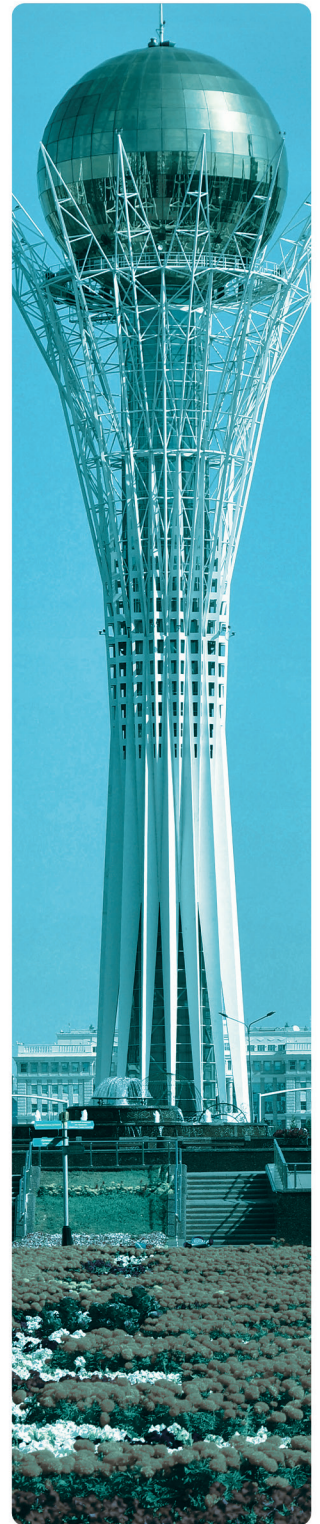




PERFORMANCE ASSESSMENT REPORT



Kazakhstan

2025





Republic of Kazakhstan

**Public Expenditure and Financial Accountability (PEFA)
Performance Assessment Report**

September 2025

The PEFA Secretariat confirms that this report meets the PEFA quality assurance requirements and is hereby awarded the '**PEFA CHECK**'.

PEFA Secretariat
September 19, 2025

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LIST OF ABBREVIATIONS

ADB	Asian Development Bank
BCG	Budgetary Operations of the Central Government
CSPP	Committee of State Property and Privatization
EAEU	Eurasian Economic Union
FY	Fiscal Year
GDP	Gross Domestic Product
GFSM	Government Finance Statistics Manual
IFRS	International Financial Reporting Standards
IIST	Integrated Information System of Treasury
IMF	International Monetary Fund
INTOSAI	International Organization of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
ISSAI	International Standards for Supreme Audit Institutions
IAS	Internal Audit Services
IT	Information Technology
JSC	Joint Stock Company
KPI	Key Performance Indicator
KZT	Kazakhstan (National currency)
NFRK	National Fund of the Republic of Kazakhstan
NPJSE	Non-Profit Joint Stock Entity
OECD	Organisation for Economic Co-operation and Development
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PI	Performance Indicator
PPP	Public-Private Partnership
SNG	Subnational Government
SOE	State-Owned Enterprise
TSA	Treasury Single Account

ASSESSMENT MANAGEMENT AND QUALITY ASSURANCE

Assessment management and quality assurance arrangements

PEFA assessment management organization

- Oversight Team — Chair and Members:
 - Assessment Managers: Adrian Fozzard Manager, Institutions Global Department, Manager, The World Bank, and Ruth S. Farrant, Director, Financial Management Department, Asian Development Bank (ADB).
 - Assessment Team Leaders and Team Members: World Bank: Salamat Kussainova, Governance Specialist (team leader); Aliya Kim, Senior Financial Management Specialist (co-team leader); and Andrei Busuioc, Senior Financial Management Specialist (team member). ADB: Elbek Yusupov, (Financial Management Specialist (team leader); Genadiy Rau, Senior Economist (team member).
- International consultants: John Short, Lasha Gotsiridze, and Papuna Petriashvili.
- Local consultant: Zhamilya Tokabekova.

Review of concept note and/or terms of reference

- Date of reviewed draft concept note and/or terms of reference: October 2024. Invited reviewers: World Bank, ADB, Ministry of Finance of the Republic of Kazakhstan, and the PEFA Secretariat.
- Reviewers who provided comments:
 - World Bank: Arun Manuja, Senior Financial Management Specialist; Bernard Myers, Senior Public Sector Specialist; Moses Wasike, Senior Financial Management Specialist.
 - ADB: Utsav Kumar, Country Director, Kazakhstan Resident Mission.
 - Ministry of Finance: Dauren Temirbekov, Vice Minister of Finance.
 - PEFA Secretariat.
- Date(s) of final concept note and/or terms of reference: January 29, 2025

Review of the assessment report

- Date(s) of reviewed draft report(s): June 30, 2025
- Invited reviewers: WB, ADB, Ministry of Finance of the Republic of Kazakhstan, PEFA Secretariat.
- Reviewers who provided comments:
 - World Bank: Arun Manuja, Senior Financial Management Specialist; Elena Georgieva-Andonovska, Senior Public Sector Management Specialist; and Wei-Jen Leow, Senior Environmental Finance Specialist. (June 2025)
 - ADB: Galiya Ismakova, Director, Procurement Division, Procurement, Portfolio, and Financial Management Department; Julian Alexander Doczi, Procurement Specialist, Procurement Division, Procurement, Portfolio, and Financial Management Department; Genadiy Rau, Senior Economics Officer, Kazakhstan Resident Mission; Shuhrat Mirzoev, Senior Economics Officer, Tajikistan Resident Mission. (July 24, 2025)
 - Ministry of Finance, Ministry of National Economy, and Supreme Audit Chamber of the Republic of Kazakhstan. (July 25, 2025)
 - PEFA Secretariat. (July 19, 2025)

Methodology

This 2025 Public Expenditure and Financial Accountability Performance (PEFA) report for Kazakhstan is the third such assessment, following assessments in 2009 and 2018. For the first time, the Supplementary Framework for Assessing Climate-Responsive Public Financial Management (Climate PEFA) was conducted in tandem. The assessments were initiated and commissioned by the World Bank and Asian Development Bank (ADB), as part of the Development Partners' support to Kazakhstan. Government ministries, departments, and independent agencies covering external audit and legislature were involved in the provision of information and discussions on relevant indicators under their ambit. The Ministry of Finance coordinated the government's input and collaboration with the PEFA assessment. Quality assurance was provided by reviewers of an initial draft from the World Bank¹ and the Asian Development Bank (ADB).² The subsequent draft was quality assured by reviewers from the Government of Kazakhstan, the World Bank, and the ADB as noted under the assessment management and quality assurance arrangements. These comments were addressed and incorporated into the draft that went to the PEFA Secretariat for review. The final version of the report has incorporated all comments.

¹ Peer reviewers are listed in section PEFA Check, Assessment Management, and Quality Assurance

² Peer reviewers are listed in section PEFA Check, Assessment Management, and Quality Assurance

The 2025 PEFA uses the 2016 PEFA methodology and follows the PEFA report template (revised as of September 15, 2023).

The PEFA Performance Measurement Framework is an integrated monitoring system that allows measurement of public financial management (PFM) performance over a specific time period. The Framework covers 31 performance indicators (PIs), with 94 dimensions. As in 2018, all were applied for this assessment. The PEFA framework applies a scoring system to the PIs (and to each of their dimensions) on a scale from A to D (high to low) using methodologies, guidance, and practical tools prescribed or issued by the PEFA Secretariat and available at the PEFA Secretariat website: www.pefa.org. Indicator scores with multiple dimensions are combined into an overall indicator score using either the Weakest Link (M1) method or the Averaging (M2) method. The PEFA methodological framework specifies which method is to be used for each indicator. Under the M1 method, the aggregate score for the indicator is the lowest score given for any dimension, and where any of the other dimensions score higher, a "+" is added to the indicator score. The M2 method is based on an approximate average of the scores for the individual dimensions of an indicator, as specified in a conversion table provided by the methodology. When there is no information available, it is calibrated as a "D" with an "*" to show there was not sufficient evidence to score the dimension assessment.

- **Timeline/Dates of mission:** In-county activities were carried out from March 3 to 7, 2025. These included a training workshop and meetings with key public financial management departments to explain data requirements. Data collection took place using specific data questionnaires relating to each indicator. A mission May 19 to 23, 2025, allowed follow up on any outstanding data and discussion of draft indicators with the government. Comments on the draft scores were provided by the Ministry of Finance.
- **Years covered:** 2022, 2023, and 2024. Both internal and external audit reports were available.
- **Cut-off date:** May 31, 2025.³
- **Coverage:** Central government covering budgetary central government and extra-budgetary units including social insurance and health funds and, where relevant to the PEFA assessment, state-owned enterprises (SOE) and subnational government (SNG). There is no deviation from the coverage of a Central Government PEFA. It does not include individual SNGs which would be covered by a Subnational PEFA.
- **Sources of information:** Vice-Minister of Finance and Director of Budget Legislation⁴ in the Ministry of Finance were the Government's lead counterparts for the PEFA Assessment. Vice-Minister and Director facilitated meetings with relevant government ministries, departments, and agencies that were relevant to the PEFA. At the start of the assessment a questionnaire was provided by the assessment team relating to

³ Information received after this date was to address comments received through the review process including the PEFA Secretariat.

⁴ Mr. Dauren Temirbekov, Vice-Minister of Finance, and Mr. Olzhas Beysembayev, Director of Budget Legislation Department

the data requirements for each of the indicators. The questionnaires were provided to the identified organizations that were responsible for administration related to the data requests. These data requirements were subsequently discussed with the **Ministry of Finance**: Department of Budget Legislation; Department of Government Finance Reporting and Statistics; Department of Budget Planning; Department of Republican Budget Analysis; Treasury Committee; Committee of State Property and Privatization; State Revenue Committee; Department of Tax and Customs Legislation; Department of Budget Lending; Department of Public Borrowing; Department of Accounting and Audit Methodology; Department of Public Procurement; Center of Electronic Commerce. **Ministry of National Economy**: Department of Budget Policy; Department of Macroeconomic Analysis and Forecasting; Department of Investment Policy and Financial Sector Development. **Ministry of Science and Higher Education**. **Ministry of Labor and Social Protection of Population**. **Bureau of National Statistics**. **Supreme Audit Chamber**. **Finance and Budget Committee of the Majilis of Parliament**.⁵ Annex 3B lists all officials and agencies. Information was also provided by the **State Social Insurance Fund**, **Pension Fund**, and **Social Health Insurance Fund**. The assessment team also met with the Commissioner for the Protection of Entrepreneurs' Rights. Websites of the institutions were used to support the production of information and data. The government units selected for an indicator are described in the report within the narrative for each indicator. Annex 3C lists the sources of information including websites.

