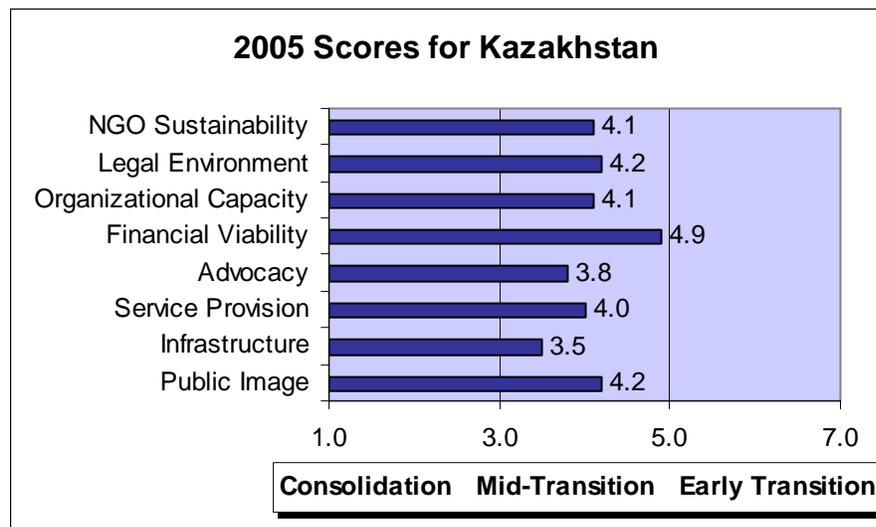


## Kazakhstan



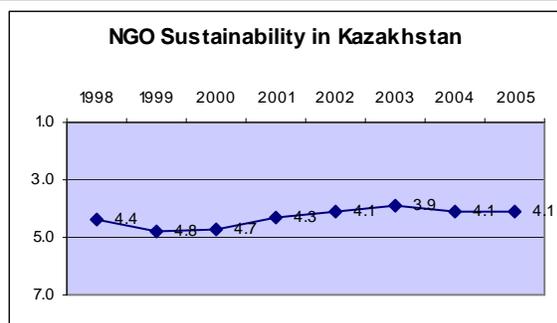
**Capital:** Astana

**Polity:** Republic-authoritarian presidential rule

**Population:** 15,233,000

**GDP per capita (PPP):** \$8,800

### NGO SUSTAINABILITY: 4.1



The overall sustainability of the NGO sector improved slightly over the past year. Advances were made in the Financial Viability, Service Provision and Infrastructure dimensions. The recent events in Georgia, Ukraine, and Kyrgyzstan motivated the government to propose restrictive legislation in the lead-up to the December 2005 elections. The advocacy efforts of a coalition of over two-hundred organizations were successful in preventing the passage of two restrictive laws, though Parliament did pass the third, the Law on National Security. While the law has yet to be enforced, it could have a significant impact on NGO activities that are perceived as threats to the government.

At the Second Civic Forum in September of 2005, the President acknowledged the importance of NGO service providers and

pledged government support for their activities. Government institutions have begun funding NGO initiatives, but many organizations complain that the procurement process lacks transparency. The government often awards contracts to newly formed GONGOs or as favors to friends or relatives. The organizational capacity of NGOs has deteriorated, as foreign funding decreased and the government has yet to fund training and other similar programs. Kazakhstan does not have a culture of philanthropy, though some in the business community support civil society organizations and it is believed that overall support of NGOs from businesses has doubled in the past year. These examples, however, are limited and NGOs continue to depend largely on international donors.

The NGO infrastructure has improved. Various government officials, however, have damaged the NGO sector's public image by linking it to the U.S.-funded organizations that they claim led the revolutions in Georgia, Ukraine, and Kyrgyzstan. The government tightened control over the sector before the Presidential elections and the general prosecutor's office inspected thirty-two human rights and international organizations at the demand of a Member of Parliament.

