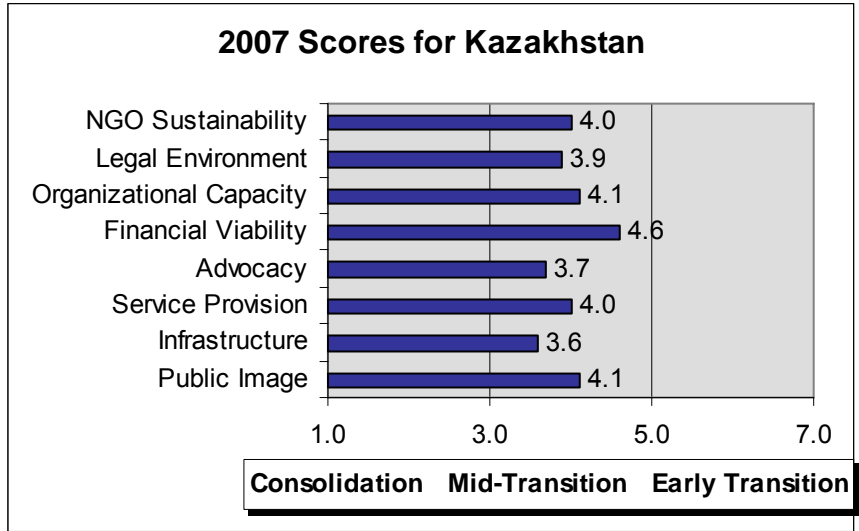


KAZAKHSTAN



Capital: Astana

Polity:
 Republic – Authoritarian
 Presidential Rule

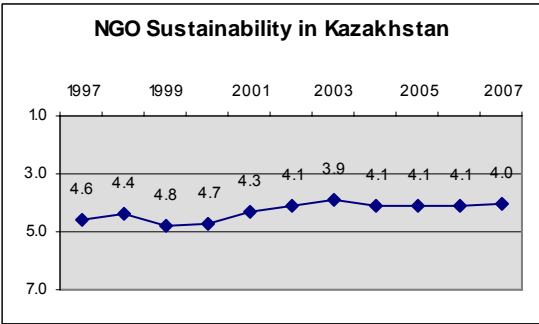
Population:
 15,340,533 (July 2008 est.)

GDP per capita (PPP):
 \$10,400 (2007)

NGO SUSTAINABILITY: 4.0

According to the Ministry of Justice, as of November 2007, there were 28,003 private nonprofit organizations registered in Kazakhstan, including trade unions, religious organizations and political parties. At the Third Annual Civic Forum in October 2007, the Ministry of Culture and Information stated that there were approximately 5,900 registered NGOs¹, 1,700 of which are active. The number of registered NGOs is growing rapidly – 10 percent over the past year, in comparison with three percent growth from 2003-2005. This may be due in part to the reduced registration fees which were enacted in 2006. The most common legal forms of NGOs are public associations and foundations.

Two events had great impact on the NGO sector in Kazakhstan in 2007. First, the lifting of a constitutional ban on financing public associations from the state budget will allow NGOs to receive support directly from national and regional government offices. Second,



Kazakhstan was approved to hold the OSCE chairmanship in 2010. NGOs believe this will increase civil society development in Kazakhstan over the next few years. Civil society development will be further stimulated by positive tendencies in the development of NGO legislation; economic growth that has increased a sense of social responsibility among wealthy people and spurred the development of corporate philanthropy; increased public understanding and awareness of civil society;

¹Trade unions, religious organizations and political parties are not considered NGOs, which are defined as organizations created to solve socially important problems and carry out civil initiatives.

and better understanding and more support of civil society among government officials.

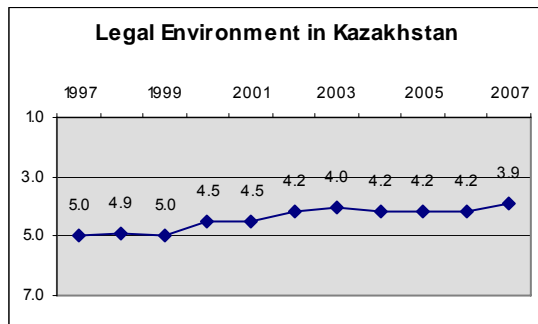
Active NGOs grew stronger during 2007, leading to an increase in the overall sustainability score. Nonetheless, Kazakhstan

NGOs continue to suffer from a number of lingering weaknesses, including lackluster financial viability and underdeveloped organizational systems in the areas of human resources, performance management, and financial management.