- **Country fiscal year**: January 1 to December 31.
- **Exchange rate**: As of May 31, 2025, US\$ 1 was the equivalent of Kazakhstan tenge (KZT) 510.81.

EXECUTIVE SUMMARY

Purpose and Management

i. This 2025 Public Expenditure and Financial Accountability (PEFA) performance assessment report evaluates the public financial management (PFM) systems in Kazakhstan, comparing the results with previous assessments conducted in 2009 and 2018. The assessment aims to track progress and inform ongoing reforms to enhance the effectiveness of PFM in the country. The World Bank and Asian Development Bank (ADB), as part of the Development Partners' support to Kazakhstan, initiated and commissioned the PEFA. Government ministries, departments, and independent agencies covering external audit and legislature were involved in the provision of information and discussions on relevant indicators under their ambit.

Methodology

ii. Using the 2016 PEFA methodology, 31 indicators with a total of 94 dimensions were assessed, providing the same coverage as the 2018 assessment. Data collection covered fiscal years 2022, 2023, and 2024. The assessment was overseen by a team including World Bank and ADB staff and international and local consultants, ensuring quality and comprehensive oversight throughout the evaluation process. Key PFM entities completed an initial assessment questionnaire and participated in workshops and discussions together with the PEFA team. The involvement of the PEFA Secretariat and Ministry of Finance senior management strengthened the assessment process.

PFM Context

iii. Kazakhstan's PFM system is centralized. The Ministry of Finance oversees budget preparation, execution, and public procurement. The National Development Plan until 2029⁶ sets fiscal sustainability targets, focusing on reducing the non-oil deficit relative to gross domestic product (GDP). The Concept of Public Financial Management⁷ lays out the reform agenda to 2030, with a focus on performance-based budgeting and improved public investment management.

⁶ National Development Plan 2029 of July 30, 2024, No. 611.

⁷ Approved by Presidential Decree No. 1005 of September 10, 2022

Summary of Key Findings

Strengths

iv. **Kazakhstan has shown notable progress in its PFM since the last assessment, with strengths such as robust information technology (IT) systems that support budget execution and cash management.**

- **Legal and Regulatory Arrangements.** Recent amendments to the Budget Code and Tax Code have enhanced fiscal transparency and accountability.
- **Aggregate Fiscal Discipline.** Revenue and expenditure have remained stable, supported by effective revenue administration and timely payments.
- **Budget Execution.** Budget execution is characterized by robust internal controls, ensuring expenditure is authorized and aligned with budgetary allocations. The Treasury Committee oversees the execution of the budgetary operations of the central government (BCG). The Integrated Information System of Treasury (IIST) commitment control module tracks expenditure against planned budgets. All expenditure is accurately recorded, with no significant arrears noted, indicating effective management of public funds.
- **Revenue Administration.** The Tax Code describes taxpayer rights and obligations, ensuring transparency and fairness. Risk analysis software aids in identifying compliance risks for targeted audits. The low level of tax arrears is indicative of operational efficiency in tax collection.
- **Strategic Allocation of Resources.** The links between medium-term expenditure budgeting and strategic plans have improved. However, the lack of economic classification at the budget preparation stage remains a challenge.
- **Efficient Use of Resources for Service Delivery.** The adoption of key performance indicators (KPIs) has strengthened the links between resource allocation and service delivery.
- **Internal Controls and Auditing.** Managed by the Committee on Internal State Audit and the Supreme Audit Chamber, the internal control framework aligns with international standards and ensures compliance with financial regulations. Almost 100 percent of central government expenditure is covered by internal audit, with high completion rates for planned audits.
- **Procurement Processes.** The procurement regulation emphasizes transparency and competitive bidding. However, a high percentage of contracts are awarded through single-source procurement. Efforts are ongoing to improve competitive procurement practices.

Weaknesses

v. **Weaknesses persist despite actions being in place to address them.** Weaknesses include

- Lack of publication of documents relating to budget and investment activities. The new Budget Code is addressing this and it is essential that these are actually implemented to ensure consistency with good practice.
- The absence of economic classification at the budget preparation stage hinders the effectiveness of the budget process.
- Not including the recurrent cost implications of investments in the medium term on an annual basis impacts budget effectiveness and weakens the medium-term budget.
- Explanation of changes since the last and the current medium-term budget are made at the aggregate level rather than in greater detail.
- The timeliness of the transfer of grants to SNGs weaken their ability to take sufficient time to prepare bids.
- Monitoring of SNGs is limited since the legislation does not provide for the mandatory publication of audited reports.
- There is a lack of a debt strategy which means that debt issues are not considered in the medium term and weakens the medium-term budget.
- Not including interest rates and exchange rates forecasts weakens the macro-economic forecasts in the budget documentation.
- Key performance indicators are developed but require improvement in terms of consistency and precision in specification.
- There are insufficient performance audits that could assist in improving the quality and consistency of KPIs.
- The significant size of single source procurement weakens the effectiveness of the procurement system.
- The adoption of international accounting standards is ongoing and there remain many standards still to be incorporated into the accounting system.

Impact of PFM performance on budgetary and fiscal outcomes

vi. The strengths and weaknesses with respect to the three main fiscal and budgetary outcomes are:

▮ Aggregate Fiscal Discipline

vii. **Revenue and expenditure outturns have not deviated significantly from that forecast.** Strong revenue administration has ensured that revenues were efficiently collected. Treasury operations and cash management enabled expenditures to be managed within the available resources. Control of contractual commitments was effective, and the timeliness of payments ensured no expenditure arrears.

viii. **The strong internal and external audit functions have enhanced fiscal discipline.** In-year data is available to manage in-year spending, supported by the built-in

instruments of control with good audit trails. The procedures to be able to access and use IT systems and the overall integrity of the processes have also ensured sound fiscal discipline. PFM reforms established targets for aggregate fiscal discipline in terms of overall debt and deficit to GDP levels. Monitoring and mitigation of fiscal risks are addressed through the fiscal risk report.

▮ Strategic Allocation of Resources

ix. The chart of accounts caters to a multi-dimensional analysis of expenditure but the absence of economic classification at the budget preparation stage is a hindrance. There is linkage between the medium-term perspective in expenditure budgeting and strategic planning, and the program budget achieves results consistent the adoption of KPIs across service delivery ministries. KPIs require more consistent specification and would benefit from more performance audits being carried out. There is an emphasis on the overall fiscal strategy which lays the foundations for the budget.

x. Investments are selected based on achieving strategic outcomes and economic analysis is used to generate the best return. Monitoring of the implementation of projects has ensured that what was planned is being delivered. The recurrent cost implications of investments in the medium term are not factored into the budget process.

xi. Overall, most of the key tools for strategic allocation of resources (fiscal strategy, regular in-year reports on expenditure according to policy priorities, and regularized budget amendments and virement procedures) are in place. These cover the tools for planning and subsequently monitoring and controlling planned implementation.

▮ Efficient Use of Resources for Service Delivery

xii. The accountability mechanisms, supported by internal and external audits, are effective as counter checks on inefficient use of resources. The level of competitive bidding in the procurement system is very low, which may impact on the efficient use of resources. Performance targets and outcomes support the efficient use of resources in service delivery units, but more performance audits would enhance the process. On the revenue side, there is clear operational efficiency with effective tax collection and low levels of arrears that indicates the credibility of tax assessments and the principle of equal treatment of taxpayers.

Changes Since Previous PEFA

xiii. There are clear improvements since the last PEFA assessment, although some challenges remain. Across the 94 individual dimensions compared, 30 dimensions improved, six deteriorated, and 58 were unchanged. Improvements in dimension scores

are spread across the three fiscal and budgetary outcomes: 13 in aggregate fiscal discipline; 11 in strategic allocation of resources, and six in efficient service delivery. This overall improvement in scoring occurred from a relatively high baseline achieved in 2018, which had five A scores and 11 B scores across 31 indicators. Figure 1 presents the indicators scores for 2024 PEFA and Figure 2 the indicator scores of both PEFA to show the changes.

xiv. Areas of slight decline relate to:

- **Fiscal discipline in revenue composition.** This is as a result of difficulty in forecasting individual revenue categories.
- **Budget documentation.** This may be due to over scoring in the previous PEFA.
- **Timing of in-year budget reports.** There is slightly more time taken than in the previous PEFA.
- **Monitoring of SNGs.** The requirement for local governments to publish audited financial statements has changed since the previous PEFA.

Conclusion

xv. **The PEFA assessment indicates that Kazakhstan's PFM system is well-structured, with effective mechanisms for budget execution, revenue administration, and internal controls.** Continuous efforts to enhance transparency and accountability are evident, although challenges remain in increasing the share of competitive procurement methods and enhancing public access to financial information. The implementation of new reforms and adherence to international standards are expected to further strengthen the PFM framework in the future.