## LEGAL ENVIRONMENT: 4.2

In 2005, government officials proposed three restrictive draft laws affecting NGOs. The draft Law on National Security was enacted by Parliament, while the drafts for a Law on Amendments Related to NGOs and Other Laws of Kazakhstan and a Law on Foreign and International NGOs were rejected after lobbying by local and international organizations. Representatives of the NGO community agree that the laws were an attempt to limit the role of NGOs in the 2005 Presidential election. The Law on National Security prohibits domestic and foreign NGOs from any activities that promote a specific candidate or political party. The government has not used the law to close down any NGOs, but the threat is very real



The Law on the Registration of Legal Entities simplified the registration process, but the associated fees continue to exceed \$200 and include translation and notary services. The implementing regulations also create potential bureaucratic obstacles to registration. For example, organizations are required to obtain

## ORGANIZATIONAL CAPACITY: 4.1

The government policy of encouraging social partnership between government institutions and NGOs has led to the creation of many new civil society organizations. The government, however, does not have the capacity or experience to assist new NGOs with organizational development; rather, it supports specific projects. Similarly, the number of donors willing to invest in developing the organizational capacity of local NGOs continues to decline, albeit gradually. The result is that

certification from the tax authorities that they do not owe any taxes. Overall, the registration process is more consistent, the requirements are more systematic and clear, and the bureaucracy has been minimized by the designation the Ministry of Justice as the point of contact for NGOs.

Generally, there is a shortage of NGOs that focus on social issues such as invalid support, children and youth, and others in the rural areas. The government has made it a priority to encourage organizations in the regions to address these issues. The sector also enjoyed an increase in the number of attorneys trained in not-for-profit law.

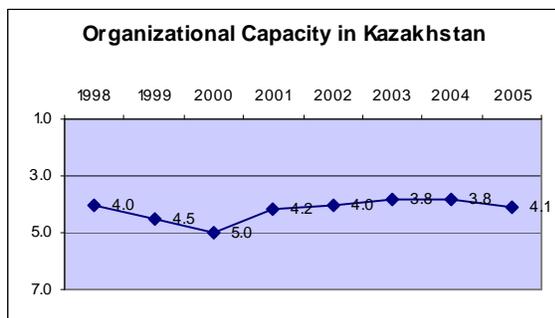
The legal framework now provides more incentives and mechanisms to promote philanthropy. Corporations may now take a deduction of up to 3% of their incomes for their donations to NGOs, up from 2% in the past. Although the number of businesses that make donations has not changed, the amount of donations has grown significantly. The Law on State Social Order was adopted by Parliament and signed into law by the President in April of 2005. The law has yet to have an impact, because it continues to be in conflict with other laws. The President's office, Parliament, and other government institutions are working to resolve these conflicts and harmonize all of the laws.

both new and existing NGOs are unable to achieve or maintain a sufficient level of organizational capacity.

Foreign donors generally require organizations to have appropriate organizational structures and engage in strategic planning. As foreign donors decrease their presence in Kazakhstan, NGOs no longer have the impetus to develop their organizational structures or engage in strategic planning. The more established

organizations have recently begun to experience brain-drain. Kazakhstan's economic growth, accompanied by high inflation and devaluation of the U.S. dollar, has caused salaries to double over the past five years. Donors have been unwilling to increase their support to keep up with growing administrative costs, forcing many experts to leave the NGO sector for jobs in the private or government sectors.

NGO representatives are not optimistic that the Law on Social Order will sufficiently address the weakened institutional capacity of NGOs, even when it is fully implemented. Volunteerism has yet to become a part of the Kazakhstan culture. Young volunteers generally do not see a future in working for NGOs, preferring jobs with the government or business sectors.

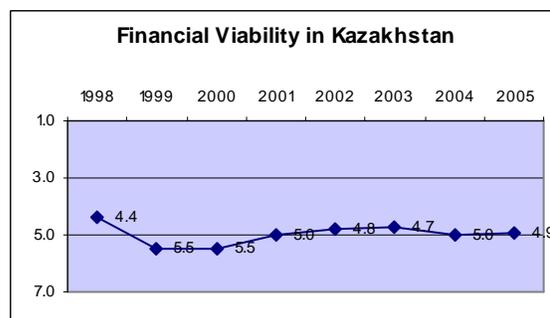


#### FINANCIAL VIABILITY: 4.9

The government continues to increase its funding of civil society organizations. The Ministry of Culture, Information, and Sports has a fund of approximately 400 Million Tenge (US \$3,000,000) to provide grants for various organizations, while the Ministry of Education funds the Youth Congress, a GONGO. Though the government institutions have funding for NGOs, they do not have the mechanisms necessary to manage and monitor these funds.

