Chapter 5

School resource management in Kazakhstan

This chapter looks at capacity building for resource management, the monitoring of resource use, transparency and reporting, and incentives for the effective use of resources. School leaders might not be adequately prepared for resource management as related abilities are not taken into consideration in their recruitment and professional opportunities are limited in this area. Increased attention has been paid to creating, collecting and making data available, including the development of a national database of education. However, a recurrent problem with education data in Kazakhstan is the lack of processes to ensure their quality and validity. Lack of reliable data does not allow adopting an evidence-based approach in the formulation and evaluation of education policies. Moreover, the existence of detailed norms provides clear expectations on resource management and facilitates their monitoring. Monitoring is purported to check compliance and gauge progress towards national objectives, mainly the State Program for Education Development in the Republic of Kazakhstan for 2011-20 (SPED). However, the monitoring approach is compliance-driven and entails no analysis of educational performance. As such, it is limited in the way it evaluates efficiency, equity, and value for money. Furthermore, low autonomy at the local level and the little flexibility in the norms prevent educational actors making decisions that could lead to greater efficiency. There is also room to improve the transparency of school budget information. School and local education budgets can be publicly accessed upon request but the format used makes it difficult for parents and citizens to understand them and hold schools accountable. The existence of school Boards of Trustees, while still a nascent change, opens up avenues for improved transparency and reporting procedures at the school level. Finally, opportunities for misallocation of resources and corruption exist throughout the system. In particular, loopholes in the system of norms are a gateway for resources to be misappropriated and misused.
This chapter is concerned with how resources can be effectively managed at all levels of the school system. It looks at capacity building for resource management; the monitoring of resource use (e.g. audit systems, evaluation of resource managers); transparency and reporting; and incentives for the effective use of resources.

**Context and features**

**Capacity and incentives for resource management**

**Schools**

School leaders do get some opportunities to participate in professional development activities (see Chapter 4). However, these place little emphasis on skills for managing school resources and, in particular, skills to administer school budgets. At the same time, there are no training requirements prior to the appointment to the position. School leaders tend to be selected on the basis of their good performance as teachers and acquire administrative skills mostly once in office. The availability of courses on school management is limited (see Chapter 4). Also, attendance of these is neither required nor linked to compensation or appraisal.

The norms tend to be very detailed as to how the resources should be allocated within schools. In some cases, guidelines are developed to ensure a greater understanding of norms but often adopt a legalistic approach. For example, the document “Methodological guidance on the implementation mechanism of per capita normative financing” is meant to inform and guide school principals in resource management under the envisaged new funding model. The document is 72 pages long. It includes seven introductory pages of the reasons for adopting per capita funding, its definition and coverage, and its implementation. The body of the document (47 pages) provides the detailed legal and regulatory framework. It also includes the five reporting forms that school principals will have to fill in compliance with the new funding scheme. It concludes with a short section (5 pages) of frequently asked questions. Other non-governmental organisations have also taken steps to improve the capacity of school leaders for resource management. The “Finance manual for school principals” (2013) is the result of the collaboration between the Soros Foundation and Sange Research Centre to increase the “budget literacy” of school principals. It includes a detailed description of their tasks in the preparation and execution of the budget as well as in procuring goods and services.

**Public Administration**

Little documentation and evidence is available on the administration of the education sector. Research on the general public administration in Kazakhstan has shown that significant challenges remain ahead for the modernisation of the public service, although major reforms have resulted in a more qualified and rationalised workforce in recent years (Ibrayeva and Nezhina, 2013). Some informal recruitment practices still prevail: vacancies might not be announced publicly with proper notice and the majority of the population
considers receiving a job or promotion through connections. Turnover rates are high and have been associated to lower salaries compared to the private sector, lack of opportunities for professional development, and low efficiency of the governance system. Official compensation does not include other financial benefits such as bonuses, which can account for up to 57% of total emoluments at the central government level and 30% at the regional level but are often left to the discretion of a supervisor and disconnected from a performance evaluation (Ibrayeva and Nezhina, 2013). These authors argue that the prevailing culture in the Kazakh public service is one of strict subordination within a highly centralised hierarchy, lack of critical feedback and initiative on the part of a subordinate.

A major civil service reform was delineated in the decree on “Measures to Modernise Public Administration System” dated 2007. The reform defined major administrative values and related goals. Among them are effectiveness, transparency, accountability, client-centred service delivery, and professionalism. The reform embraced performance management as a tool to improve quality, efficiency, effectiveness, and coordination of public service provision. In this way, performance management is purported to develop professional awareness of the goals of the public service, establish service standards, rate performance, conduct effectiveness audits, annual reporting, and client feedback through regular public opinion surveys (Ibrayeva and Nezhina, 2013). The government has taken steps to build a computerised information system, train qualified auditors, and provide staff with training on performance management.

Data information system

Kazakhstan is currently in the process of developing a National Education Database based on the electronic collection of data and the development of an Education Portal to make the data publicly accessible. Prior to the current initiative, statistics on education were collected from individual schools using a large number of paper forms (reduced in 2013 from 467 forms to 162 forms), and communicated in a sequential manner to rayons, oblasts and Ministry of Education and Science (and its agencies). Primary and secondary schools are responsible for completing 83 forms that result in 16,636 indicators. The National Centre for Educational Statistics and Evaluation (NCESE) co-ordinates this effort and uses the collected statistics in yearly reports about the state of the education system (as of 2015, this responsibility was transferred to the Information-Analytic Center).

