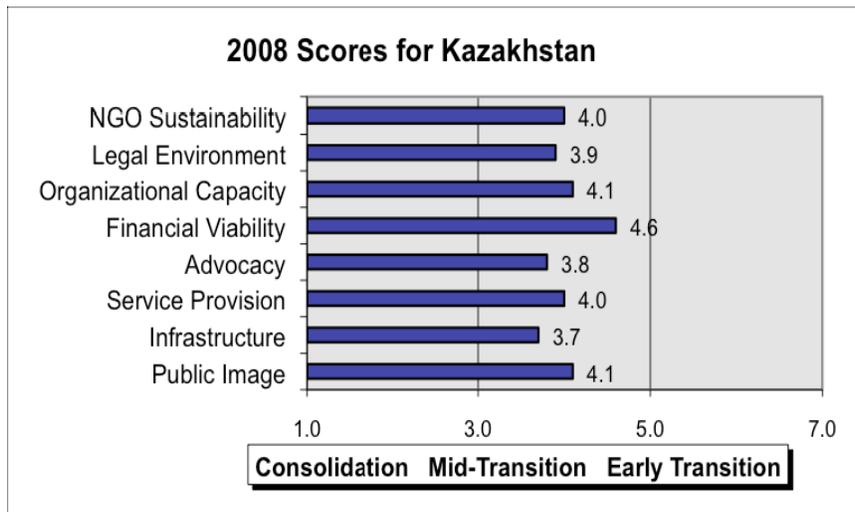


KAZAKHSTAN



Capital: Astana

Polity:
Republic

Population:
15,399,437 (July 2009 est.)

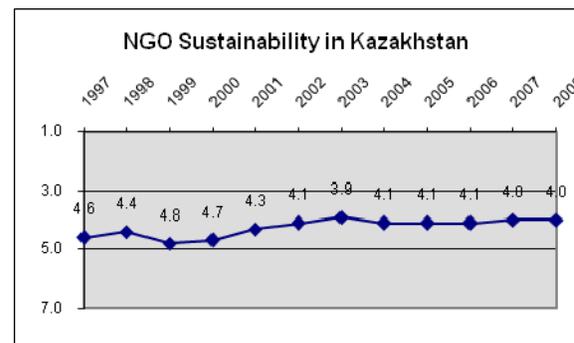
GDP per capita (PPP):
\$12,000 (2008 est.)

NGO SUSTAINABILITY: 4.0

According to the Ministry of Justice, 29,292 nongovernmental, nonprofit organizations were registered in Kazakhstan as of November 2008, including trade unions, religious organizations, political parties, and tenants' associations. The number of registered NGOs continues to grow due to a stable domestic policy climate and laws favorable to nongovernmental organizations. The number of public associations, the most common legal form of NGO, stands at 7,204.

NGOs continue to suffer from a number of weaknesses, including insufficient financial viability, aging technical equipment, underdeveloped organizational systems and management, and a lack of qualified personnel. At the same time, there is increased public awareness of civil society and NGO activity. While civil society development in Kazakhstan may start to decelerate in light of the world economic crisis, the falling standard of living may give NGOs the opportunity to increase their support base among their constituents and the

public by expanding their services and addressing public policy issues.



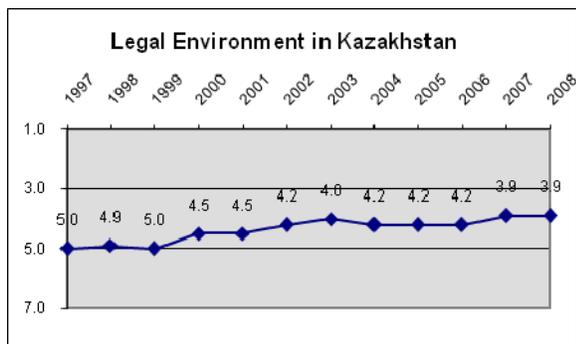
Positive reforms have been delayed, and several privileges and preferences for NGOs have been or will be revoked. Still, government support for NGOs, both in terms of financing and readiness for dialogue and cooperation, continues to grow. Several conferences and forums were conducted on the regional level, and the Fourth Annual Civic Forum planned for 2009 will promote further improvements.

LEGAL ENVIRONMENT: 3.9

There have been no significant changes in the legal environment regulating NGO activity over the past year. In some regions such as

Ust-Kamenogorsk and Shymkent, public prosecutors' offices inspected local NGOs that were awarded state social contracts. This was in

reaction to a number of complaints that state social contracts were awarded to government-affiliated NGOs.



The ban on state financing to public associations, revoked by a constitutional amendment, still exists in the Law on Public Associations. Existing mechanisms for implementation of state social contracts are insufficient. Much of the law governing state social contracts is the same as for any other state procurement contract and does not recognize key distinctions that should be taken into account when contracting for social services as opposed to goods or construction works.