Despite the positive trends in NGO sustainability, civil society organizations depend heavily on international donors. Government grants to NGOs are often little more than funds channeled through NGOs to specific projects, rather than funding for the organizations themselves. Often times, NGOs only receive 30% of the amount of the grant.

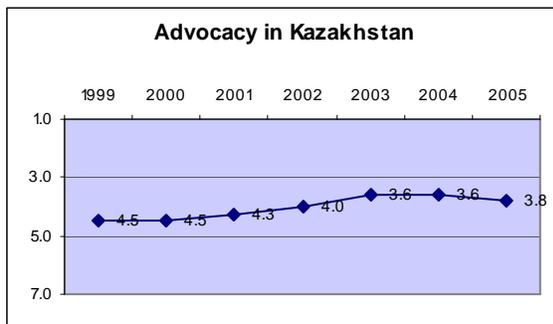
The amount of financial support from the business community also continues to grow. The Kazkommertzbank continues its funding efforts, providing approximately US \$600,000 to the NGO sector. This amount is a decrease from US \$1,000,000 last year and is reportedly due to the poor quality of the proposals submitted. More funding is now available for individuals and art cooperatives. Businesses prefer to invest in social projects that do not necessarily involve NGOs. In general, NGOs are seen as beggars, and a culture of philanthropy does not yet exist. Often the akims (governors) force businesses to choose between funding social projects or the NGO sector. Advocacy and politically active organizations are unlikely to receive funding from the government or business sectors.



Overall, organizations continue to lack transparency. They do not inform the business community about their activities or create reporting mechanisms that would possibly foster stronger relations or ensure future support. Few organizations collect membership fees, and when they do, they are generally only enough to cover administrative expenses, and are insufficient to improve financial viability.

## ADVOCACY: 3.8

Organizations continued their advocacy efforts over the past year, motivated primarily by the government's attempt to enact legislation that would restrict NGO activities. Approximately two-hundred domestic organizations and international donors created coalitions to lobby against the draft Law on Amendments Related to NGOs and Other Laws of Kazakhstan, and the Law on International Not-for-Profit Organizations. The President withdrew these drafts in the face of the NGO campaign against them. The Law on National Security, however, passed quickly, without any serious attempts to stop it. Some believe that the government proposed the other draft laws to distract the coalition of NGOs, enabling it to enact the Law on National Security with little resistance.



The fact that only two-hundred organizations joined the coalition indicates that numerous NGOs are still wary of participating in lobbying activities. Their anxiety was elevated by the Prosecutor General's inspection of thirty-two domestic and international organizations. The inspections were initiated by a Parliamentarian

## SERVICE PROVISION: 4.0

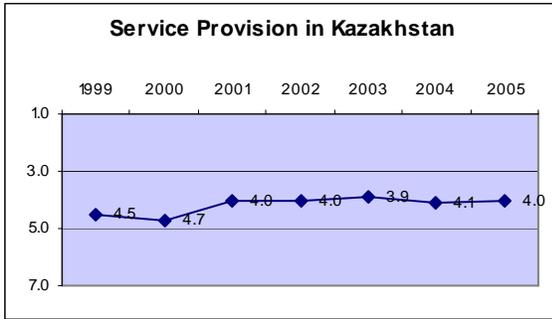
The demand for services expanded over the past year, though availability did not. NGO representatives noted that the quality and professionalism of services has improved. NGOs offer services including expert analysis, education, health, humanitarian relief, environmental protection, training, monitoring and evaluation, and others. Organizations offer training courses in teambuilding, strategic

responding to public accusations that NGOs funded by the United States may lead a revolution like those in Ukraine, Georgia, and Kyrgyzstan. Representatives of the NGO community believe that the inspections were directly related to December 2005 elections. Many organizations were already uncomfortable about cooperating with or receiving support from international, specifically U.S.-based, donors. The inspections further exacerbated their unease.

Only a few organizations engage in advocacy efforts and they generally do so at the local level. NGO representatives report that government officials actively try to prevent NGOs from participating in discussions and advocating for their interests. In one example, "Namys," an organization that serves invalids, lobbied the government on the law for the social protection of invalids. Officials, however, only allowed those who supported the government's position to participate in the discussions, while organizations such as "Namys" that had a different position were excluded.