Figure ES1. Summary of PEFA scores by indicator

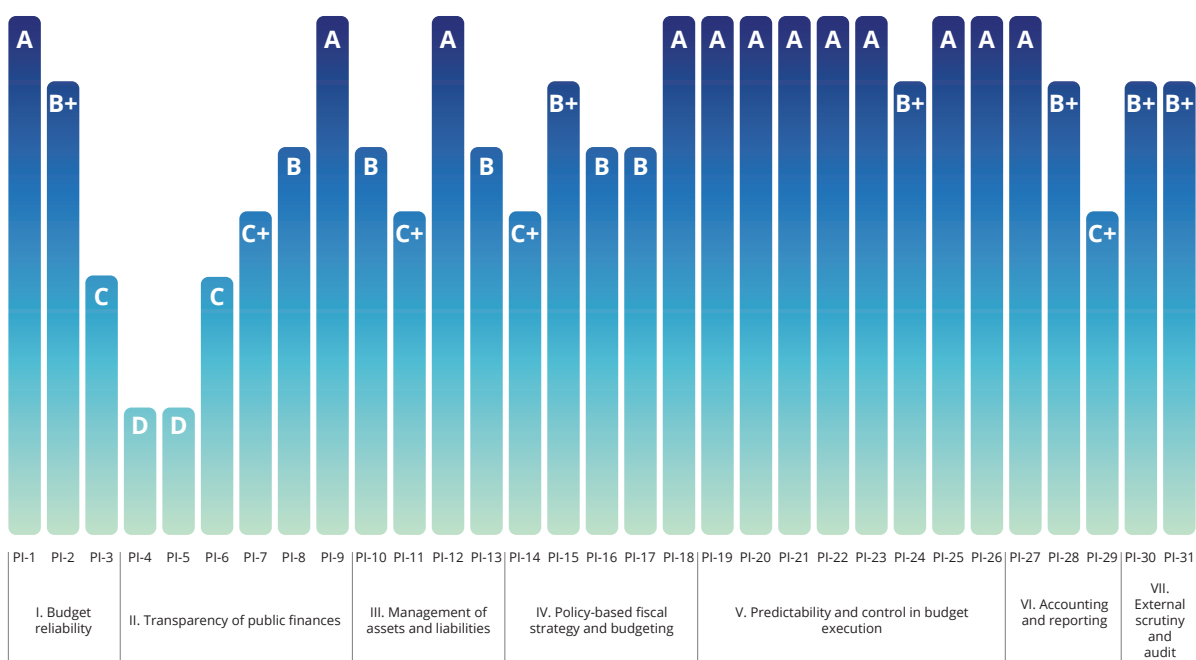
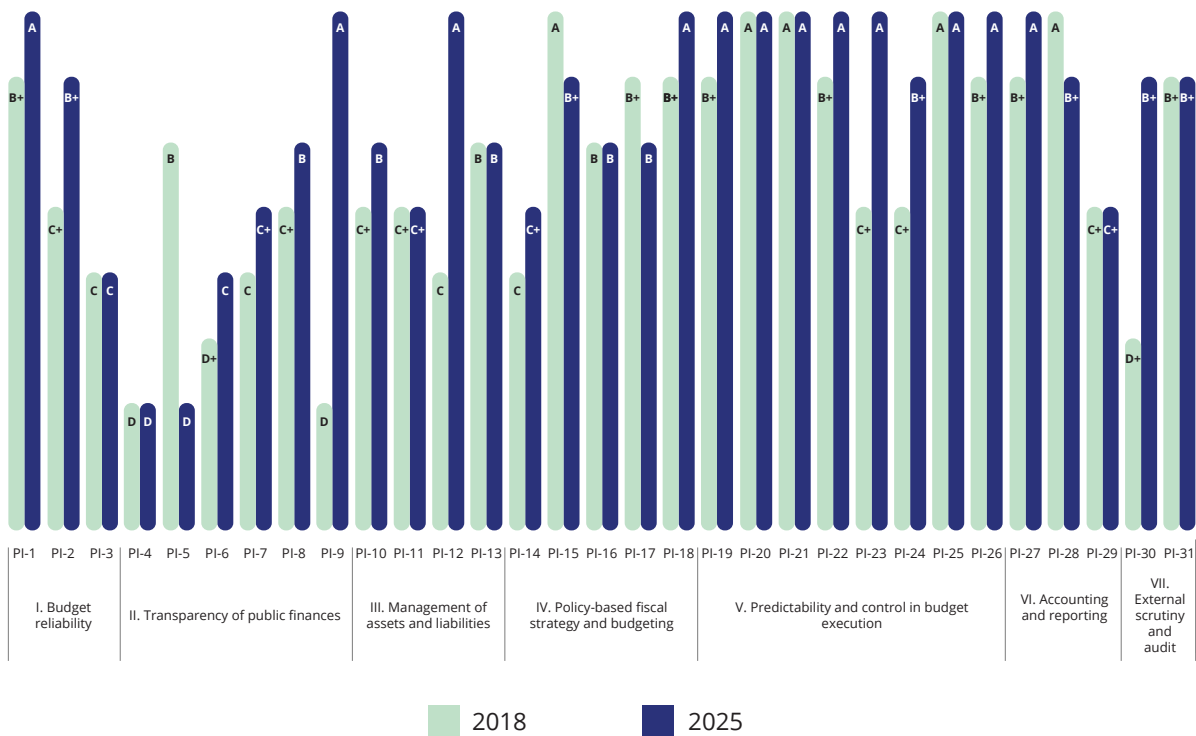


Figure ES2. Comparison over time**Table ES1.** Overview of the scores of the PEFA indicators

Performance Indicator		Scoring method	Dimension score				Overall score
			1	2	3	4	
I. BUDGET RELIABILITY							
PI-1	Aggregate expenditure outturn	-	A				A
PI-2	Expenditure composition outturn	M1	A	B	A		B+
PI-3	Revenue outturn	M2	B	D			C
II. TRANSPARENCY OF PUBLIC FINANCES							
PI-4	Budget classification	-	D				D
PI-5	Budget documentation	-	D				D
PI-6	Government operations outside financial reports	M2	C	D	B		C
PI-7	Transfers to subnational governments	M2	B	C			C+
PI-8	Performance information for service delivery	M2	B	B	A	C	B
PI-9	Public access to fiscal information	-	A				A

Performance Indicator		Scoring method	Dimension score				Overall score
			1	2	3	4	
III. MANAGEMENT OF ASSETS AND LIABILITIES							
PI-10	Fiscal risk reporting	M2	C	C	A		B
PI-11	Public investment management	M2	C	A	C	C	C+
PI-12	Public asset management	M2	B	A	A		A
PI-13	Debt management	M2	A	A	D		B
IV. POLICY-BASED FISCAL STRATEGY AND BUDGETING							
PI-14	Macroeconomic and fiscal forecasting	M2	D	B	B		C+
PI-15	Fiscal strategy	M2	B	A	B		B+
PI-16	Medium term perspective in expenditure budgeting	M2	C	A	A	C	B
PI-17	Budget preparation process	M2	D	A	A		B
PI-18	Legislative scrutiny of budgets	M1	A	A	A	A	A
V. PREDICTABILITY AND CONTROL IN BUDGET EXECUTION							
PI-19	Revenue administration	M2	A	A	A	A	A
PI-20	Accounting for revenue	M1	A	A	A		A
PI-21	Predictability of in year resource allocation	M2	A	A	A	A	A
PI-22	Expenditure arrears	M1	A	A			A
PI-23	Payroll controls	M1	A	A	A	A	A
PI-24	Procurement management	M2	A	D	A	A	B+
PI-25	Internal controls on non-salary expenditure	M2	A	A	A		A
PI-26	Internal audit	M1	A	A	A	A	A
VI. ACCOUNTING AND REPORTING							
PI-27	Financial data integrity	M2	B	A	A	A	A
PI-28	In-year budget reports	M1	A	B	A		B+
PI-29	Annual financial reports	M1	A	A	C		C+
VII. EXTERNAL SCRUTINY AND AUDIT							
PI-30	External audit	M1	A	A	A	B	B+
PI-31	Legislative scrutiny of audit reports	M2	A	C	B	A	B+



1.

PFM CONTEXT IN KAZAKHSTAN

1.1. Financial overview

1. The public sector of the Republic of Kazakhstan comprises the government subsector, social security funds, and public corporation subsector (see Table 1.1.).

Within the government subsector, budgetary units encompass state entities that operate at the first administrative level and manage BCG programs. There are 40 such units: 21 ministries, six state agencies, and 13 administrative bodies, including institutions such as the judiciary, the presidential administration, and the prosecutor's office.

2. Extra-budgetary government units include SOEs classified as such under the Government Finance Statistics Manual (GFSM) 2014,⁸ specifically those involved in operational management and non-profit joint-stock entities (NPJSE). Of the 51 NPJSEs reported by the Committee of State Property and Privatization (CSPP), 43 are educational institutions (mainly universities, as well as scientific/professional centers).

There are 65 SOEs under operational management, primarily in the fields of culture, education, sports, and science. Other extra-budgetary units of general government include the Victims Compensation Fund, Education Infrastructure Support Fund, and Special State Fund. The social security funds subsector includes the State Social Insurance Fund,⁹ Pension Fund,¹⁰ and Social Health Insurance Fund.¹¹

3. CSPP data shows about 600 government-owned quasi-public organizations of a commercial nature operate in Kazakhstan, structured as joint stock companies

⁸ <https://www.imf.org/external/pubs/ft/gfs/manual/2014/gfsfinal.pdf> - Institutional Coverage and Sectorization of the Public Sector (pg. 19)

⁹ <https://gfss.kz/en/>

¹⁰ Unified Accumulative Pension Fund <https://www.enpf.kz/en/>

¹¹ <https://msqory.kz/ru/>

(JSC) or SOEs. Their classification as financial or non-financial enterprises is unclear. The Organization for Economic Co-operation and Development (OECD), reports that 19 SOEs operate in the financial and insurance sector.¹²

4. Kazakhstan is a unitary state. Public administration is centralized at the level of the president and the government. The budget structure comprises: (i) the BCG; (ii) 17 regions (oblasts), the capital city of Astana, and two cities of republican significance, Almaty and Shymkent (first subnational tier); (iii) districts called rayons and cities of regional significance (second subnational tier); and (iv) cities of district significance, rural settlements, townships and villages (third subnational tier).

Table 1.1. Structure of the public sector (number of entities)

	Government subsector		Social security funds	Public corporation subsector	
	Budgetary unit	Extra-budgetary units		Non-financial public corporations	Financial public corporations
Central	40	119	3	580 ¹³	19
1 st subnational tier	20				
2 nd subnational tier	206				
Lower subnational tier(s)	2,343				

5. Table 1.2 presents central government operations for 2022–2024, excluding the repayment of budget credits and the acquisition of financial assets. The figures in Pillar 1 and Annex 4 are consistent with these data. Since these data alone are not sufficient for calculating the fiscal deficit, the report also provides consolidated budget figures (Table 1.2.1), which determine the size of the deficit, the volume of financing sources, and their ratio to GDP.

Table 1.2. Aggregate fiscal data

Central government actual						
	KZT billion			Percent to GDP		
	2022	2023	2024	2022	2023	2024
Total revenue	15,963.4	19,038.0	19,624.0	15.4%	15.8%	14.5%
<i>Own revenue</i>	<i>15,963.4</i>	<i>19,038.0</i>	<i>19,624.0</i>	<i>15.4%</i>	<i>15.8%</i>	<i>14.5%</i>
<i>Grants</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>

¹² https://www.oecd.org/en/publications/oecd-review-of-the-corporate-governance-of-state-owned-enterprises-in-kazakhstan_082c508b-en.html# - table 1.2

¹³ Approximate number

Central government actual						
	KZT billion			Percent to GDP		
	2022	2023	2024	2022	2023	2024
Total expenditure	17,791.8	21,547.8	23,106.6	17.1%	17.9%	17.1%
<i>Non interest expenditure</i>	16,494.4	19,739.7	20,924.6	15.9%	16.4%	15.5%
<i>Interest expenditure</i>	1,297.4	1,808.1	2,182.0	1.3%	1.5%	1.6%
Aggregate deficit *	783.7	556.9	38.7	-0.8%	-0.5%	0.0%
Primary deficit **	2,405.1	2,200.1	1,637.1	-2.3%	-1.8%	-1.2%
Net financing ***	2,388.9	2,867.4	3,845.8	2.3%	2.4%	2.8%
<i>Domestic ***</i>	2,351.5	2,735.8	3,103.0	2.3%	2.3%	2.3%
<i>External ***</i>	37.4	131.6	742.9	0.0%	0.1%	0.5%

* Aggregate deficit corresponds to the consolidated budget deficit

** Primary deficit corresponds to the consolidated budget's non-oil deficit

*** Net financing, both domestic and external sources, corresponds to the consolidated budget data

6. The consolidated budget combines the BCG, budgets of regions, cities of republican significance, the capital, the National Fund of the Republic of Kazakhstan (NFRK), the Victims Compensation Fund, the Education Infrastructure Support Fund, the Special State Fund, the State Social Insurance Fund, and the Social Health Insurance Fund. Mutually offsetting transactions between them are excluded. Table 1.2.1 presents the main indicators of the consolidated budget for 2022-2024, including both aggregate and non-oil deficits. The non-oil deficit is a key indicator of fiscal sustainability. It is equal to the difference between budget non-oil revenues (excluding loan receipts, transfers from the NFRK, and export customs duty on crude oil) and budget expenditures (excluding loan repayments).