Under a provision that took effect in January 2008, NGOs participating in public tenders for state social service contracts were no longer exempt from the requirement to pay a security deposit in the amount of 1 percent of the sum allocated for the procurement. International organizations and NGOs coordinated efforts and lobbied for reinstatement of the exemption in November 2008 through an amendment to the Law on State Procurement. While NGOs no longer have to pay the security deposit when submitting their bids for state contracts, the Law on State Procurement contains a provision requiring that signatories to a state social contract pay a security deposit in the amount of

ORGANIZATIONAL CAPACITY: 4.1

Positive reforms in this area have, overall, slowed down. According to survey data

3 percent of the total sum of a contract award exceeding 5 million tenge (about \$34,000). The average state contract ranges from \$10,000 to \$30,000, so this provision is unlikely to be an issue for most contractors for state social services.

A new Tax Code was adopted in December 2008. Two VAT exemptions for NGOs were cancelled in the new Tax Code: the general VAT exemption for funds received from state social contracts and the VAT reimbursement for NGOs receiving grants from foreign governments or international organizations. Funds received from the state for services related to social welfare, protection of children, the elderly, veterans, and the disabled, as well as state-licensed educational and medical services, are still VAT exempt.

The situation for NGOs receiving grants from international donors has improved now that the VAT exemption has been eliminated, because donors will now have to accept VAT payments as legitimate project expenses. NGOs proposed leaving in place the VAT exemption for funds received under state social contracts, arguing that revoking the exemption would provide an unfair advantage to NGOs whose revenues are under the basic VAT payment threshold and who do not have to include VAT in the cost of their services.

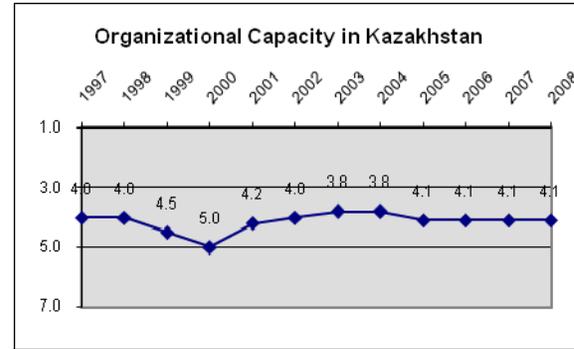
There is a need for a law on state grants to supplement the current Law on State Social Contracts. During the summer of 2008, NGOs proposed to the government that NGO social services be funded through a state grants mechanism so as to provide NGOs more flexibility in project design.

provided in the 2007 National Report, one of NGOs' major problems is their weak connection

with the public.¹ This was noted by 51 percent of respondents from the public and by 41 percent of NGO respondents. Society does not understand the role of NGOs. On the other hand, due to the world economic crisis, the Kazakhstani population's standard of living is dropping. This creates an opportunity for NGOs to build their constituencies and for people to see NGOs not as a product of foreign donors, but as key participants in shaping public policy and as resources for solving problems.

NGOs continue to face a lack of staff and volunteers. The situation regarding technical equipment is getting worse. NGOs cannot replace outdated office equipment due to a lack of international donor financing and the fact that

state contracts do not support the purchase of new equipment. NGOs in Astana, however, are able to take advantage of opportunities offered by several international donors for whom the development of NGOs in the capital is a priority.



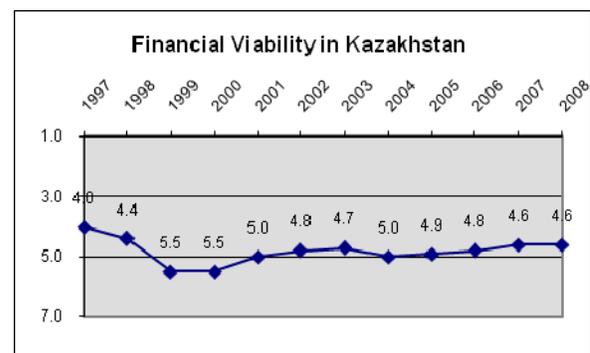
FINANCIAL VIABILITY: 4.6

Domestic funding of NGOs continues to increase. Local philanthropy is developing, especially in rural areas, where it sometimes takes the form of grants for agricultural equipment. The main obstacle to cooperation between NGOs and local business is still the minimal tax deductions available for companies providing support. Moreover, in some regions local authorities attempted to interfere with and control philanthropy. For example, the money raised by one public foundation from local businesses was used to buy new cars for the local road police. Some NGOs are affiliated with business. Businesses either directly create NGOs in order to lobby for their interests, or finance NGOs in order to benefit from their expertise.