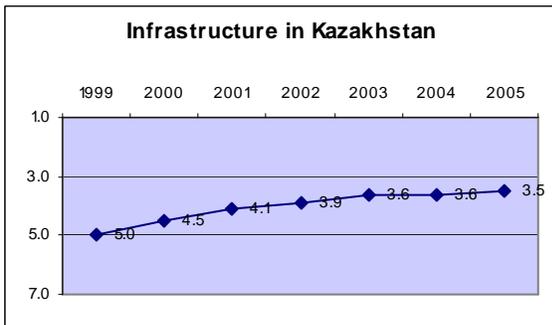
The most active advocacy organizations have begun to use the internet, listserves, and other communication technology in their big advocacy campaigns. Smaller advocacy efforts at the local level are implemented via telephone calls to local authorities. Though this is generally effective, it depends on personal relationships with those in the government and supplants greater public discussion and participation.

planning, and other areas. These training programs have become popular among the business community and government officials, and participants generally pay for the courses. NGOs, on the other hand, are unable to pay for training and, due to the decrease in funding, few training programs are being offered to the NGO sector.



Many believe that NGO services are on the rise to meet the needs of the public. Most of service providers, however, are still not familiar with marketing, and build programs around donor priorities rather than the needs of their constituents. State authorities open tenders to NGO, and government officials generally appreciate and respect NGO service providers.

### INFRASTRUCTURE: 3.5

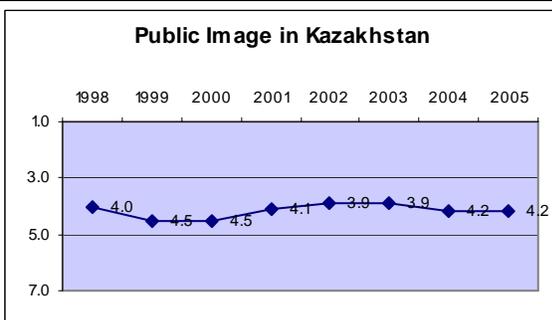


Asia. It also supported NGO activities associated with the Parliamentary elections, including election monitoring and similar activities. Each member of the Association has a satellite office which expands its work out into the regions.

The NGO sector made improvements over the past year. With the support of USAID, the Association of Civil Society Support Centers continued to develop and become more involved in providing NGOs with basic services, as well as to support civic activism on various issues. The Association Centers provide technical and legal assistance, offer internet services, facilitate information sharing, and serve as a catalyst for advocacy campaigns, such as the movement against the proposed amendments to further restrict NGO activities. The Association established partnerships with civil society organizations, the business community, and government officials throughout Central

Numerous coalitions and networks addressed a variety of social issues. During the Civil Forum, the President and other government officials expressed interest in continuing to partner with the NGO sector. Organizations benefit from a network of professional trainers, and training is offered in both Russian and Kazakh. Some courses are adopted from the business community in an effort to increase business skills. Though few, organizations such as the Association of NGOs in Kustanai continue to operate as intermediaries and distribute funds received from the business community. In general, NGO representatives reported improvements in all aspects of the infrastructure dimension.

### PUBLIC IMAGE: 4.2



Many believe that the public's view of civil society organizations deteriorated over the past year. Publications and television programs promoted the idea that U.S.-funded NGOs will cause instability as they did in Ukraine, Georgia and Kyrgyzstan. One talk show reported that 70% of viewers linked the Orange Revolution to NGOs. The inspection of thirty-two NGOs also had a negative impact on the public image of various organizations. The coalition's efforts

against the restrictive NGO draft laws, however, were well covered, and NGO representatives report that many journalists supported their advocacy efforts. Numerous articles on NGO activities revealed an increase in professionalism of the media, and a willingness on the part of journalists to maintain contacts with the NGO community. The Second Civic Forum also received significant coverage.

The public continues to be unaware of the NGO sector. According to a USAID-funded poll taken in October 2005, only 38% of the

population was aware of NGOs and merely 4.2% reported being a member of an NGO. Organizations do not publicize their activities very well. Numerous organizations publish narrative reports or post them on their websites, but conceal their financial information. The NGO sector has yet to establish financial reporting standards. Some organizations do not have permanent budgets and survive from one project to another. Organized constituencies are very weak. As a result many organizations fail to understand the importance of being transparent to the public, thinking it is sufficient to report to their donors.