Table 1.2.1. Consolidated budget data

Consolidated budget actual						
	KZT billion			Percent to GDP		
	2022	2023	2024	2022	2023	2024
Total revenue	23,229.2	29,012.2	32,810.2	22.4%	24.1%	24.3%
<i>Tax revenue</i>	21,241.7	23,469.6	23,509.5	20.5%	19.5%	17.4%
<i>Non tax revenue*</i>	870.5	2,106.8	2,098.3	0.8%	1.7%	1.6%
<i>Income from investments managed by NFRK</i>	-826.5	1,819.7	4,988.3	-0.8%	1.5%	3.7%

Consolidated budget actual						
	KZT billion			Percent to GDP		
	2022	2023	2024	2022	2023	2024
<i>State Social Insurance Fund revenue</i>	969.9	690.6	745.8	0.9%	0.6%	0.6%
<i>Social Health Insurance Fund revenue</i>	973.6	925.5	1,468.3	0.9%	0.8%	1.1%
Total expenditure	24,012.9	29,569.1	32,848.9	23.1%	24.5%	24.3%
<i>Non interest expenditure</i>	18,353.0	22,930.2	26,160.4	17.7%	19.0%	19.3%
<i>Interest expenditure</i>	1,357.6	1,865.6	2,232.3	1.3%	1.5%	1.7%
<i>State Social Insurance Fund expenditure</i>	946.9	652.5	724.4	0.9%	0.5%	0.5%
<i>Social Health Insurance Fund expenditure</i>	2,454.5	2,987.1	3,147.3	2.4%	2.5%	2.3%
<i>Other funds expenditures**</i>	21.8	166.6	186.0	0.0%	0.1%	0.1%
<i>Budget net operations on loans</i>	592.7	466.4	198.4	0.6%	0.4%	0.1%
<i>Budget net operations on financial assets</i>	286.4	500.7	200.1	0.3%	0.4%	0.1%
Aggregate deficit	783.7	556.9	38.7	-0.8%	-0.5%	0.0%
Non-oil deficit	2,405.1	2,200.1	1,637.1	-2.3%	-1.8%	-1.2%
Net financing	2,388.9	2,867.4	3,845.8	2.3%	2.4%	2.8%
<i>Domestic</i>	2,351.5	2,735.8	3,103.0	2.3%	2.3%	2.3%
<i>External</i>	37.4	131.6	742.9	0.0%	0.1%	0.5%
Change in budget deposits	1,605.2	2,310.5	3,807.1	1.5%	1.9%	2.8%
Balance	0.0	0.0	0.0			

* Also includes income from the sale of fixed capital and other income not prohibited by law

** Includes NFRK Management, Victims Compensation, Education Infrastructure Support, Special State Funds

Data source: Report on the execution of the consolidated budget for 2022, 2023, 2024 -
<https://www.gov.kz/memleket/entities/minfin/documents/1?directions=2482&lang=ru>

7. The financial structure of the budgetary operations of central government is shown in Table 1.3. It includes central government budgetary organizations that are financed from the BCG. Extra-budgetary units comprise three non-budgetary funds: the Victims Compensation Fund, Education Infrastructure Support Fund, and Special State

Fund, whose accounts are part of the Treasury Single Account (TSA). Extra-budgetary units also include SOEs under operating management and NPJSEs. The social security funds include the revenues and expenditure of the Pension Fund (excluding deposit management), the State Social Insurance Fund, and the Social Health Insurance Fund (excluding transfers from republican budget).).

8. Transfers are transfers between level of budgets from the 2024 BCG to the budgets of regions, cities of republican significance, and the capital. Liabilities are long-term financial liabilities at the end of 2024. Financial assets are long-term financial investments at the end of 2024. Nonfinancial assets are fixed assets and unfinished construction and capital investments at the end of 2024.

Table 1.3. Financial structure of BCG – actual expenditure (KZT billion)

2024 year	Central government			
	Budgetary unit	Extra-budgetary units	Social security funds	Total aggregated
Revenue	19,624.0	868.7	4,877.4	25,370.1
Expenditure	23,106.6	819.3	5,195.5	29,121.4
Transfers to (-) and from (+) other units of general government (to SNs)	-7,010.0			-7,010.0
Liabilities	26,158.6			26,158.6
Financial assets	30,897.1			30,897.1
Nonfinancial assets	7,632.8			7,632.8

Data source: Government Report on the Implementation of the 2024 Republican Budget

Institutional arrangements for PFM

Central Government

9. Parliament¹⁴ has two chambers. The Mäjilis plays a role in Kazakhstan's legislative process, responsible for passing laws, approving the national budget, ratifying international treaties, and overseeing the executive branch. The Senate's responsibilities include reviewing and approving laws passed by the Mäjilis, confirming presidential appointments to the judiciary and executive branches, and approving key presidential decrees, particularly those related to military force or the declaration of a state of emergency. The

¹⁴ <https://www.parlam.kz/en>

Senate also represents regional interests for a more local perspective on the national legislative process. The Senate has a Committee on Finances and Budget that scrutinizes the proposed budget and the audit reports of the Supreme Audit Chamber.

10. The central government comprises 21 ministries which cover inter alia service delivery in the fields of health, education, transport, and agriculture. There are 11 regulatory and supervisory agencies such as the Presidential Administration and the Supreme Court. A full list can be found on the government portal.¹⁵

11. The Ministry of Finance is the central executive body of the Republic of Kazakhstan. It manages and coordinates cross-sector activities related to its competence within the framework stipulated by the legislation. It comprises committees and departments with a role in PFM.¹⁶ Information on key departments is presented in Box 1 below.

Box 1. Key Departments of the Ministry of Finance

The Department of Budget Legislation: responsible for methodological guidance and regulation of activities in the field of budget execution, budget accounting and reporting, budget classification and budget planning, and accrual budgeting.

The Budget Departments:¹⁷ comprising 1) Law Enforcement, Special Agencies and Defense Budget Department; 2) Social Sphere Budget Department; 3) State Agencies Budget Department; 4) Agriculture, Natural Resources, Construction, Housing and Utilities Budget Department; 5) Budget Planning Department; 6) Republican Budget Analysis Department; and 7) Budget Department of Industry, Transport and Communication.

The Department of Reporting and Statistics of Public Finance: comprising 1) Budget Execution Reporting and Government Finance Statistics Division; 2) Consolidated Analysis of Budget Execution Division; 3) Analysis of BCG Expenditures Division; and 4) Analysis of Local Budget Expenditures Division.

Department of Budget Lending, the National Fund of the Republic of Kazakhstan, and Interaction on Financial Sector Issues: providing state regulation in the field of budget lending, as well as inter-sectoral coordination and methodological guidance in the field of accounting and reporting on the NFRK, as well as interaction on financial sector issues.

The Department of Public Procurement Legislation and quazi-public sector procurement: comprising 1) Division of the Management of Public Procurement Methodology; 2) Division of Coordination of Public Procurement and Procurement of Quazi-public Sector; and 3) Division of Methodology of Public Procurement and Quazi-public Sector.

The Internal State Audit Appeal Department: responsible for the settlement of disputes arising from the appeal of documents (decisions) adopted based on the results of internal state audit and desk control and actions (inaction) of the authorized body for internal state audit.

¹⁵ https://egov.kz/cms/en/information/state_agencies/ministries_committees

¹⁶ Structure of the Ministry of Finance: <https://www.gov.kz/memleket/entities/minfin/about?lang=en>

¹⁷ The Budget Departments (plural) is used here to denote several distinct sectoral budget departments under the Ministry of Finance

The Department of Internal Procurement and Assets: manages within its competence state policy in the area of public-private partnership in the Ministry of Finance, oversees public procurement, maintains information systems and logistics, and ensures information security compliance.

The Department of Legal Service: implements the normative activities of the Ministry, systematization and accounting, monitoring, analysis of regulatory legal acts, ensuring compliance with the rule of law in the activities of the Ministry, and conducting claim work.

The State Borrowing Department: comprises the Division of State External Borrowing; Division of Government Securities, Guarantees, and Warranties; Division of Public and Publicly Guaranteed Debt; and Division of PPP projects, state guarantees and sureties.

The Department of Appeals: handles complaints from taxpayers regarding tax audit results and from declarants or customs-related personnel concerning customs inspections with three divisions: 1) Tax Audit Complaint Review; 2) Customs Inspection Complaint Review; 3) Appeal Commission Analysis and Support.

The Department of Tax and Custom Legislation: supports development of proposals to improve tax and customs policy, manages the negotiation of tax treaties with other countries, and monitors revenue performance against the budget.

12. The Treasury Committee of the Ministry of Finance¹⁸ carries out, within its competence, implementation and control functions in the area of execution of the republican budget and servicing the execution of local budgets, the National Fund of the Republic of Kazakhstan and the Victims Compensation Fund. Information on key divisions and departments is in Box 2 below.

Box 2. Key Divisions and Departments of the Treasury Committee of the Ministry of Finance

Division for the Execution of Financing Plans: generates and approves a consolidated funding scheme under commitments, maintains the IIST, accounts for expenses and prepares weekly, monthly, quarterly, and annual information on expenditure.

State Revenues Department: manages and reconciles flows from revenue accounts.

Division of Payment Operations: implements transactions and maintains accounts provided for by budget legislation.

Division of Reporting on the Republican Budget: verifies consolidated financial and budgetary statements and produces execution reports.

Department of Maintenance of State Registers in the Field of Public Procurement: maintains the register of public procurement participants.

Department of Public Procurement for Works: oversees tender and public sale processes, verifies documentation, explains tender requirements, organizes unified public procurement for designated goods, and helps draft related legal regulations and agreements.

¹⁸ <https://www.gov.kz/memleket/entities/kazyna?lang=en>

Department of Interaction with Customers for Goods: manages unified public procurement processes, reviews customer procurement requests, and contributes to developing and improving related legislation and regulations.