The National Education Database, being currently developed, seeks to integrate different sources of information on education, simplify and render more reliable the collection of data from schools, and offer transparency within the education system through the public release of the data. It is expected that, by 2015, the collection of data from schools will be carried out electronically and education statistics will be integrated into a single platform. Such platform should provide information on students, teachers, schools and the quality of education services, for all levels of education. Giving the current availability of an individual identification number, it is envisaged to collect data at the individual student and teacher levels. An ICT organisation, JSC NIT, is the developer of the National Education Database while the Ministry of Education and Science and NCESE (replaced, as of 2015, by the Information-Analytic Center) are involved at the conception level and have access to the data.
Incentives for an effective management of resources

There are few incentives to encourage a more effective management of resources in Kazakhstan. The strict observance of the extensive planning and regulatory system is presumed to already deliver the optimal outcomes. There is little flexibility in the use of existing incentives, such as opportunities to reward performance or attract professionals to rural areas. Also, as schools are not allowed to reallocate or transfer to the following year the remaining budget of a given year, they have little incentive to make savings and produce efficiencies.

Monitoring and reporting

The objective of monitoring is mainly to gauge progress towards the achievement of education goals, in the short-term (Action Plan 2011-15 for implementation of the SPED), in the mid-term (SPED 2011-20), and in the long-term (Kazakhstan 2050 Strategy). Monitoring and evaluation reports provide comprehensive and detailed information about the whole system towards the accomplishment of national goals to the top levels of governance. Monitoring and internal reporting on resource use takes place at multiple levels of the governance structure of the education system. It is operated in a bottom-up cascade in which every unit and level regularly reports to the hierarchically upper level about itself and the levels below. Annual school reports are sent from the school to the rayon education department, then to the oblast education department for consolidation, and finally to the Ministry of Education and Science. In addition to the standard reports on the achievement of the planning goals, there are thematic reports on specific issues of interest (e.g. textbooks provision, preparedness for the next school year, organisation of School Olympiads) (ADB, 2004).

Central level

The Department of Strategic Planning and Information Technologies is responsible for monitoring educational policies within the Ministry of Education and Science. A number of other departments or agencies within or subordinated to the Ministry are also involved in the monitoring process. Also, monitoring reports integrate input from the oblasts, which include consolidated reports from rayons and schools. The Ministry prepares monitoring reports for both the SPED 2011-20 and the Action Plan for 2011-15 as well as the annual operational plan.

The monitoring report of any strategic or programme document has to contain (Pomfret, 2014): (i) stage of accomplishment of the quantitative indicators; (ii) analysis of the causes of failure in case some of the indicators were not achieved; (iii) analysis of the actions that were planned, implemented or not implemented and their outcomes; (iv) analysis of spending; (v) analysis of coordination and interaction in the process of implementation; (vi) internal and external factors that influenced the performance; (vii) analysis of the overall effectiveness of implementation and its influence on the social and economic situation; (viii) level of satisfaction of citizens with government services; (ix) results of audit activities performed by other government agencies, including financial audit; and (x) conclusions and suggestions.

Local and regional levels

Oblast education authorities – and the cities of Astana and Almaty – and rayon education authorities monitor compliance with educational norms and financial
regulations in their territories. Education Departments at the rayon level compile the data received from schools and transmit the consolidated report to the level up (oblast) for further aggregation and submission to the Ministry of Education and Science, which in turn prepares a national consolidated report on progress toward pre-established objectives outlined in the SPED for 2011-20.

Schools

School principals and Boards of Trustees are the primary monitoring authorities at the school level. Schools transmit the results of their monitoring activities in the form of reports to rayon/city authorities. Schools complete 83 forms every year to report on a wide range of issues (e.g. students, human resources, financial resources, and physical infrastructure) (IAC, 2014). The number of forms, to be filled out at the different levels, has recently been reduced from 467 in order to decrease the reporting burden that falls on education departments and schools. Schools submit information about their human resources on an annual basis (e.g. date of birth, age, nationality, qualification grade, positions, subject taught, education, length of service, teaching load, year of last appraisal, most recent participation in professional development).

On a monthly, quarterly, and annual basis, schools submit financial reports on monitoring of salaries, transfers, accounts receivable/payable, public procurement and the remaining balance at the end of the reporting month. As for school infrastructure and materials, fixed assets are reported in an annual inventory, material supplies on a quarterly basis, cash on a monthly basis, and library stock every five years. Reports on deterioration are submitted on a monthly basis and missing physical infrastructure has to be certified and removed from the school balance sheet by local authorities (IAC, 2014).

Inspection and audit

The Committee of Control in the Field of Education and Science was created in 2011 to introduce an external school evaluation system (see also Chapter 4). The Committee is mainly entrusted with the control of the system understood as compliance with the existing set of norms. Its main activities are to issue and withdraw licenses for school operation, carry out teacher appraisal and school evaluation, disseminate and supervise the implementation of laws and regulations, impose administrative penalties for violations, develop and approve the Audit plan for educational organisations, keep records of inspected entities, coordinate and supervise the activities of territorial bodies, and render methodical support to territorial bodies.

The Ministry of Economy and Budget Planning (which became, as of 2015, the Ministry of the National Economy) evaluates the monitoring reports in the framework of the system of annual assessment for central government bodies and local government agencies. This assessment incorporates several dimensions (Pomfret, 2014): effectiveness of implementation of the government acts and assignments, effectiveness of budget allocation and management, effectiveness of human resource management, quality of services provided, and effectiveness of ICT implementation. The evaluation report has to include (Pomfret, 2014): (i) results achieved during implementation, targets achieved (and causes for non-achievement of targets); (ii) a list of actions that were and were not implemented with indication of the causes for non-implementation; (iii) analysis of factors that influenced the implementation; (iv) analysis of budget resources allocated and not used in the period of implementation; (v) information on the control activities; (vi) a list of
amendments incorporated in the strategic or planning document on the basis of the previous evaluation report; (vii) conclusions on the effectiveness of implementation; (viii) conclusions on the quality of coordination in the process of implementation; (ix) conclusions on the outcomes of the implementation in the process of social and economic development; and (x) recommendations.