LEGAL ENVIRONMENT: 3.9

NGO academics and practitioners report significant improvements in the legal environment governing NGO activities. Three major legislative changes were adopted during the year. First, tax amendments were passed exempting social contracts implemented by NGOs for the government from VAT and the Corporate Income Tax.² Second, tax amendments that went into effect on January 1, 2007 allow NGOs to deduct 100 percent of expenses related to their economic activities. Finally, and most significantly, a Constitutional Amendment adopted on May 21, 2007 revoked the ban on state financing of public associations.

2007 witnessed some negative initiatives by the government as well, although these were all either suspended or postponed due to effective advocacy efforts by NGOs. First, the government attempted to revoke most tax exemptions and preferences for NGOs from the Tax Code, but this scheme was suspended after serious criticism from social ministries and NGOs. The Ministry of Foreign Affairs also explored the possibility of establishing double registration procedures for foreign and international NGOs, which would have required foreign groups to first receive permission or accreditation from the Ministry of Foreign Affairs before applying for registration with the Ministry of Justice. This effort was postponed in deference to political factors such as the pending OSCE chairmanship and the initiative's conflict with the Ministry of Justice's implementation of a "single registration number" system for both legal and natural persons³. Finally, the Draft Law on Patronage and Charitable Organizations was dropped in favor of introducing amendments to other laws to promote patronage and sponsorship, thereby shifting the focus away from regulating NGOs to establishing incentives for businesses and individuals to donate to NGOs.



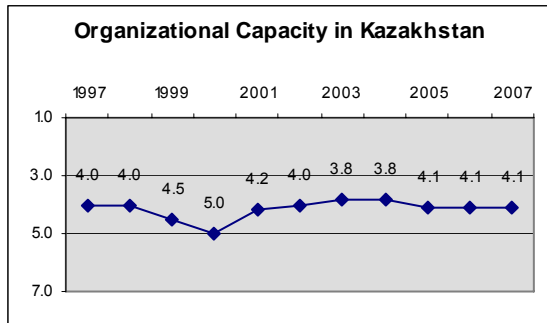
ORGANIZATIONAL CAPACITY: 4.1

NGOs in Kazakhstan are gradually maturing, although there is a considerable gap in organizational capacity between the 50 or so leading NGOs and the thousands of other organizations that make up the Kazakhstani NGO community.

NGOs established in the mid and late 1990s enjoyed tremendous support from international donors, which helped them to consolidate their activities and development. These organizations are leaders in their fields, regularly update their

² Only fees received by NGOs in exchange for services are subject to VAT and the Corporate Income Tax.

³ Currently, both legal and physical persons get a series of registration numbers from various government agencies. Legal entities get numbers from the tax authority, Ministry of Justice and the Statistics Committee. By the end of 2010, every person will have only one registration number



strategic plans, have permanent staff and formal protection of rights, gender issues, and environment.

In contrast, the vast majority of NGOs in Kazakhstan were created within the past five years, and therefore missed the period of intensive donor funding and capacity building. These organizations search primarily for domestic resources. Some of these NGOs, such as business and professional associations, possess sufficient resources of their own, effective boards of directors, and clear internal management structures, but the majority does not possess sufficient organizational capacity. Unfortunately, there is little exchange of information between first and second generation NGOs.

The majority of second generation NGOs has a clear mission and strategic plans; however, these are not always followed. Far too often, NGOs are steered toward areas where funding is available.

Most second generation organizations continue to suffer from weak internal management

FINANCIAL VIABILITY: 4.6

NGO financial viability improved in 2007 as a result of increased local support and improved tax legislation, which provide greater opportunities for NGOs to earn and retain profits. Domestic financing of Kazakhstani NGOs has steadily increased over the past few

structures, including the lack of boards of directors. According to research focused on leading NGOs in Almaty and conducted by the Institute for Development and Cooperation, 78 percent of respondents think NGOs need to have a board of directors, but only 31 percent have actually established such boards.⁴ The percentage of NGOs in the regions having boards of directors is significantly lower. Creation of such governance structures will need to be addressed soon, as they are considered necessary to promote financial and operational transparency and attract domestic funding.