Division of Information Technology: enhances and secures the information systems of the Treasury, aimed at enhancing the quality of the execution of the BCG and develops regulations for information security, aligning with the information security policy of the Ministry of Finance.

Information Security Department: controls the security of information systems of the Treasury Committee.

Division of Departmental Control: responsible for implementation of departmental control of activity of the territorial divisions of the Treasury Committee, monitoring, and the analysis of financial documents of territorial divisions of Treasury.

Department of Monitoring and Analysis of Public Procurement: responsible for analytical reports to support and manage unified public procurement procedures for designated goods, works, and services.

Division of Personnel: responsible for oversight and coordination of the implementation of state public service policies within the Treasury Committee and its territorial bodies.

Division of Analysis and Evaluation: responsible for assessment of the Committee's divisions and regional bodies, and managing risk by identifying, measuring, and monitoring potential issues.

Department of the Organization of Activities: manages the organization of activities and office work and discipline.

Division of Legal Services: responsible for ensuring the Committee's activities comply with the law, representing the Committee in legal proceedings, analyzing law enforcement practices, and reviewing relevant regulatory acts.

The Treasury Committee also includes the **Department of Consolidated Financial Plan**; the **Department of Accounting of Loans and Credits**; the **Department of Liquidity**; the **Department of Reporting on Local Budgets**; the **Department of Accounting of Revenues**.

13. The Committee of the Internal State Audit¹⁹ performs implementation and control functions, within the competence of the central executive body, in the field of internal state audit and financial control, public procurement, state property, auditing, accounting and financial reporting.

14. The State Revenue Committee²⁰ performs regulatory, implementation, and control functions concerning customs and taxation to ensure the completeness and timeliness of taxes, customs, and other obligatory payments to the budget, calculations, deductions, transfer of social security payments, and state regulation of production established by the Tax Code.

15. The Committee of State Property and Privatization oversees management of republican property, the exercise of state rights over republican property, privatization and state monitoring of property in sectors of the economy deemed strate-

¹⁹ <https://www.gov.kz/memleket/entities/kvga/about?lang=en>

²⁰ <https://www.gov.kz/memleket/entities/kgd?lang=en>

gically important, and strategic assets, except for those belonging to the National Bank of Kazakhstan.

16. The Supreme Audit Chamber²¹ is the supreme audit institution of Kazakhstan, accountable to the President. It evaluates draft and executed republican budgets, provides quarterly reports on budget use, and monitors spending from the NFRK.

17. The Ministry of National Economy is the central executive body responsible for strategic planning, tax and budgetary policies, customs policy, state and state-guaranteed borrowing and debt, public-private partnerships, state investment projects, and competition regulation. Departments within the Ministry of National Economy that are most relevant to PFM issues being assessed by the PEFA are summarized in Box 3.

Box 3. Departments of the Ministry of National Economy

The Department of Macroeconomic Analysis and Forecasting develops five-year forecasts for key macroeconomic and socio-economic indicators, monitors and analyses these metrics, and coordinates state bodies in economic policy formation. The Department includes Divisions for Macroeconomic Forecasting and Modelling, Analysis and Monitoring, Medium-Term Policy, and Economic Policy Coordination.

The Department for Strategic Analysis and Development coordinates government agencies in developing, approving, monitoring, and adjusting documents within the state planning system to ensure alignment with directives and objectives of higher-level documents. The department supports and enhances state planning by providing methodological guidance, applying project management tools, and engaging experts to improve project activities. It includes the Divisions for Monitoring Documents of the State Planning System, Development of Documents of the State Planning System, Methodological Support of the State Planning System, and for Consolidated Analysis and Project Activities.

Department Office for Analysis and Forecasting of Tax and Non-Tax Revenues in the Department of Tax and Customs Policy²² forecasts income receipts (excluding transfers) to the republican, local budgets, and receipts to the NFRK for the planning period.

The Department of Budgetary Policy is responsible for analyzing and forecasting budget indicators, shaping budget policy, defining interbudgetary relations, supporting the budget system, and guiding policy on state borrowing and debt. It includes the Divisions for Budget Forecasting and Analysis, Budget Policy, Interbudgetary Relations, Methodology for the Development of the Budget System, and Management of State Obligations.

The Department of Investment Policy and Financial Sector Development is responsible for shaping state policies on public-private partnerships, including concessions, improving legislation for grants, and coordinating with international financial institutions and state bodies on investment-related matters. It includes the Divisions of Public-Private Partnership Development, Investment Policy, and Financial Sector Development Policy.

The Department of Public Assets Management Policy formulates state policy on state assets management, including defining its goals and priorities and improving the quality of corporate governance. It consists of the Office of Public Assets Management Policy and the Office for Assessment of Public Assets Management Efficiency.

²¹ <https://www.gov.kz/memleket/entities/esep?lang=en>

²² Consists of 1. Tax Policy Office, 2. Office for Analysis and Forecasting of Tax and Non-Tax Revenue 3. Customs Policy Office; 4. Office for Review of Subsoil Use Contracts and 5. Office of International Taxation and Interaction

18. The Agency for Strategic Planning and Reforms,²³ reporting directly to the President of Kazakhstan, is responsible for developing strategic reforms, overseeing state planning and administration, and improving national competitiveness and welfare. It also manages the National Bureau of Statistics, which is responsible for the implementation of the state policy in the field of statistics.

19. The National Bank²⁴ represents the country's interests in dealings with other banks and international financial institutions, coordinates its activities with the government, and supports the government's economic policy as long as it aligns with its primary functions and monetary policy.

Local Government

20. In addition to the central government, the budget is structured into three further levels of government and the distribution of revenues between them is established by the Budget Code.²⁵ The first level is the central budget, the other three belong to local budgets: the second level is regions, cities of republican significance, and the capital (a total of 20); the third level is districts (cities of regional significance) (a total of 206); and the fourth level is cities of district significance, villages, settlements, and rural districts (a total of 2,343). Local budgets, formed from tax revenues, non-tax revenues, and transfers, are intended to finance the targets and functions of local government at the appropriate level, as well as to support state policy. They are approved by maslikhats of the appropriate level.²⁶ Revision commissions²⁷ carry out external state audit and control over the execution of these budgets.

Extra-Budgetary Units and State-Owned Enterprises

21. Extra-budgetary central government funds are excluded from the republican budget but are included in the consolidated budget, which is compiled for analysis and is not subject to approval. The consolidated budget covers the republican and local budgets along with revenues and expenditures from the NFRK, Social Health Insurance Fund, State Social Insurance Fund, Victims Compensation Fund, Education Infrastructure Support Fund, and Special State Fund. Treasury services through the TSA are provided to the NFRK, the Victim Compensation Fund, the Education Infrastructure Support Fund and the Special Government Fund. The Social Health Insurance Fund and the State Social Insurance Fund function as extra-budgetary institutions with their own bank accounts outside the TSA system that manage the funds in accordance with their statutes and relevant laws. Their finances appear in the Ministry of Finance consolidated

²³ <https://www.gov.kz/memleket/entities/aspr?lang=en>

²⁴ <https://nationalbank.kz/en#>

²⁵ Budget Code of the Republic of Kazakhstan dated December 4, 2008, No. 95-IV ZRK (as amended on November 22, 2024 <https://adilet.zan.kz/eng/docs/K080000095>

²⁶ Representative body of local self-government in Kazakhstan

²⁷ The Revision Commission carries out external state audit and financial control at the local level over the execution of local budgets, the use of state assets and quasi-public sector entities

budget execution report and the government report on the execution of the republican budget. The extra-budgetary units are able to use the revenues to fund their operations; the Social Health Insurance Fund and State Social Insurance Fund have targeted revenues collected alongside income taxes.

22. The government's consolidated financial reports do not reflect the operations of all central government organizations. Two forms of SOE, considered central government operations due to the functions, goals, and obligations of these organizations, are not included: (i) SOEs under operating management and (ii) NPJSEs. There are 65 SOEs under operating management, mainly organizations in the fields of culture, education, sports, and science that provide citizens with government services, and 51 NPJSEs, including 43 educational institutions (mainly universities, as well as scientific/professional centers) and the Citizen Service Center established in 2020 (whose budget is 20 percent of all NPJSEs).

23. The Pension Fund is part of the central government but operates through commercial banks and does not have an account with the TSA. It has deposits placed in various international and domestic financial instruments. It prepares annual reports in accordance with the Financial Reporting Standard "Accounting and Disclosure of Information on Operations with Pension Assets", which is based on and compliant with the International Financial Reporting Standards (IFRS). The reports are audited by an international auditor and are made public. However, Pension Fund operations are not reflected in the government's consolidated reports, which has a significant impact on the assessment of this indicator.

24. Commercial SOEs play a crucial role in the Kazakh economy, particularly in sectors such as energy and mining. They are present in at least 20 out of 30 sectors of the economy and account for around 6.2 percent of national employment. There are some 600 organizations that are termed quasi-public sector that are government-owned in the form of JSC or SOE that are of a commercial nature. The definition of SOE is unclear, which is part of the reform program.

Legal and regulatory arrangements for PFM

25. The laws and regulations impacting PFM in Kazakhstan are set out in Table 1.4. In recent years, Kazakhstan has undertaken a wide-ranging review and update of its legal framework relating to PFM, notably in the Budget and Tax Codes. During the period covered by this assessment, the applicable framework was the Budget Code of December 4, 2008 (as amended November 22, 2024) and Tax Code of December 25, 2017 (as amended December 21, 2022). A new edition of the Budget Code No. 171-VIII was adopted on March 15, 2025, and entered into force on January 1, 2025, except for certain provisions with deferred application dates.²⁸ A new Tax Code No 214-VIII was approved on July 18, 2025, which enters into force on January 1, 2026 with some extended timelines for certain provisions as specified in the Code.

²⁸ <https://adilet.zan.kz/eng/docs/K2500000171>

Table 1.4. Main PFM Laws and Regulations

PFM area	Law/ regulation	Brief description and coverage
All	The Constitution ²⁹	The Constitution covers PFM in general (in particular articles 54 and 61).
	The Budget Code ³⁰	The Budget Code regulates the formation, preparation, review, adoption, approval, and execution of budgets of the budget system, government borrowing, and control of the implementation of budgetary legislation.
Planning	The Budget Code	Reference to authorized body on state planning, managed by the Ministry of National Economy.
	Kazakhstan 2050 Strategy (promulgated in 2012) ³¹ and The National Development Plan 2029. ³²	Kazakhstan 2050 defines long term strategy for Kazakhstan to become part of the 30 most developed countries in the world. The National Development Plan 2029 focuses on improving the population's well-being and building an inclusive society. It emphasizes enhancing well-being, inclusivity, and economic modernization. The plan introduces five principles: economic liberalization, support for entrepreneurship, development of human capital, increased productivity through innovation and digitization, and reducing regional disparities to unlock local economic potential.
Budgeting	The Tax Code, Code on Customs Regulation. ³³	The Tax and Customs codes specify all revenues and their administration.
	The Budget Code	The Budget Code specifies the budget system and regulates budget, intergovernmental fiscal relations, set out the main provisions, principles, and mechanisms of the budget system, the formation and use of budget funds, as well as the formation and use of the NFRK.
Accounting	The Budget Code	Section VII. Execution of budgets of the budget system Section VIII. Budgetary accounting and reporting Budgetary organizations, ministries, departments and state trust funds, accounting for extra-budgetary funds in national currency (as well as in foreign currency) is carried out exclusively on TSA.