Assessment of the effectiveness of budget allocation is a separate cross-sectoral assessment that is part of the evaluation for overall performance of all levels of the government (Pomfret, 2014). In the analysis of spending, effectiveness is equated to the accomplishment of the objectives laid out in the multiple educational strategies rather than associated with overall cost-effectiveness or efficiency. The Accounts Committee,* which is the agency with the maximum responsibility for controlling the central budget, can conduct a separate independent evaluation of both the programme's implementation and each government agency's performance. The internal and external audits appear to be closer to a self-evaluation exercise, rather than a comparison to international norms, evident in the function of the audit results. The Accounts Committee is accountable to the President of the Republic of Kazakhstan.

The Ministry of Finance, who holds responsibility for financial compliance and audit reports, conducts an annual evaluation of the effectiveness of budget spending based on government agencies' reports (Pomfret, 2014). Financial inspectorates – operating in oblasts and the cities of Almaty and Astana – serve as regional divisions of the Financial Control Committee, part of the Ministry of Finance (IAC, 2014). The financial inspectorates are responsible for: (i) controlling legal compliance of national and local resource use; (ii) checking reliability and accuracy of accounting and reporting; (iii) ensuring use of public financial control standards; (iv) bringing to court public procurement violations to ensure compensation and invalidation of contracts; (v) coordinating with other authorities to foster compliance with budgetary and procurement legislation; (vi) auditing public procurement processes; (vii) compiling reports, reviewing cases on administrative offenses and imposing administrative penalties in the areas of public procurement, accounting and financial reporting, audit activities and budgetary legislation; (viii) exercising public control in the area of accounting and financial reporting; and (ix) exercising public control in the area of audit activities and activities of professional audit organisations (IAC, 2014).

The Agency for Combating Economic Crimes and Corruption (Financial Police) undertakes law-enforcement activities focused on preventing and detecting criminal violations related to economic and financial crimes. As such, the Agency's investigations of corruption-related offenses cover all sectors, including the education system. Media reports citing the Financial Police indicate a growing number of registered corruption-related crimes in the education system, as well as criminal cases of misappropriation of resources (Tengri News, 2014a). The Agency revealed that 221 crimes in the education system were registered in 2013, while 121 were registered in the first quarter of 2014. However, the core functions and responsibilities of the Financial Police – tackling corruption – were recently transferred to the Agency for Civil Service Affairs and Fight against Corruption, while functions related to economic and financial offenses were transferred to the Ministry of Finance (Tengri News, 2014b).

* A key body tasked with monitoring financial resource use and associated transparency procedures – the Accounts Committee – was not available to meet with the Review Team during the Review visit.
Kazakhstan has introduced several measures to fight corruption across the public sector, including a comprehensive legal and institutional framework to criminalise any kind of bribery and abuse of office, began implementation of an e-government programme, initiated a public awareness campaign, and increased salaries in the public sector to make them comparable with those in private companies (Ibrayeva and Nezhina, 2013). Anticorruption laws are enforced by agencies such as the Agency for Combating Economic Crimes and Corruption, the National Security Committee, the Ministry of Internal Affairs, and the Agency of Public Service. In the past decade, many activities to inform and educate key stakeholders have been introduced in Kazakhstan. Open debates, education forums and monitoring audits to track financial transparency in schools are some of the key activities introduced up to 2007. Other activities such as corruption surveys were introduced, and state agencies conducted 11 sociological surveys on trends in corruption in 2008-10, financed by the government (OECD, 2013a). The international Corruption Perceptions Index worsened between 2012 and 2013. Kazakhstan fell seven places in the 2013 index, being ranked 140 out of 177 countries (Transparency International, 2013), which indicates a worsening perception of corruption in the public sector.

**Transparency and external accountability**

The Ministry of Education and Science publishes an annual report with aggregated information about the education system. Information in this report is limited, including only consolidated data that prevents in-depth analysis of the results (World Bank, 2013). The report provides information on licensing of education organisations, teacher and school leader professional development and appraisal, graduation rates, ranking of schools, and analytical and sociological research. However, it does not provide information on student learning outcomes. The Statistical Agency serves as the intermediary body to oversee quarterly reporting procedures and agree on the indicators. The report can be accessed electronically at the Ministry’s Website but data cannot be downloaded in a readable format. Prior to the report’s release by August 1st of the post-reporting period, a summary is prepared by March 1st in the form of a national digest.

Transparency on the inputs, processes, outputs and outcomes of schools is still very incipient. The review team heard mixed evidence. It seems that a minority of schools proactively informs parents about the conclusions from the school attestation and encourage parents to consult the attestation report in the school premises. Most urban schools have Internet-resources, where they publish the number of students who won or participated in various international or national Olympiads. Also, city websites contain information about the schools that have received international or national rewards. They also contain results of national competitions “100 Best Schools”, “Best Teacher”, “Best Secondary Education Organization”. However, no schools proactively disclose full information about their performance and make it available on their website or in a visible place at their premises.

Boards of Trustees have been established as a new initiative to guide decision-making at the school level. Introduced as part of a pilot programme outlined in the SPED for 2011-20, these Boards existed in 36% of schools in 2012, and are set to expand to 45% and 60% of schools by 2015 and 2020, respectively. The role of these entities includes organising public control of school activities, and increasing decentralisation of school management (IAC, 2014). The sustainability of the Boards hinges on the pilot’s results. No safeguards exist in the current SPED that the Boards will be introduced nationwide. Given
the lack of safeguards in the SPED about the future of these Boards, it is no surprise that the role of Parents’ Committees – which predate Boards of Trustees in school administration and continue to exist alongside them – remains unclear.