The level of state financing for NGOs has grown substantially year by year: 200 million tenge (\$1.7 million) in 2006, 300 million tenge (\$2.5 million) in 2007, and 709 million tenge (\$6.9 million) projected for 2008. Although this funding benefitted the NGO sector, 42 percent of government representatives polled and 50 percent of NGOs point to a lack of state financing as a problem. State social contracts are

relatively limited and short-term, and do not provide institutional support that would allow NGOs to implement long-term programs. In some cases local governments have created NGOs in order to attract state social contracts. State funding of NGOs at the national level tends to be marked by greater transparency, better management and less corruption than at the local level.

Despite the growth in domestic funding, most NGOs still receive funding from a single source and have weak internal financial management systems.



¹ Ministry of Information and Culture of the Republic of Kazakhstan and Civic Alliance of Kazakhstan, *National Report on the Status and Perspectives of Development of the Non-governmental Sector in Kazakhstan from the Standpoint of Entering the World's 50 Most Competitive Countries and Accelerated Modernization of the State and Society*, Astana, 2007.

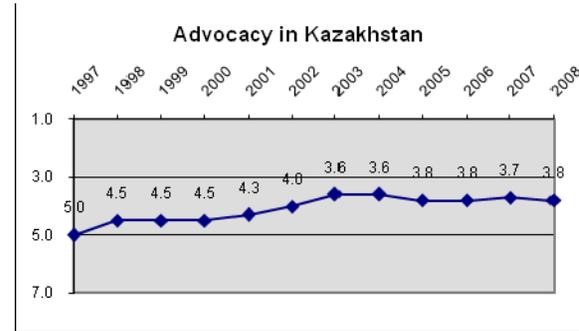
ADVOCACY: 3.8

The government generally shows a desire for cooperation with NGOs. Ministers and other officials publicly declare their willingness to cooperate with and support NGO initiatives. The annual activity plans of ministries and *akimats* (local and oblast-level governments) include working with NGOs as one of their priorities.

In the past year NGOs became more active in advocacy, but were less effective. One example was the failure to achieve positive changes to the Tax Code. Despite having little effectiveness in terms of changing legislation, NGO advocacy campaigns had some impact on gradually changing public awareness.

NGO capacity has improved over the years, but this is primarily the capacity to implement projects professionally, not to develop programs on a national, strategic level. The professionalism of upper- and mid-level government officials has grown to such a degree that NGOs have been left somewhat behind, unable to match their government counterparts' professionalism. Mature, leading NGOs that are experts in their fields of activity and experienced in advocacy are few. Most NGOs do not have the requisite skills and experience and can usually only articulate a given problem, not propose a strategic solution and advocate for it. They implement small-scale campaigns on the

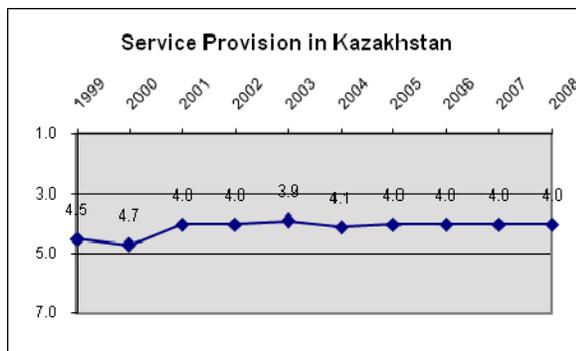
local level, or delegate their authority to the Civic Alliance of Kazakhstan. The president of the Civic Alliance, a member of the Majilis (Parliament), represents NGO interests in Parliament.



On the local level, NGOs organize advocacy campaigns on issues such as local self-governance and ecology. In some regions like Karaganda and Shymkent, NGOs actively collaborate with local and national governments.

In the past, international donors gave grants for advocacy campaigns and advocacy training. Now, however, such grants are very rare. NGOs appreciate and use advocacy tools, but having little experience, they achieve few results. Newly established NGOs are particularly in need of training and funding in the advocacy area.

SERVICE PROVISION: 4.0



Kazakhstani NGOs provide services in the following areas: youth, disabilities, healthy lifestyles, gender, ecology, education, social

services, training, and research. A relatively small number of NGOs work on mediation, religion, and the interests of particular professions. Business associations and their activities have grown notably. Such associations are mainly funded from membership fees, and work to protect the rights of entrepreneurs.

One of the persistent problems related to service provision is the weak connection between NGOs and the public. Polling data suggests that NGOs are not sufficiently proactive in reaching out to their constituents. While 65 percent of NGOs surveyed in the 2007 National Report said they reach out directly to their target groups by, for

example, visiting households or obtaining information about vulnerable groups from local authorities, 47 percent of beneficiaries of NGO

services reported that they found NGOs by themselves; 34 percent found NGOs via the media.