²⁹ The Constitution (as amended through referendum (direct voting of citizens) of June 5, 2022, <https://www.akorda.kz/en/constitution-of-the-republic-of-kazakhstan->

³⁰ Budget Code of December 4, 2008, No. 95-IV ZRK (as amended on November 22, 2024). https://adilet.zan.kz/eng/docs/K080000095_

³¹ https://www.akorda.kz/en/official_documents/strategies_and_programs

³² The National Development Plan 2029 of 30 July 2024, No. 611

³³ Code of the Republic of Kazakhstan On Taxes and Other Obligatory Payments to the Budget (Tax Code) of December 25, 2017 № 120-VI Amendments of December 21, 2022: Law on Amendments and Additions to the Code On Taxes and Other Mandatory Payments to the Budget № 165-VII. <https://adilet.zan.kz/eng/docs/Z1700000121> On Customs Regulation in the Republic of Kazakhstan dated December 26, 2017 № 123-VI

PFM area	Law/ regulation	Brief description and coverage
Internal Audit	Law on Governmental Audit and Financial Control ³⁴	Internal state audit comprising 1) audit of financial statements which are assessment of reliability, validity of financial statements, accounting and financial condition of the object of governmental audit; 2) performance audit which is an evaluation and analysis of the activity of the object of governmental audit for efficiency, productivity, and effectiveness; and 3) compliance audit that is an assessment, verification of compliance by the object of governmental audit with the norms of the legislation of the Republic of Kazakhstan, as well as acts of subjects of the quasi-public sector adopted for their implementation. Article 15 Competence of the Internal Audit Service
Inter-governmental fiscal relations	The Budget Code	Chapter 7. Intergovernmental fiscal relations Chapter 8. Distribution of revenue and expenses between the budget levels
Parliament	Regulatory and legal acts https://www.parlam.kz/en#section4	The Parliament has two chambers. The Mäjilis plays a role in Kazakhstan's legislative process, responsible for passing laws, approving the national budget, ratifying international treaties, and overseeing the executive branch. The Senate's responsibilities include reviewing and approving laws passed by the Mäjilis, confirming presidential appointments to the judiciary and executive branches, and approving key presidential decrees, particularly those related to military force or the declaration of a state of emergency.
Internal control	Law On Governmental Audit and Financial Control	The procedure and principles of state financial control are established through the Division of Analysis, Evaluation, and Risks. It is responsible for analysis and evaluation of the effectiveness of the structural divisions of the Committee and the territorial bodies of the Treasury and organizes a risk management system in the Committee, through the identification, measurement, control, and monitoring of risks.
External audit	Law On Governmental Audit and Financial Control	Article 12 Competence of the Supreme Audit Chamber
Procurement	Law On Public Procurement ³⁵	The purpose of this Law is to secure the attainment of the strategic goals of public administration, and the objectives and functions of the state in line with the state policy in the sphere of public procurement. The objective of this Law is to establish a legal framework for the entities of public procurement for efficient management of public finances and budget through the principles of public procurement envisaged by this Law.

³⁴ Law on Governmental Audit and Financial Control of November 12, 2015, No. 392-V amended in 2018, 2019, 2020, 2022, 2023, and 2024. <https://adilet.zan.kz/eng/docs/Z1500000392>

³⁵ Law On Public Procurement No. 106-VIII of July 1, 2024

PFM area	Law/ regulation	Brief description and coverage
Public Participation	Majilis Regulation and Senate Regulation ³⁶ e-portal "E-Request" ³⁷ Administrative Procedural Code ³⁸	<p>Legislation provides arrangements for public consultations. All Majilis and Senate sessions, including committee hearings (except ones reviewing national security issues) are open and transmitted live on the Parliament websites and online on YouTube and Telegram channels. The recordings of sessions are saved online for public access. Citizens may register online or via email to meet Parliament members or to attend committee and plenary session meetings.</p> <p>Government introduced an e-portal through which any citizen or business can submit their request to the authorities.</p> <p>The Administrative Courts introduced in 2021 the consideration of claims of citizens and business against resolutions of government agencies.³⁹</p>

Arrangements for Internal Control

26. Kazakhstan has transitioned from a financial inspection control model to an internal audit-based system of assessment. The Committee on Internal State Audit acts as a central harmonization unit, delivering methodological guidance, certification, and training for internal audit services, along with conducting studies, analyses, and evaluations of internal audit activities. Capacity remains within the procedures and principles of state financial control, particularly through the Division of Analysis, Evaluation, and Risks, which is tasked with analyzing and assessing the effectiveness of the Treasury Committee's organizational units and regional offices. This division also implements a comprehensive risk management system within the committee, emphasizing the identification, measurement, control, and monitoring of risks.

27. The Supreme Audit Chamber is the highest audit body of Kazakhstan, directly subordinate to the President and accountable to the President and Parliament. The Supreme Audit Chamber was established in 1996 as the Accounts Committee for Control over the Execution of the BCG. Its status was later amended in the Constitution making it a central institution for state financial oversight and its name was changed. The reform of the state audit and financial control system has been ongoing in Kazakhstan. As part of ongoing reforms, the Chamber's chair presents biannual reports to the Majilis, focusing on priority sectors of the economy and issues of public concern.⁴⁰ In addition, the Supreme Audit Chamber provides information on its work to the President and Parliament on a quarterly basis.

³⁶ Majilis Regulation articles 2, 10, 12, 30, 100, 116; Senate Regulation, articles 1, 17, 96, 100, 117. Qabyldau@parlam.kz <https://mazhilis.parlam.kz/ru/public-reception>

³⁷ "E-Otynysh" <https://eotinish.kz/ru>.

³⁸ Administrative Procedural Code <https://adilet.zan.kz/rus/docs/K2000000350>

³⁹ Winning in 55% of cases

⁴⁰ The Constitution of the Republic of Kazakhstan, Article 56

Public Participation

28. Parliamentary sessions are open to the public covering the budget approval and the budget execution and accounts scrutiny processes, except when addressing matters of national security. They are broadcast live. These live sessions are accessible via the official Parliament website.⁴¹ Parliament has a dedicated video channel on YouTube.⁴² This provides both live streaming and archival footage of previous sessions, all of which are open to public commentary. Typically, individual session videos receive several hundred to 4,000 views, though certain topics have attracted over 100,000 views. In addition, Parliament has channels on Telegram, Instagram, Facebook, and Twitter.⁴³ Printed materials and video content are regularly published on Parliament's website.⁴⁴

29. A public council of 40 members exists within Parliament. Members represent civil society, scientists, researchers, journalists, business, experts working on environment, gender issues etc. The public council conducts meetings with the public and representatives of civil society and collects their comments and suggestions. It also reviews key legislative proposals and submits its recommendations to the Majilis for consideration.

30. The 2023 Open Budget Survey⁴⁵ results place Kazakhstan at the very bottom of the category of countries considered as having satisfactory levels of fiscal transparency. Recent results suggest either a decline or stagnation of major indicators from 2017 to 2023: budget oversight scores 63 in both years; budget transparency improved from 53 to 61; and public participation declined slightly from 13 to 11. Kazakhstan scores low on public participation with just 11 out of 100. Public access to fiscal information is scored A in PI-9 in this PEFA, as is PI-18.2 which includes public consultation on budget scrutiny, and PI-31.4 transparency of legislative scrutiny of audit reports. The differences relative to the Open Budget Survey may reflect different methodology as well as timeframe.

PFM Reform process

31. The National Development Plan until 2029,⁴⁶ highlights fiscal sustainability as a development priority. It targets a reduction in the non-oil deficit relative to GDP to 5.5 percent in 2029 by enforcing strict adherence to countercyclical fiscal rules, increasing expenditure efficiency, directing resources to priority sectors that stimulate the private sector, increasing efficiency in tax administration, and increasing the financial independence of local executive bodies.

⁴¹ <https://mazhilis.parlam.kz/ru/majilis-live>

⁴² https://www.youtube.com/@mazhilis_kz

⁴³ Telegram https://t.me/mazhilis_kz; Instagram: / mazhilis.kz; Facebook: / mazhilis.kz; Twitter: / mazhilis_kz

⁴⁴ <https://mazhilis.parlam.kz/kk/home>

⁴⁵ Open Budget Survey 2023: <https://internationalbudget.org/open-budget-survey/country-results/2023/kazakhstan>

⁴⁶ Approved on July 30, 2024

32. The PFM reforms that support these development objectives are set out in the Concept of Public Financial Management until 2030.⁴⁷ This calls for continuation of performance-based budgeting reforms, improvements in public investment management, inter-budgetary relations with SNGs, and budget process transparency.

33. Kazakhstan's public finances are characterized by a dependence on oil revenues, chronic non-oil deficits, and an increasing debt burden. Kazakhstan has made progress in the implementation of program budgeting and is developing an integrated approach to translate strategic planning into improved performance. The Budget Code adopted in 2008 regulated the budget process across all levels of government, introducing a medium-term expenditure framework and performance-based budgeting. A new Budget Code became operational on January 1, 2025. In addition to monitoring and evaluation of budget programs, the President's Office and the Supreme Audit Chamber evaluate strategic and budget planning and execution. In addition, the Agency for Strategic Planning and Reforms and the Ministry of National Economy monitor and report to the President on the implementation of national level strategies and programs. These processes are conducted separately, each with its own timeline, and are not coordinated.

34. Kazakhstan began transitioning to accrual-based accounting for state institutions on January 1, 2013, with the adoption of International Public Sector Accounting Standards (IPSAS). The reform impacts all state institutions, necessitating changes in accounting methods, staff training, and system updates. Consolidated financial statements are required annually for both republican and local budgets. Further work is needed on the consolidated financial statements for state and quasi-state institutions, with a phased transition to international standards by 2028. The efforts to shift to the accrual-based accounting aim to improve the quality and reliability of financial reporting, enhance transparency and accountability, and build trust in Kazakhstan's financial system.