To date, the role of Parents’ Committees in transparency and reporting, as well as their participation in school-based management decisions, has been restrained given their limited functions in the acquisition and use of school resources. Parents’ Committees have no legal standing or authority on learning inputs in the classroom, nor is there any provision for an open election of their members. However, Parents’ Committees have legal standing to have a voice, but not legal oversight authority on budget issues (World Bank, 2013). Even as the number of functioning Parents’ Committees grew throughout the country, significant decision-making authority remained in the hands of school principals.

**Strengths**

**There is considerable work in building an education data information system**

Increased attention has been placed to creating, collecting and making data available. Numerous data collection exercises exist (administrative, performance, stakeholder surveys, indicators). Most education actors are involved in the collection and reporting of data. Also, data are not limited to nationwide indicators but include breakdowns by regions and use international indicators in order to facilitate benchmarking (IAC, 2014).

A national database of education information is currently being developed. This comes alongside efforts to modernise data collection processes, including computerised approaches for data input. The reduction of the administrative burden of data collection that falls on regional and local education departments and schools, by more than halving the number of forms to be filled out from 467 to 162, is also remarkable. An important objective is the development of an Education Portal to make education data accessible publicly. This is an important step in ensuring education data is used for analysis at the different levels (central, regional, local and school) and by the whole set of stakeholders (practitioners, policy-makers, employers and general public).

**A wide range of controls facilitate the monitoring of resource use**

The existence of detailed norms provides clear expectations on resource management and facilitates their monitoring. Monitoring is purported to check compliance and gauge progress towards national objectives, mainly the SPED for 2011-20. The Government’s awareness of the importance of monitoring and evaluation is manifested in the existence of several agencies with responsibilities in the analysis of the impact of national policies, such as the Information-Analytic Center and the National Center for Educational Statistics and Evaluation (whose services, as of 2015, were integrated in the Information-Analytic Center). A wide range of controls of resource use are in place at multiple levels. Educational inspection and financial inspection, led by the Committee of Control in the Field of Education and Science and the Financial Inspectorate respectively, provide more specialisation on the required tasks. Annual statistics of the Committee of Control suggest that it is very active in ensuring enforcement of national norms.

At the school level, one of the functions of newly-piloted Boards of Trustees is to provide input for school decisions. Previously, those decisions were entrusted to the principal. The existence of Boards, while still a nascent change, provides an additional layer of controls in the system at the school level. The Boards have the potential to positively impact the results of monitoring activities transmitted up the hierarchy to local authorities.
Recent efforts to make schools more transparent and participative are encouraging

The recent introduction of Boards of Trustees, which include agents external to schools such as parents and local businesses, is an important step in ensuring community engagement in the management of school resources. This is likely to improve the responsiveness of schools to communities’ needs, strengthen the external accountability of schools and foster greater collaboration with schools’ surrounding communities. At the same time, this is part of a government's policy to decentralise decision-making within the education system with the objective of making schooling more relevant to local needs. The legal standing of these Boards is better defined than that of Parents’ Committees and are well recognised in strategic documents such as the SPED for 2011-20. Indeed, the decisions of Boards are binding while Parents’ Committees can only make recommendations. For example, the school principal now makes recommendations on teacher bonuses but the Board decides on the list of recipients.

Challenges

Limited training, tools and incentives hamper the potential for resource management

Limited training and capacity on resource management at the local level

School leaders might not be adequately prepared for resource management as related abilities are not taken into consideration in their recruitment, no pre-service training programme is available and professional opportunities are very limited in this area (see Chapter 4). They might have an emerging notion of resource management and only while in office they become aware of resource responsibilities at the school as they have to prepare budgets, recruit and manage their personnel. Their ability to allocate resources in efficient ways might be limited.

Also, little autonomy, which results from the extensive system of norms, limits the potential of local actors to achieve better outcomes and reduces the usefulness of capacity building. School leaders might have little incentive to improve their skills, knowledge and capacities in resource management as they are not entrusted with significant resource management responsibilities. For example, little responsibility for planning and executing school budgets means that learning new budgeting skills or acquiring more experience in budget forecasting brings only relatively small benefits to what they can actually do in their roles.

Moreover, appraisal systems for assessing the performance of individual resource managers are deficient. As a result, data on the effectiveness of school leaders and local oblast and rayon administrators in managing budget resources is not routinely used to inform decisions. The lack of data on the performance of resource managers at schools indicates audit systems exist in theory, but are limited in application, monitoring only financial resources, and not the performance of the individuals tasked with managing those resources (IAC, 2014).

The data information system is faced with considerable quality assurance challenges

There is no single database of education statistics in the education sector, although the Ministry has already taken some steps towards the creation of a national database that will be managed by the Ministry and available in 2015. The existing forms of education statistics are scattered, there is no in-depth analysis of them and they are not publicly available (MERSK, 2010). Also, the indicators produced from national education statistics do not comply with the requirements of international statistics (MERSK, 2010).
A recurrent problem with education data in Kazakhstan is the lack of processes to ensure their quality and validity. The review team observed clear inconsistencies between the data it was provided about individual schools it visited and actual reality observed during the site visits. This is a problem recognised by the Ministry of Education and Science and statistical agencies and, to some extent, relates to the manual and administrative procedure which was in place to collect data from schools. No quality checks were part of the previous collection procedure which severely undermined the quality of education data. The current development of the National Education Database is seeking to develop some quality assurance processes to improve this situation and ensure the validity and reliability of the data.

Despite the large amount of information collected in Kazakhstan, lack of reliable data does not allow adopting an evidence-based approach in the formulation and evaluation of education policies. The large quantity of accurate data required to distribute resources to schools on the basis of a per-student formula illustrates the importance of mechanisms for data quality and validation. For example, school principals might have incentives to over report the number of students in order to obtain additional funding and, in the absence of verification mechanisms, this will result in a suboptimal allocation as some schools might receive more resources than they should to the detriment of others. If then a cost-effectiveness analysis was carried out in order to refine the formula, the results would be inaccurate and could lead to more inefficiencies and inequities in the education system.