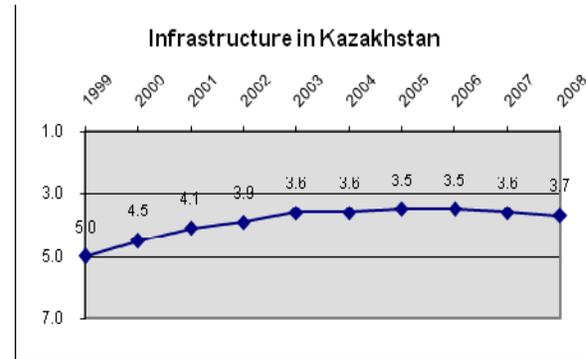
INFRASTRUCTURE: 3.7

Infrastructure to support NGO activities in Kazakhstan has existed for several years, thanks to donor support. Elements of this infrastructure have included exchanges of information, NGO support centers, and training programs. Due to the decrease in international donor financing, newly established NGOs have less access to a support structure. International donors such as Eurasia Foundation support institutional development programs for NGOs in Astana, which, combined with local government support in Astana, attracts NGOs from surrounding regions such as Kostanai and Petropavlovsk to the capital.

Due to budget cuts, NGO support centers do not provide previous levels of support in organizational development, strategic planning, governance training and consulting. A new tendency is for internal policy departments of local government offices to create support centers in the regions using state social contracting funds. These centers mostly provide training and consulting on writing proposals for state social contracts.

Various NGO networks maintain electronic mailing lists on issues such as the environment, human rights protection, and gender. NGO coalitions on specific issues are often created on both the local and regional levels.

Some corporate funds continue to support NGO development, but financing may decrease due to the worldwide economic crisis. Businesses are



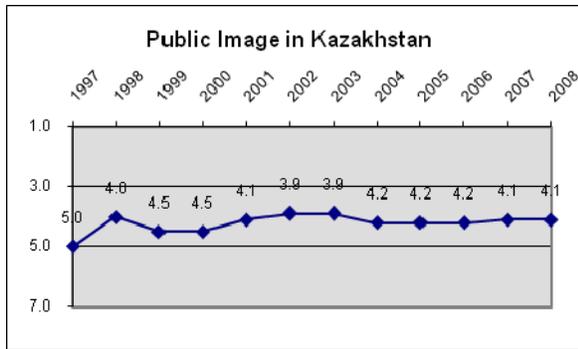
shrinking their social programs across the board. The issue of corporate social responsibility (CSR) is still very topical, and international donors such as Eurasia Foundation and UNDP continue to organize conferences and discussions on CSR. The main obstacle to increased CSR activity is still the lack of tax benefits.

Cooperation between NGOs and the state is growing. The state more than doubled its funding for NGOs. The Ministry of Information and Culture invited the Civic Alliance of Kazakhstan to prepare the second national report on NGO development. The Ministry of Economic Affairs and Budget Planning in cooperation with ARGO (Civil Society Development Association) developed approaches to monitoring and evaluating state programs, organizing an “evaluators’ school” in 2009.

PUBLIC IMAGE: 4.1

The increasing number of media reports covering NGO activity directly influenced the public’s improved perception of NGOs. NGOs are not generally perceived as agents of western influence as they were in the past.

National Report survey results showed that 41 percent of the public lacks an understanding of NGOs’ role. However, 82 percent of respondents who benefit from NGO services were totally satisfied, noting improvement in NGOs’ effectiveness, authority and activity.



NGOs are not particularly successful in influencing decision making, but are generally effective in supporting poor and disabled persons, working with youth, and protecting human rights.

Journalists attend NGO events, but these are generally large events involving the participation of high-level officials from Kazakhstan or international organizations. The media gladly publicize information about NGOs that relates to state program implementation. For example, the media reported on the results of the joint ICNL-ARGO-Almaty Akimat roundtable on state social contracting.

As for regular NGO activities, the media are not very interested. Some international donors offer

grants for media within their civil society programs. Thanks to such grant programs, there is substantial media coverage of NGO activity in such areas as implementation of local self-governance projects and access to free legal aid. Unfortunately, in other cases, media representatives demand a fee to publish civil society materials.

Most NGOs evaluate their activities once a year. These evaluations are mainly quantitative (tracking the number of articles in the media, number of projects implemented), but NGOs also participate in qualitative external evaluations. NGOs and the public both believe that the community overall, including beneficiaries, should evaluate the effectiveness of NGO activity.

Public image is not a priority for local NGOs; their priorities are fundraising and achieving financial sustainability. NGOs publish newsletters only when donor money is provided for that purpose. A small number of NGOs maintain their own websites. Public foundations publish annual reports mainly because of legal obligations to do so.