35. Recent reforms have strengthened internal audit practices and oversight mechanisms. The State Committee on Internal Public Audit under the Ministry of Finance coordinates internal audit units in each Ministry and undertakes financial audit work on government accounts. The Supreme Audit Chamber serves as the central government's external auditor and is responsible for the training and qualifications of auditors working in the public sector.

36. Kazakhstan has made efforts to improve its public procurement system, including the introduction of an efficient and transparent e-government procurement system. The country passed a new Public Procurement Law and implemented regulations in 2024. The amended law has redefined the applicability of the single-source method in the case of exceptional circumstances, procurement of proprietary items, continuity of ongoing contracts when justified, and force majeure circumstances. It provides for sustainable procurement and incorporates provisions to control single source contract-

⁴⁷ Approved by Presidential Decree No. 1005 of September 10, 2022

ing by establishing an accountability and transparency framework and making such decisions public.

37. The authorities have made progress on fiscal risks analysis and reporting with support from the International Monetary Fund (IMF). The government has approved its first fiscal risks road map for 2022-2025.⁴⁸ As part of this work, the Ministry of National Economy prepared and published a budget risks report in 2022, 2023, and 2024. The IMF completed a Fiscal Transparency Evaluation in 2023 and provided capacity-building training for government agencies on various topics including long term fiscal projections, budget risks report preparation, macroeconomic and SOE risk analysis, and public-private partnership (PPP) risks. The IMF continues to assist the authorities to draft methodological guidance.

38. The new Budget Code is designed to increase openness, responsibility, and independence of participants in the budget process and strengthen the role of Parliament. Key changes in the new Budget Code include:

- linking fiscal, monetary and fiscal policies;
- expansion of control over the debt policy of the state, including subjects of the quasi-public sector;
- introduction of conditions for the use of the NFRK;
- incorporating reporting on payments received by individual organizations because of the implementation of functions delegated by the state;
- accumulation of reserves of the head of state, government, local bodies of power;
- introduction of a rational compensation mechanism in intergovernmental budgetary relations;
- cash management within the framework of granting opportunity to manage temporarily free funds in control accounts of cash entities of quasi-public sector entities and local budgets with subsequent recovery within the fiscal year (FY) to the Treasury;
- regulation of the state's dividend policy at the level of the Budget Code;
- more investment in fixed assets, including budget investments, public-private partnership projects financed by budget loans, bonded loans from the NFRK, and projects of quasi-public sector entities using guaranteed state loans and state guarantees;
- simplification of the budget process with increased autonomy and responsibility for government agencies to reduce the timing and stages of the budget process;
- increased parliamentary supervision.

⁴⁸ Based on the IMF 2020 assessment of macroeconomic risks and SOEs diagnostics.

2.

DETAILED ANALYSIS OF PFM PERFORMANCE

39. This section provides an assessment of each of the 31 indicators and 94 dimensions that make up the PEFA framework. Each dimension score is calibrated to reflect a level of PFM practice as set out in the Table below. Dimension scores are aggregated using PEFA Framework guidance to arrive at indicator-level scores.

Score	Minimum requirements for scores
A	High level of performance that meets good international practices
B	Sound performance in line with many elements of good international practices
C	Basic level of performance consistent with good international practices
D	Less than the basic level of performance
D*	Insufficient information to score ⁴⁹
NA	Not applicable ⁵⁰

2.1. Pillar One: Budget reliability

40. Pillar I assesses whether the government budget is realistic and is implemented as intended. This is measured by comparing actual revenues and expenditure (the immediate results of the PFM system) with the original approved budget.

⁴⁹ A score of D due to insufficient information is distinguished from D scores for low-level performance by the use of an asterisk

⁵⁰ See PEFA framework page 7 or Volume II of PEFA Handbook subsection 2.1.2. The term “not applicable” and its abbreviation “NA” is to be used in tables where an indicator, dimension, or evidence sought is not applicable to the government system being assessed. When NA is used, an explanation should be included in the narrative.

41. The assessment methodology and approach for Pillar I included the study of normative acts related to the budget process, budget laws, and budget execution reports for 2022-2024 and meetings with representatives of the Ministry of Finance. PEFA spreadsheets were used for assessment calculations (see Annex 4).

Overall performance: Analysis of key strengths and weaknesses

42. Expenditure outturns at the aggregate level do not deviate from the original budget to any significant degree. However, there is greater deviation at the composition level of revenues, which reflects a shortfall in tax revenue in 2023 and 2024 that was covered by increased transfers from the NFRK and dividends from state-owned shares.

43. Overall, Pillar I reflects the budget formulation process itself, which is based on achievable total revenue forecasts and assessment of expenditure needs that can be funded based on good fiscal forecasts and a strong budget preparation process. However, there are significant expenditures and revenues managed by extra-budgetary units that impinge on the coverage of the budget managed by the government itself. The absence of significant deviation is a sign of the ceiling used in the budget preparation and the commitment control process, which links in-year revenues to in-year spending needs and does not allow excess expenditure beyond what is committed in the IIST on a quarterly basis. This is reflected in the absence of expenditure arrears.

44. The variation in expenditure results from only one supplementary budget during the year, with deviations attributed to differences in revenue category performance. Although virement is allowed, it has not been widely used. All central government revenues and expenditures are managed through the TSA and its IT system, and the administrative records and processes are considered reliable. Revenue benefits greatly from sound tax administration and accounting for revenues.

45. Despite one dimension scoring D, overall, the pillar has a median indicator score of B+.

Figure 2.1. Pillar One: Budget reliability



PI-1. Aggregate expenditure outturn

46. **PI-1 measures the extent to which aggregate budget expenditure outturn reflects the amount originally approved, as defined in government budget documentation and fiscal reports.** Coverage is of the BCG for the last three completed FYs, 2022, 2023, and 2024. There is one dimension for this indicator.

Methodological notes

47. **Normative acts related to the budget process, budget laws, and budget execution reports for 2022-2024 were studied.** Meetings were held with representatives of the Ministry of Finance. PEFA spreadsheets were used for assessment calculations (see Annex 4).

Indicator/Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-1. Aggregate expenditure outturn (M1)		A	B
1.1. Aggregate expenditure outturn	Aggregate expenditure outturn was between 95% and 105% of the approved aggregate expenditure in two of the last three years	A	B

Detailed description of the PFM system for the assessed performance indicator

48. **The indicator evaluates the BCG, which in Kazakhstan is represented by the republican budget.** It specifically measures the category of BCG expenditures, excluding budget credits and acquisition of financial assets. Central government bodies oversee the preparation, approval, execution, and reporting of this budget, with the Ministry of Finance developing the draft and submitting it through government to Parliament for approval. The BCG is approved annually by Law for three years during a joint session of the Majilis and the Senate.

Recent or ongoing reform activities

49. **The new Budget Code requires creation of a State Statistics Report containing state finances for the state administration sector, the state sector, and relevant sub-sectors.**⁵¹ Sectors are defined according to classifications defined by legislation in the field of state statistics and based on generally accepted international standards.

⁵¹ New Budget Code, Article 135 (effective from January 1, 2025)

Performance level and Evidence for scoring

50. For the years assessed (2022-2024), one change was made to the approved budget in each year during the year. In 2022 and 2023, the actual aggregated expenditure exceeded the original approved amount. In 2024, the original aggregated expenditures were higher than the outturn. The aggregate expenditure outturn as a percentage of the approved aggregate expenditures for the BCG for 2022-2024 is presented in Table 2.1.

Table 2.1. Aggregate expenditure outturn (KZT million)

Aggregate expenditure	FY 2022	FY 2023	FY 2024
Original approved budget	15,645,414.7	20,578,663.3	23,316,158.5
Outturn	17,791,797.2	21,547,818.9	23,106,552.0
Outturn as a percentage of original approved budget	113.7%	104.7%	99.1%

Data source: Ministry of Finance. PEFA team calculations (Annex 4)

51. The aggregate expenditure outturn was between 95 percent and 105 percent of the approved aggregate expenditure in two of the last three years. Score A.

Performance change since a previous PEFA assessment

52. The 2018 PEFA identified deviations from the original budget were less than 10 per cent in two of the previous three years 2015-17. The 2025 PEFA finds that aggregate expenditure outturn was between 95 percent and 105 percent of the approved aggregate expenditure in at least two of the last three years.

53. This dimension shows an improvement from the previous PEFA assessment and accordingly the B score has been increased to the highest A score.

PI-2. Expenditure composition outturn

54. PI-2 measures the extent to which reallocations between the main budget categories during execution have contributed to variance in expenditure composition. Coverage is BCG for the last three completed FYs. It uses the M1 (WL) method for aggregating dimension scores. PEFA spreadsheets were used for assessment calculations (see Annex 4).

Methodological notes

55. Normative acts related to the budget process, budget laws, and budget execution reports for 2022-2024 were reviewed. Meetings were held with representatives

of the Ministry of Finance. PEFA spreadsheets were used for assessment calculations (see Annex 4).

Indicator/Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-2. Expenditure composition outturn (M1)		B+	C+
2.1. Expenditure composition outturn by function	The variance in expenditure composition by functional classification was less than 5% in two of the last three years (FY22 8.0%, FY23 4.7%, and FY24 4.0%)	A	C
2.2. Expenditure composition outturn by economic type	The variance in expenditure composition by economic classification was less than 10% in all the last three years (FY23 7.8%, FY23 9.6%, and FY24 5.5%)	B	C
2.3. Expenditure from contingency reserves	The actual expenditure charged to a contingency in the last three completed years was less than 3% of the original budget (FY22 2.6%, FY23 1.4%, and FY24 2.4%).	A	A

▮ Detailed description of the PFM system for the assessed performance indicator

56. The PI-2 indicator is calculated based on the expenditures of the BCG, a centralized fund established from receipts outlined by the Budget Code. The BCG is intended to support the operations of central government bodies, their subordinate institutions, and national policy directions. The law requires,⁵² that the BCG organizes expenditures by functional and administrative classifications, with economic classifications presented in budget execution reports rather than the original budget for the past three years. Procedures are established for revising and adjusting the budget during the year:⁵³ clarifications involve official amendments initiated by the government or Parliament, while adjustments allow changes within 5 to 10 percent under one administrator, subject to review by the Republican Budget Commission. Additionally, the budget includes provisions for contingency expenditures through a government reserve, as mandated by the Budget Code.

▮ Dimension 2.1. Expenditure composition outturn by function

57. Dimension 2.1 measures the difference between the original, approved budget and end-of-year outturn in expenditure composition, by functional classification, excluding contingency items, and interest on debt. For the assessment, normative

⁵² The Budget Code, Article 7

⁵³ The Budget Code, Articles 106, 107, and 111

acts related to the budget process, budget laws, and budget execution reports for 2022-2024 were reviewed. Meetings were held with representatives of the Ministry of Finance.