Incentives to manage resources more efficiently are limited

A well-designed system that encourages and promotes efficiency in the use of resources is missing in Kazakhstan. The system of norms is very inflexible and enforces uniform approaches across the whole Kazakh education system, leading to inefficient use of resources. Low autonomy prevents educational actors to make decisions that could lead to greater efficiency. For example, norms dictate that the additional funds for schools receiving the award of the ‘Best School’ should be allocated to physical infrastructure, while higher marginal gains might result from allocating them to other types of resources.

School leaders have no incentives to make savings as budgets are incrementally negotiated on the basis of previous year’s execution, and any savings, or unused amounts in the specific budget lines, are treated as indication that the allocation was excessive. Savings cannot be transferred to the budget of the following year and might provide grounds for cuts to the local authorities. This leads to inefficiencies as, even within the limited autonomy of school leaders, some room for savings is possible such as in the field of utilities (electricity, heating). However, any funds saved by the school benefit the rayon rather than the school itself.

Local authorities also lack incentives to manage their school networks efficiently and, in particular, to consolidate schools as their budgets are incrementally negotiated with the oblast on the basis of previous year’s budget execution. In this way, any school consolidation or downsizing would generate complaints in the community and not bring about any benefit to the rayon. For example, the savings produced by larger class sizes cannot be allocated into higher teacher salaries, increased instructional time, or better school facilities. As the budgets of local authorities are based on relative need rather than the number of students, a more efficient use of resources is translated into lower future allocations. Regional authorities also face similar challenges as encouraging their local authorities to be more efficient results in lower regional budgets.
The monitoring of financial resources is inadequate

The control of budget implementation presents a number of limitations. No enforcement mechanisms exist to return amounts spent that exceed the authorised budget unless criminal charges are brought. Value for money is not considered as budgets that are sufficiently allocated, but poorly implemented, places intended beneficiaries at a disadvantage, and reduces system efficiency. As such, inadequate control of budget implementation is a symptom of the compliance-driven approach to monitoring, failing to assess value for money spent.

The Financial Control Inspectorate is responsible for internal financial compliance and audit controls (IAC, 2014). Its role extends into the procurement domain, providing a degree of oversight to prevent fraud and corruption, but this role applies only to compliance violations related to the budget (IAC, 2014). For example, school procurement activities which fall within budget guidelines would not violate the compliance rules. Any activity not regulated by the norms is not monitored and is thus not visible to the monitoring agency. Regulated activities are heavily monitored, while non-regulated ones are not scrutinised. For example, a bonus pay scheme was used in one locality in order to retain high-performing teachers by circumventing the rigid uniform salary grid used for teachers nationwide. Since norms provide strict regulation of salaries, which makes them easy to monitor, but do not regulate disbursement of bonuses, local authorities managed to bypass monitoring. The procedure provided a one-off payment of KZT 300 000 to roughly 1 000 teachers. However, it is unclear whether all teachers who received a bonus were actually high-performers, in other words, whether the procedure really rewarded the right school staff. While it is difficult to design comprehensive laws to cover all types of activities, loopholes weaken the effectiveness of the norms as tools of monitoring local authorities. By reframing the monitoring procedure to be more holistic in nature and less bureaucratic, by going beyond simply checking for violations of the norms and toward a broader evaluation of system effectiveness, its usefulness would certainly be enhanced.

Although norms guide the compliance-driven monitoring approach, budgets do not always balance. In Kazakhstan, quarterly budget corrections are allowed throughout the year, and final executed expenditures do not exceed them. An incentive exists for organisations to use all of their budget allocation in a given year and request mid-year (upward) adjustments. A gap emerges between the monitoring framework and its implementation regarding budget adjustments. This gap raises questions of whether the monitoring framework scrutinises activities, not just the expenditure associated with a particular activity to ensure a balanced budget.

The current system is compliance-driven with insufficient capacity to fully evaluate efficiency, equity, and value for money. A compliance-driven effectiveness assessment of public bodies is conducted annually. Implications for equity issues are well-understood by national and sub-national authorities, but the lack of proper monitoring mechanisms prohibits analysis to reduce equity issues evident in gender gaps and regional disparities.

Adequately resourcing policies and programmes to reduce school failure requires significant amounts of both financial resources and human capital. The importance of costing the resource requirements of initiatives and assessing costs against anticipated outcomes and impact is critical, particularly in the present resource-constrained environment. However, transparent, detailed and accurate estimates of costs are an all-too-rare phenomenon and resources are not always well spent. There is a general lack
of high quality cost-benefit analyses of different educational policies and programmes at school and educational authority levels, meaning that schools and governments often make decisions with minimal attention to the efficiency or effectiveness of their likely education outcomes (OECD, 2012).

The extensive reporting requirements raise concerns on the burden to national and local authorities, quality of information reported, data gaps and resulting analysis, and relevance of information. Reporting procedures appear to be driven by the need to produce the indicators outlined in the strategies. Additional concerns about the sustainability of reporting procedures emerge in the medium- and long-term, provided the various mandates for the education strategies have been fulfilled. As the deadline for the strategic goals draws closer, it is unclear what will become of the structures and personnel involved in the reporting process.

**Little information is proactively disclosed at the school and administrative level**

**There is room to improve the transparency of school budget information**

School and local education budgets can be publicly accessed upon request but the format used, which contains little explanation of the budget items, makes it difficult for parents and citizens to understand them and hold schools accountable. Some items are also not accounted for in the school budget, such as donations and in-kind contributions. The consolidation of individual school budget reports at the rayon level impedes a school-level analysis.