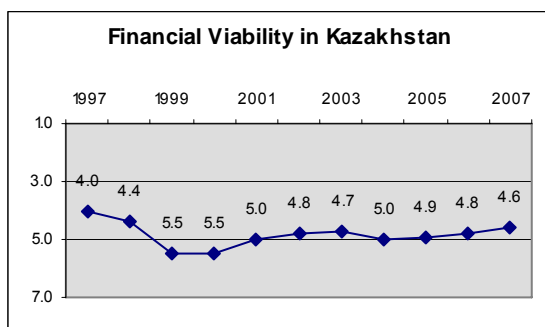
NGOs still face problems with the capacity of staff and volunteers as a result of their financial insecurity. The economic boom in the country has triggered an outflow of specialists from the third sector – particularly from leading NGOs – to commercial and state institutions. That said, NGOs have noticed an increase in the number of financially independent people who view work with NGOs as a way to self-realization, particularly in larger cities such as Almaty, Astana and Atyrau.

The cost of Internet access noticeably decreased in 2007, while access to broadband Internet increased significantly. Prices for computers and other office equipment went down as well. These factors, combined with growth in the average salary, increased access to information and communication technologies by the NGO community. Businesses have also started to provide public organizations with equipment free-of-charge.

years. Large businesses, including banks, state-run companies, and mining and oil companies allot financial resources that are comparable to those from foreign donors to resolve social and ecological problems in the country. This

⁴ Scientific and Popular Journal about Development of Not-for-profit Sector in Kazakhstan and Abroad, Issue # 3-4 (24/25), 2006.

financial assistance has diversified from basic charity to support for community, regional and national development projects. A number of specialized corporate funds, such as the Tatishev Foundation and the Seimar Foundation, were recently established; K-cell Foundation is expected to start operating in the near future. These structures all have clearly formulated missions, strategic plans, and qualified personnel with experience working for international donor agencies and NGOs. Philip Morris Kazakhstan signed an agreement with the local authorities of a district in Almaty and the Eurasia Foundation to support youth activity in the region.



Another notable funding source for NGO activity is local, regional and national government agencies. Amendments to Article 5 of the Constitution now allow public associations to receive state financing, including grants. However, state funds can still not be used to cover NGO operational expenses.

ADVOCACY: 3.7

Government policy related to NGOs remains largely unchanged, and continues to develop according to the principles proclaimed at the First Annual Civic Forum, which emphasized the creation of a system of effective collaboration between NGOs and the authorities at both national and regional levels. Memoranda of Understanding and joint action plans have been developed in pursuit of these goals and NGOs have utilized new opportunities for dialogue with governmental authorities to

Despite this growth in domestic funding sources, most NGOs still tend to receive most of their financial support from a single source and do not possess sufficient resources to sustain their work. NGOs need to improve their internal management structures and transparency to strengthen their financial situations.

NGO financial management systems are still weak, mainly due to a lack of transparency and infrequent use of independent audits. Although their unwillingness to publish financial reports and conduct independent audits is partially related to a lack of funding, many leading NGOs do not provide such information on their websites either.

Many organizations treat project proposals as their primary fundraising technique. NGOs are not accustomed to seeking non-monetary resources. Most NGOs do not charge membership fees⁵ and even when fees are collected, they generally make up a miniscule part of NGOs' budgets. Professional associations are a rare exception in this regard.

A majority of NGOs seeks to attract volunteers. Most volunteers, however, are accustomed to arranging events on a one-off basis or doing translations or menial administrative work. Highly qualified specialists quite rarely volunteer.

represent their interests more effectively. Independent NGOs organized the Third Annual Civic Forum in October 2007. In contrast to the two previous Civic Forums, the President did not attend this event, converting it into more of a working event during which cooperation between NGOs and government was discussed. It was also the first time that individual ministries publicly reported on their cooperation with NGOs. Certain ministries, including the Ministry of Agriculture, began to allot financing

⁵ Membership fees make up 2.9 percent of the income of surveyed organizations, according to Capacity of NGOs and State Cooperation in Kazakhstan, a Report on Social Research conducted by ARGO Association.