More transparency around parents’ contributions, not accounted for in school budgets, would be beneficial for at least four reasons. First, it would provide a closer estimate to expenditure needs at the aggregate level and it will enable families to understand what improvements have already been made and identify future needs at the school level. Second, it would enable education authorities to take these contributions into account in their policy decisions. Third, publication would facilitate accountability: accurate, timely and broad dissemination of the parent associations’ financial statements and financial management reports would enable education authorities and parents to hold these associations accountable. Finally, more transparency would normalise a widespread phenomenon and, thus it would facilitate the implementation of policy measures to redress its potential negative consequences.

**Resource allocation at the national, regional and local levels could be made more transparent**

Local authorities have some discretion in the allocation of resources to schools, even if they – theoretically – need to follow the norms. Budget transparency is lacking at the local level as the majority of schools do not have their own budgets due to centralised accounting, and budget information is generally not disclosed to parents and the principal. At the oblast and rayon levels, there are public consultations during the annual budget process. Overall, Kazakhstan provides the public with only some information on the national government’s budget and financial activities (International Budget Partnership, 2012). Two surveys conducted by the Sange Research Center in Kazakhstan in 2005 and 2010 revealed that Kazakhstan has a considerable scope for improvement in the publication of budget documents according to the Open Budget Index. Kazakhstan scored 38 points out of 100, a result associated with minimal information on the central government budget and government financial activities (International Budget Partnership, 2012).
Without transparency checks and balances in budgeting, some schools might receive more funds than their peers with no appropriate justification, resulting in an inequitable allocation of funds within the same oblast or rayon (World Bank, 2013). This unilateral authority could result in budget reallocations failing to accurately reflect the needs of schools due to the decision-making authority of financial departments at the local level. In many countries, transparency has been promoted in order to ensure that scarce resources are used efficiently, and for their intended purposes.

The involvement of the school community is still limited

The involvement of parents and other key stakeholders in fostering school improvement and holding the school accountable is still incipient. About 90% of students are in schools whose school principal reported in PISA 2012 that pressure on the school to meet high academic standards came only from a few or a minority of parents, a larger proportion than on average in OECD countries (79%) (OECD, 2013b). In addition, reports on the annual activities and results of the attestation process of schools are not currently published and widely disseminated. Access to attestation reports is critical to ensure the attestation process adequately reflects the school environment. While parents have the right to access school attestation results, reports are not proactively disseminated. Parents might not know that they can access the report, a specific request has to be submitted, and the report might be difficult to interpret.

Also, the role of Boards of Trustees in monitoring resource use is still very incipient, although its existence opens up avenues for improved transparency and reporting procedures at the school level. A recent report on the functioning of Boards of Trustees noted that there does not seem to be a clear and common understanding of their functions and how they should act (Sange-SFK, 2013).

Opportunities for misallocation of resources and corruption exist throughout the system

Weak transparency and accountability mechanisms open up opportunities for the misuse of resources at different levels of the education system, and other sectors. Since 2013, more than USD 1.5 billion has been embezzled in Kazakhstan, according to the Agency for Combating Economic Crimes and Corruption (Financial Police). Opportunities for resource misallocation emerge throughout the education system. Growth in the number of corruption offenses has also occurred at the grassroots level, linked to the distribution of places in pre-primary schools, school meals, and appointment of principals (Tengri News, 2014). In 2013, Kazakhstan was included for the first time in the Transparency International Global Corruption Barometer. About 55% of the respondents indicated that the education system is corrupt or extremely corrupt, a proportion smaller than the police (66%) or judiciary officials (63%) but larger than for other services (e.g. medical) and actors (e.g. parliament, public officials, media). About 31% of the respondents indicated that they or someone else in their household had paid a bribe for education services in the previous 12 months, a proportion only smaller to that of the police and land services. The reasons to pay the bribe for a service were as a gift or to express gratitude (39%), to obtain the service faster (33%), to obtain the service (19%) and to get a cheaper price (8%).

Corruption matters because it can jeopardise efficiency and performance, cause damage particularly to the most disadvantaged in society, as well as fuel attitudes and values such as favouritism, bribery, and fraud. A country’s corruption level tends to be
negatively associated with its performance on international assessments. Also, increased public spending on education is associated with a significant increase in primary education completion rates only in the least corrupt countries and those with better-quality bureaucracies.

Loopholes are a gateway for resources to be misappropriated and misused. While loopholes bypass monitoring mechanisms and transparency safeguards, stakeholders who met with the review team did not view such instances as acts of corruption. Opportunities for misallocation of resources have been decentralised to a greater number of stakeholders, and have also generated new opportunities for corruption at the local level (Hallak and Poisson, 2007). Poor quality services prompt the emergence of informal methods to obtain advantages. Illegal fees, paid to obtain an education or a diploma, distort the education process at all levels (Hallak and Poisson, 2007). Such fees are a heavy burden for the poor, with implications for future employment upon graduating. Most importantly, the general public, while complaining about the high rate of corruption, prefers informal and fast ways to receive a service or to solve any problem by engaging in bribes.

**Policy recommendations**

**Strengthen the managerial skills of school leaders**

Building capacity for resource management at all levels is a prerequisite before providing greater autonomy. Specific training programmes should be designed in order to improve the capacity to manage resources at the local level. For school leaders, this means integrating resource management training into the development of leadership skills (see Chapter 4). Also, local authorities could benefit from management courses.

Moreover, guidebooks to assist with school finance and management procedures for different levels of school administration (school leaders, rayon officials, oblast officials) and for different subsectors of education (pre-primary education, primary education, general secondary schools, vocational schools) should be developed and widely disseminated. Over time, the Ministry should develop a range of guidebooks addressing different needs of different stakeholders. Specific areas for the guidebooks should include financial management, including submission of budget requests (school principals) and assessment of budget requests (rayon and oblast officials).

**Introduce incentives to encourage a more effective use of resources**

Moving from the present system of norms to a system of proper incentives for efficiency is a difficult process, because as mentioned earlier, the norms play a protective role for individual schools and their removal puts the beneficiaries of resources in an endangered situation if transparency conditions are not met. In other words, the quality of teaching and adequate resources for school operation need to be safeguarded both during the reform process and in the future, reformed education system.

Some opportunities to increase efficiency, which have been dealt with in greater detail in other parts of the report, include for example adopting a per student funding formula to encourage schools, local and regional authorities to foster efficiencies and enable them to retain the savings. This will help relax the norms governing the budget process, and should include the allocation of a specific freely disposable budget amount to be used according to school’s own priorities. The saved amounts from the previous year may result in a contribution to this freely disposable amount.
5. SCHOOL RESOURCE MANAGEMENT IN KAZAKHSTAN

Improve monitoring mechanisms and data collection

There is ample room to improve the external and independent monitoring systems of Kazakhstan’s education system. Designing well-functioning monitoring systems can be overwhelmingly difficult for any country, taking a decade or more to develop (World Bank, 2010). However, once systems are established, widespread benefits emerge from proper monitoring mechanisms: benchmarking and monitoring indicators of school resource use allow any country to rapidly assess its education system, setting the stage for improving policy planning and implementation (World Bank, 2013).

In Kazakhstan, concerns emerge about the effectiveness of the monitoring systems, since an independent and external evaluation agency does not exist. The current monitoring system is based on self-evaluation of education system performance, which brings clear benefits for some purposes, but is also subject to strong bias and thus has limited value for other purposes. National and local authorities stand to benefit from instituting both self- and external evaluation, mitigating the challenges of relying on the use of one approach. As such, an external independent monitoring system for resource use should be a priority. External and independent bodies would strengthen the analysis of the ample data generated by existing monitoring systems and may provide additional data on misuse of funds, currently not available.

Improvement of data collection systems and practices is also needed. To complement an external independent monitoring system, data collection systems and practices should be strengthened to allow for in-depth analysis of school-level data. In particular, procedures to ensure the quality of the data should be introduced at every step of data collection and processing. This would considerably improve the validity and reliability of the data. Also, in-depth analysis of data will be a deviation from the current approach that focuses on compliance with existing norms. Stronger data collection systems would benefit many aspects of the monitoring system and will be important to the impending task of rolling out per capita financing nationwide.

It will also be important to revise the categorisation of schools. While the monitoring system aims to monitor all schools, small-class schools tend to be treated the same as larger peers. This treatment would pose few problems in a system without limitations to resource access and availability. However, in reality, the needs and resources of small-class schools are much different. As such, equal treatment of small and large schools in the monitoring system, results in small schools being placed at a distinct disadvantage. The profile of small-class schools within the system needs to be raised. Clear guidelines for defining small-class schools should be established to improve the monitoring these schools and raise equity of education provision, particularly for those in rural areas.

Strengthen transparency and monitoring of budget execution

The distribution of resources between levels and sectors of education should be monitored. Kazakhstan should introduce budgetary reporting of education expenditures by level and by subsector, to provide the Government with clear information about resource use. Per student expenditures should be compared with curriculum norms and with class sizes, so that the Ministry of Education and Science is able to determine whether the relative funding of sectors is in accordance with Government priorities. For example, it may turn out that pre-primary education or vocational education is relatively over-financed or relatively under-financed compared to school general education. In such
a case some reallocation of resources between the sectors would improve efficiency. Similarly, the funding levels and staffing levels of NIS schools should be made public and compared to other sectors of education.

There is also a need to implement national budget reporting of all recurrent and capital expenditure in the education sector, with information about the source of funds for investments (Republican, local, external). The budget reports covering all detailed budget execution should be filed, put together and maintained by the Ministry of Education and Science and should be made publicly available. It is of vital importance that these budget reports should not only be aggregated (for example, at oblast level), but should also be collected for individual education institutions. Appropriate coding of all education institutions will be necessary to ensure that budget reports from consecutive years can be matched and compared. For that purpose existing coding of schools in the national education database may be used.

**Place greater emphasis on performance-based effectiveness analysis**

Stronger analytical capacity would ensure that the Government is able to implement the designed policy changes more effectively. Presently, low analytical capacity in accounting, monitoring, and supervision, combined with a lack of external audit mechanisms and a developing judiciary system reduce the opportunity to detect fraud (Hallak and Poisson, 2007). With more detailed budgetary reporting of education expenditures by levels of education, expenditure categories, localities or even individual schools, Kazakhstan’s policymakers can have clear information about resource use on which to base their decisions. Moreover, robust analysis of detailed financial and non-financial data can greatly enhance the quality of policy decisions in a way that the current compliance-based approach simply cannot.

The current monitoring system is heavy on quantitative indicators embedded in the State Program for Education Development 2011-20 (SPED) but does little in the way of measuring the effectiveness of resource use in relation to performance. At the subnational level little performance-based monitoring takes place. A budgeting process that is better informed by the tracking of relevant outcomes at all levels of the education system will go a long way to increasing the effectiveness of resource use. Additional autonomy and accountability in resource use at local and school levels can further enhance sector efficiency. It should be stressed that simple quantitative increases in budget allocations to the education sector (such as across-the-board increases in teacher salaries) will not achieve the desired objective of effective growth in the education sector without the corresponding systemic reforms to accountability and monitoring within the education system.

**Proactively disclose information at the school level**

Kazakhstan needs to improve dissemination of information about activities at the school and local levels, including information on school and local education budgets. While dissemination of reports may be viewed as another burden in the reporting process, school oversight bodies (in particular the Committee of Control of Education in the Field of Education and Science) should consider using a single nationally-developed format to ensure that parents and voters know how schools operate in their community and how school resources are used. This could consist in the publication of school attestation reports (or parts of them) in a language that can be accessible to the wider public.
This publication should avoid the public release of private information as with the identification of those individuals liable for the violations demonstrated in the school attestation report. Similarly, school principals should disseminate their school's activity report and financial plan, in accessible language, by posting them on the web or on school bulletin boards, thus increasing transparency.