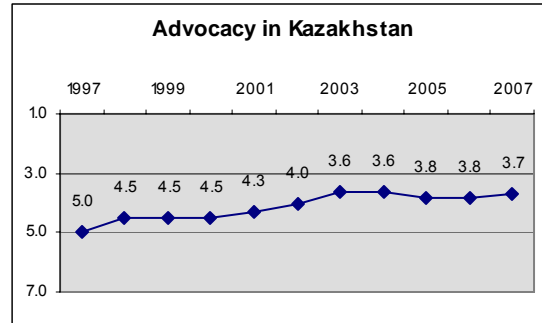
for cooperation with the NGO sector during the past year. As a result, NGOs gained new expertise in implementing state-financed projects in various areas. For example, the Ministry of Labor and Social Protection developed 22 documents with the active participation of NGO experts.

The creation of the Monitoring Committee within the Ministry of Justice's Department of Penitentiary System creates new opportunities for NGOs to promote their interests. The Monitoring Committee, made up of representatives of leading human rights organizations, supports people in the penitentiary system in realizing their legal rights and interests related to media services, labor, free time and education. Similarly, the Chamber of Public Experts within Majilis, the lower chamber of Parliament, was transformed into a Public Chamber consisting of a number of distinguished public figures that will provide expertise and recommendations on draft legislation. This is the first time that a civil society representative was included as a member of the renewed Majilis, and provides another opportunity for the third sector to lobby its interests. Finally, Kazakhstan's chairmanship of the OSCE in 2010 obligates the government to increase public participation in its decision making processes. An NGO coalition was established to monitor Kazakhstan's fulfillment of its obligations leading up to the OSCE chairmanship.

SERVICE PROVISION: 4.0

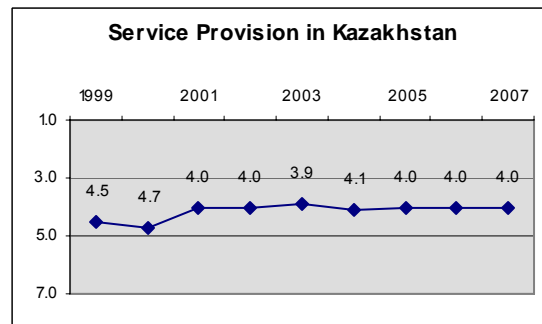
In general, the range and quality of services provided by NGOs improved slightly during the year. The most frequently provided NGO services include consultations, training and education, social services to the disabled, and environmental preservation. A very small number of NGOs produces goods, most of which are intended for people with limited physical abilities (crutches, wheelchairs, enabling devices, etc.). Some NGOs also produce books, brochures and souvenirs. Several grant programs currently provide NGOs with financial support to produce goods and services on a competitive basis.

As mentioned above, NGO advocacy efforts played an important role in the passage of three major legislative changes related to social contracts, economic activities, and state financing of public associations, while stopping negative initiatives related to tax exemptions, registration of foreign NGOs, and sponsorship. NGOs also actively participated in the selection of issue areas for state social contracts.



NGO coalitions are becoming more common in Kazakhstan and try to address legislative issues on different levels (national, oblast, and district) in the areas of support to people with disabilities, environment, and the distribution of oil and gas profits.

While NGO advocacy capacity has improved, weaknesses worth noting remain. First, NGO initiatives aimed at protecting citizen interests often get no response from citizens. Additionally, not all NGOs possess a sufficient degree of professionalism to maintain a full-fledged dialogue with government authorities.



The overall scope of services offered by NGOs increased this year due to the significant increase in the amount of government-supported NGO

work. Government support has enabled NGOs to become more involved in conducting social surveys on various topics, consulting with vulnerable populations on different issues, organizing public awareness campaigns, and managing different centers for youth and at-risk groups.

Services provided by NGOs in 2007 satisfy public needs to a greater extent than before, but are still not satisfactory. Recipients of such services are not always satisfied with the quality

INFRASTRUCTURE: 3.6

A donor-supported NGO infrastructure has existed in Kazakhstan for several years, consisting of a number of leading NGOs that developed into NGO support centers providing training and grants to smaller NGOs throughout the country. According to some experts, support centers are experiencing problems related to financing, as donor funding has significantly decreased over the past few years. As a result, NGO support centers can no longer provide the same level of support to their target NGOs and communities; the number and quality of trainings and other services, particularly to nascent NGOs, are decreasing. At the same time, the Government is financing education and information services to help develop the NGO sector.