School “report cards” are another way of increasing transparency. Several countries publicly disclose “school report cards” to inform parents and the community about how well the school is performing. Such “report cards” typically contain information such as student learning outcomes at the school level (e.g. using school value-added measures based on results in national standardised assessments), socio-economic characteristics of the school’s student population and information about resources available at the school. In Pakistan, an experiment that provided school and child-level learning report cards to communities and parents found that they boosted third grade students' learning by 10% of a standard deviation (Andrabi et al., 2015). In Bangladesh, a report card provided information regarding the collection of unauthorised fees by primary schools (Karim, 2004). The effectiveness of report card programmes is open to debate, since some large ones have not received rigorous evaluations. In the Paraná state of Brazil, a report card programme operated between 1999 and 2002 but was not rigorously evaluated (Bruns et al., 2011). In Chile, a programme that has informed parents and communities about the quality of their local school has not been evaluated for its impact on student achievement (Mizala and Urquiola, 2007). However, it is clear that report cards, as a policy, should only be implemented once the associated data are of high quality and clearly inform the public of the actual contribution of the school to student learning.

**Strengthen community involvement in schools as a complement to budget transparency at the school level**

In general, budget transparency is a positive public policy that is believed to increase the effectiveness and efficiency in the use of school resources. In countries where resource “leakages” occur, budget transparency has reduced leakages and improved the flow of resources to schools (Reinika and Svensson, 2005). A recent review of the impact of transparency and accountability initiatives, however, found few countries where such initiatives had been implemented in the education sector and hence little evidence of impact on learning outcomes (McGee and Gaventa, 2011). By comparison, community involvement regarding school decision-making, including decisions about the use of budgets, has been shown to boost student learning in El Salvador, Cambodia and Argentina (World Bank, 2003).

In this context, the usefulness of Boards of Trustees can be further enhanced through the training of their members to improve their capacity to engage in educational and resource issues. Boards appear to operate in an ad hoc manner, shaped by approaches defined at the school level. The piloting of Boards and uncertainty about nationwide expansion may help to explain the absence of a formal operating protocol. Boards should receive greater guidance from national and local authorities. There should also be particular care in the selection of their members with due attention to the range of competencies Boards need. Also, to enhance the functioning of Boards of Trustees, national and local authorities should build their capacity to interpret and analyse school financial plans. Capacity development efforts would focus on increasing the knowledge of the Boards in areas such as: (i) understanding the existing transparency and reporting
mechanisms; (ii) monitoring school resource use; (iii) operating independently from local authorities; and (iv) understanding equity and efficiency issues in education resource use.

Greater attention should also be paid to contributions raised by schools. Kazakhstan is a relatively rich country, so there is no desperate need to increase private contributions to public schools. The rules governing private contributions to schools are not presently well understood at the local level. Moreover, the change of legal status and introduction of Boards of Trustees opens up more opportunities for fundraising and, at the same time, creates some room for corruption. While there seems to be some scope for fundraising in many schools through the provision of extracurricular activities, meal provision, and rental of facilities, these need to be better regulated, accounted in the school budgets, and closely monitored.

**Tackle and reduce the opportunities for corruption**

Reducing opportunities for misuse of resources and corruption should be an urgent priority. Failing to reduce opportunities for corruption threatens the effectiveness of resource use – and perception – of transparency and reporting procedures and can hamper equity. Indeed, if corruption in the education system is not addressed, other efforts to improve the effectiveness of resource use lose their significance. However, enhancing the transparency and reporting framework is a one-sided approach to reduce corruption in the system. Improving the education system needs a complementary policy of reducing opportunities and loopholes to misuse resources. Such an approach requires a balance between monitoring resource use, and the implementation of transparency and reporting frameworks.

To tackle corruption, authorities must identify its causes, raise awareness of its costs and encourage whistleblowing. The causes for corruption can be rooted in economic issues, regulations and criteria (i.e. imprecise, incomplete, over complex, opaque), cultural practices, weak governance (capacity, control) and law enforcement, and weak community involvement. National and local authorities can adopt a multi-pronged approach to uncover corruption through: informing and educating key stakeholders; and community action and mobilisation. Kazakhstan can leverage its experience with corruption surveys to identify the current state of irregularities in education, building on the work of the Agency for Civil Service Affairs and Fight against Corruption (Financial Police). However, policymakers must go further by rigorously analysing the survey data to guide decision-making, and not just perform another survey. It is also essential to reduce the opportunities for corruption by, for example, developing codes of conduct for teachers and revising the norms to identify potential conflicts of interest and reduce incentives to misreport. In addition, capacity building with appropriate training and instruments on accounting, financial management, expenditure tracking, information management, and supervision mechanisms can also contribute to the identification of malpractices. More broadly, greater transparency, computerisation, and automation of financial transactions reduce the potential interferences of individuals.

A recent OECD report by the Istanbul Anti-Corruption Action Plan (IAP) indicates that Kazakhstan’s new anti-corruption strategy must be better defined, involving key stakeholders, with targeted actions and goals that address the key corruption challenges facing the country (OECD, 2014). In particular, the report recommends: (i) bringing corruption incriminations in compliance with international standards; (ii) ensuring effective and dissuasive liability of legal persons for corruption; (iii) establishing
anti-corruption specialisation of prosecutors; (iv) adopting an access to information law in line with international standards without further delay; (v) ensure the independence and integrity of the judiciary system; (vi) promote, jointly with business associations, integrity and good governance in Kazakhstan’s companies; and vii) ensure verification and publication of asset declarations for public officials (OECD, 2014).

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