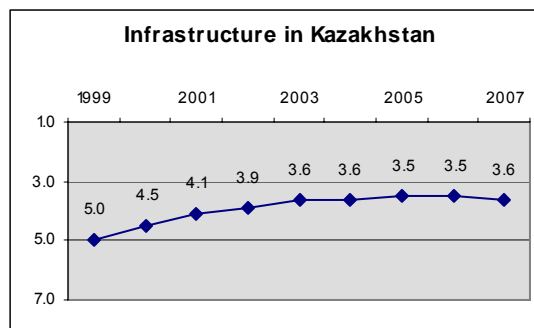
Local grantmaking organizations are developing. As mentioned above, a number of corporate funds, some of which have NGO support programs, have been established. Additionally, the World Bank took preparatory steps in 2007 to open the Bota Foundation, which is expected to support poor Kazakh families and at-risk children by financing community-based activities and scholarships through local support organizations.

The activity of umbrella organizations increased this year and the establishment and functioning of NGO coalitions intensified. Information exchange within the NGO community is quite high and the increasing availability of Internet access has spurred the development of electronic mailing lists and other informal information networks. While there are differing opinions

of services. Additionally, the population is often uninformed of the range and scope of services provided by NGOs, indicating a need for NGOs to improve their abilities to research constituent needs and publicize their services.

Conventional thinking in Kazakhstan, among both NGOs and their beneficiaries, is that NGOs should provide services for free. Even partial payment by recipients of NGO services remains low.

about the creation of a unified national NGO committee, there is growing coordination of activities within different groups and NGO coalitions, especially when the interests of the sector as a whole are concerned. Examples include the Annual Civic Forum, the AIDS Service NGO Forum, and various environmental and human rights coalitions.



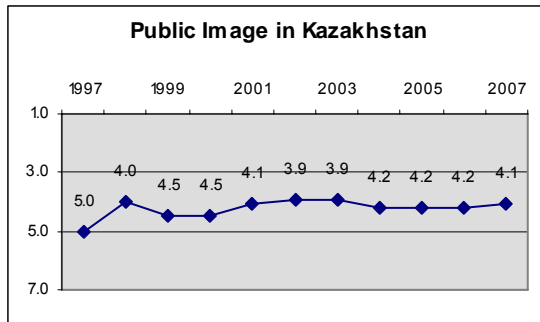
As a result of the efforts of USAID and Counterpart International, there is a large group of domestic trainers able to provide training in a large swath of NGO management areas. However, training courses are not always available because of a shortage of funding, which particularly affects newly established NGOs in rural areas and decreases the overall organizational capacity of NGOs.

Inter-sectoral cooperation is a growing trend. The business sector increasingly understands corporate social responsibility in general and the UNDP Global Compact specifically, and NGOs have a great appreciation of such work. Civil Society Development Association ARGO is an example of partnership between the business

community, government and the media. ARGO's mission is to promote the development of civil society in Kazakhstan by integrating the efforts and mobilizing the resources of non-

governmental, state, business, and international organizations. ARGO was invited by the Ministry of Information and Culture to prepare the First National Report on NGO Development.

PUBLIC IMAGE: 4.1



NGOs are gradually developing a positive public image. In the course of preparing for the Third Annual Civic Forum – the most visible NGO event on the national level in 2007 – the state media organized a massive information campaign to raise awareness of and facilitate community participation in the forum. Since the end of 2006, the number of reports covering NGO activity in a positive light has grown, which has improved public perception of NGOs. However, it is still common for people to benefit from NGO services, yet not recognize the provider as part of the larger civic sector. NGOs need a constant presence in leading media outlets to further improve their public image and overcome such misconceptions.

In general, the media understands that social advertising is different from that of a commercial nature. At the same time, media rarely provides advertising or broadcasting opportunities to NGOs either for free or on preferential terms as their primary interest is in increasing their revenues.

NGOs are making efforts to improve their public image. A number of organizations have established strong relationships with media representatives, especially on the local level. At the same time, not all NGOs have a specific employee responsible for public relations.

The government and business community generally have a positive impression of NGOs, and actively use information provided by NGOs, especially related to the environment and rights of disabled people. The government uses NGO information when preparing reports and investigating the procurement of NGO services, while businesses use NGO information in their market research and when planning corporate philanthropy activities.

Lack of transparency among NGOs remains a significant weakness. However, NGOs have an increasing understanding that their ability to attract constituents and local resources is directly related to their degree of openness and transparency. Experts expect that once leading NGOs start publishing annual programmatic and financial reports, the entire NGO community will follow their example.