Performance level and evidence for scoring

58. The assessment of dimension 2.1. classified expenditures of the BCG for 2022-2024 according to 10 specific functions and one other expenditure group. The functional classification is in line with GFSM 2014.⁵⁴ The calculation is made according to the PEFA spreadsheet (see Annex 4) excluding contingency items and interest on debt.

Table 2.2. Expenditure composition outturn compared to original approved budget – functional

Variance (%)	FY 2022	FY 2023	FY 2024
Functional classification	8.0%	4.7%	4.0%

Data source: Ministry of Finance. PEFA team calculations (Annex 4).

59. The variance in expenditure composition by functional classification was less than 5 percent in two of the last three years (FY22 8.0 percent, FY23 4.7 percent, and FY24 4.0 percent). Score A.

Performance change since a previous PEFA assessment

60. The 2018 PEFA identified variance in expenditure composition by functional classification was less than 15 percent in two of the last three years. The 2025 PEFA finds the variance was less than 5 percent in two of the last three years (FY22 8.0 percent, FY23 4.7 percent, and FY24 4.0 percent). This dimension shows an improvement from the previous PEFA assessment and accordingly the C score has been increased to the highest A score.

Dimension 2.2. Expenditure composition outturn by economic type

61. Dimension 2.2 measures the difference between the original, approved budget and end-of-year outturn in expenditure composition by economic classification during the last three years, including interest on debt but excluding contingency items.

Performance level and evidence for scoring

62. The approved budget law does not present expenditures according to economic classification. The planned and actual data of the economic classification of expenditures are presented in the monthly and annual budget execution reports. Assessment of the dimension used the January report as the planned (original) figures of the economic classification. The total of the planned figures presented in the January report

⁵⁴ <https://www.imf.org/external/np/sta/gfsm/>

corresponds to the total of the expenditures approved by the original budget calculated according to the PEFA spreadsheet (see Annex 4). The economic classification presented is in line with GFSM 2014.

Table 2.3. Expenditure composition outturn compared to original approved budget – by economic classification

Variance (%)	FY 2022	FY 2023	FY 2024
Economic classification	7.8%	9.6%	5.5%

Data source: Ministry of Finance. PEFA team calculations (Annex 4).

Performance change since a previous PEFA assessment

63. The 2018 PEFA identified that variance in expenditure composition by economic classification was less than 15 percent in two of the three years. In the 2025 PEFA, variance was less than 10 percent in each of the last three years (FY22 7.8 percent, FY23 9.6 percent, and FY24 5.5 percent).

64. This dimension shows an improvement from the previous PEFA assessment and accordingly the C score has been increased to B.

Dimension 2.3. Expenditure from contingency reserves

65. Dimension 2.3 measures the average amount of expenditure charged to a contingency vote. The calculation was made in the PEFA spreadsheet (see Annex 4).

Performance level and evidence for scoring

66. Contingency expenditures are supported by a government reserve included in the BCG, with the total volume established accordingly as outlined in the Budget Code.⁵⁵ These reserves are designated for purposes such as population life support during natural and man-made emergencies, urgent expenses, fulfilling obligations under court decisions, and covering the cash deficit of regional budgets, budgets of cities of republican significance, and the capital. Allocation of funds from the government reserve is carried out within the limits of the volumes approved in the BCG by government resolution.

67. The expenditure from the reserve fund amounted to KZT 406,285.1 million in 2022, KZT 291,870.5 million in 2023, KZT 565,025.1 million in 2024. According to the data presented, this is an average rate of contingency expenditures in total budget expenditures over three years of 2.1 percent.

68. The actual expenditure charged to a contingency in the last three completed years was less than 3 percent of the original budget (FY22 2.6 percent, FY23 1.4 percent, and FY24 2.4 percent). Score A.

⁵⁵ The Budget Code, Article 19, <https://adilet.zan.kz/rus/docs/K080000095>_ Article 19

Table 2.4. Expenditure from contingency reserves (last three completed FYs)

%	FY 2022	FY 2023	FY 2024
Actual expenditure charged to a contingency vote	2.6%	1.4%	2.4%

Data source: Ministry of Finance. PEFA team calculations (Annex 4).

Performance change since a previous PEFA assessment

69. The 2018 PEFA identified actual expenditure charged to a contingency vote was zero. The actual expenditure charged to a contingency in the last three completed years was less than 3 percent of the original budget (FY22 2.6 percent, FY23 1.4 percent, and FY24 2.4 percent). The 2025 PEFA finds the average rate of contingency expenditures in total budget expenditures over three years was 2.1 percent. The score for this dimension is unchanged.

PI-3. Revenue outturn

70. PI-3 measures the change in revenue between the original approved budget and end-of-year outturn. Coverage is BCG for the last three completed FYs, 2022, 2023, and 2024. This indicator uses the M2 (AV) method for aggregating dimension scores.

Methodological notes

71. Normative acts related to the budget process, budget laws and budget execution reports for 2022-2024 were studied. Meetings were held with representatives of the Ministry of Finance. PEFA spreadsheets were used for assessment calculations (see Annex 4).

Indicator/Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-3. Revenue outturn (M2)		C	C
3.1. Aggregate revenue outturn	Aggregate revenue outturn was between 94% and 112% of the approved aggregate revenue in two of the last three years (FY22 124.2%, FY23 108.5%, and FY24 97.2%)	B	D
3.2. Revenue composition outturn	In 2022-2024, revenue composition outturn compared to the original approved budget for the last three completed years was more than 15% in two years (FY22 13.2%, FY23 19.0%, and FY24 31.1%)	D	B

▮ Detailed description of the PFM system for the assessed performance indicator

72. BCG revenues are: tax revenues, non-tax revenues, revenues from the sale of fixed capital, and transfers.⁵⁶ The Budget Code sets out how revenues are allocated among various budget levels: with stable tax and non-tax revenues assigned to local budgets; payments for state-provided services included in the budget financing those services, taxes that have a redistributive character and those with uneven tax bases are attached to higher-level budgets; and taxes with a clear territorial link area assigned to local budgets.

73. In 2022-2024, the BCG received transfers (guaranteed and targeted) from the NFRK, as well as budget withdrawals from second-level budgets. Tax revenues and transfers from the NFRK accounted for more than 90 percent of the total revenues of the BCG: tax revenues in 2022 - 63 percent, 2023 - 68 percent, and 2024 - 63 percent; transfers from the NFRK: 2022 - 29 percent, 2023 - 21 percent, and 2024 - 29 percent.

Recent or ongoing reform activities

74. The new Budget Code provides for wider use of analytical information in the budget process to analyze the impact on budget revenues and various sectors of the economy. This should improve the forecast for budget revenues. It has introduced a restriction on the use of target transfers from the NFRK, which can only be used for critical infrastructure, and appropriate criteria have been introduced.

▮ Dimension 3.1. Aggregate revenue outturn

75. Dimension 3.1 measures the extent to which revenue outturns deviate from the originally approved budget.

Performance level and evidence for scoring

76. The revenues of the BCG are approved annually by the Law on the Budget. The law determines the revenues of the BCG for the next three years. The forecasts are updated annually in the Law on the Budget adopted before the start of the new budget year.

77. In the reporting years, the outturn of the BCG's aggregated revenues in 2022 and 2023 exceeded the initially planned forecasts by 24.2 percent and 8.5 percent, respectively. In 2024, revenues fell short of the planned volume, with the aggregated revenue actual rate being 97.2 percent.

⁵⁶ The Budget Code, Article 49

Table 2.5. Aggregate revenue outturn (KZT million)

Total revenue	FY 2022	FY 2023	FY 2024
Original approved budget	12,848,935.1	17,543,276.1	20,194,798.0
Outturn	15,963,398.5	19,037,979.0	19,624,012.1
Outturn as a percentage of original approved budget	124.2%	108.5%	97.2%

Data source: Ministry of Finance. PEFA team calculations (Annex 4)

78. Aggregate revenue outturn was between 94 percent and 112 percent of the approved aggregate revenue in two of the last three years (FY22 124.2 percent, FY23 108.5 percent, and FY24 97.2 percent). Score B.

Performance change since a previous PEFA assessment

79. The 2018 PEFA identified that aggregate revenue outturn was between 92 percent and 116 percent of budget in only one of the three years. The 2025 PEFA finds this dimension shows an improvement from the previous PEFA assessment, and accordingly the D score has been increased to B score.

Dimension 3.2. Revenue composition outturn

80. Dimension 3.2 measures the variance in revenue composition and attempts to capture the accuracy of forecasts of the revenue structure and the ability of the government to collect the amounts of each category of revenues as intended.

Performance level and evidence for scoring

81. Revenues are broken down in the approved budget according to budget classification categories and headings. The coding system corresponding to the types of revenue is presented. All types of budget revenue records are in the TSA. The State Treasury publishes a monthly budget revenue execution report in the same format approved by the Budget Law, and often with greater detail.

82. Despite this transparency, the deviation between revenue composition outturn and the original approved budget remained significant during the reporting years, resulting in a low score for this dimension. Variances were particularly pronounced in 2023 and 2024, primarily due to a shortfall in tax revenue that was offset by increased transfers from the NFRK and dividends from state-owned shares.

83. In 2022-2024, revenue composition outturn compared to the original approved budget for the last three years was more than 15 percent in two years (FY22 13.2 percent, FY23 19.0 percent, and FY24 31.1 percent). Score D.

Table 2.6. Revenue composition outturn compared to the original approved budget

Variance (%)	FY 2022	FY 2023	FY 2024
Revenue composition	13.2%	19.0%	31.1%

Data source: Ministry of Finance. PEFA team calculations (Annex 4)

Performance change since a previous PEFA assessment

84. The 2018 PEFA identified that revenue composition variances were less than 10 percent in two of the three years. The 2025 PEFA finds there has been a deterioration of revenue composition outturn compared to the original approved budget for the last three completed years. This causes the score to deteriorate compared to the previous PEFA from B to D score.

2.2. Pillar Two: Transparency of public finances

85. Pillar II measures that information on PFM is comprehensive, consistent, and accessible to users. This is achieved through comprehensive budget classification, transparency of all government revenue and expenditure including intergovernmental transfers, published information on service delivery performance, and ready access to fiscal and budget documentation.

86. The assessment methodology and approach for Pillar II included a thorough review of the Budget Code, annual budget laws, and government reports on budget execution. Meetings were conducted with representatives from the Ministry of Finance, CSPP, and the Treasury Committee, with information also gathered via a pre-meeting questionnaire. In addition, budget requests, the 2025 Budget, 2022-2024 budget execution reports, and the development plans of ministries were reviewed. Conclusions from the Supreme Audit Chamber on the government's budget execution report were also considered, alongside information provided by the State Committee on Internal Public Audit, the Ministry of National Economy, and the Supreme Audit Chamber.

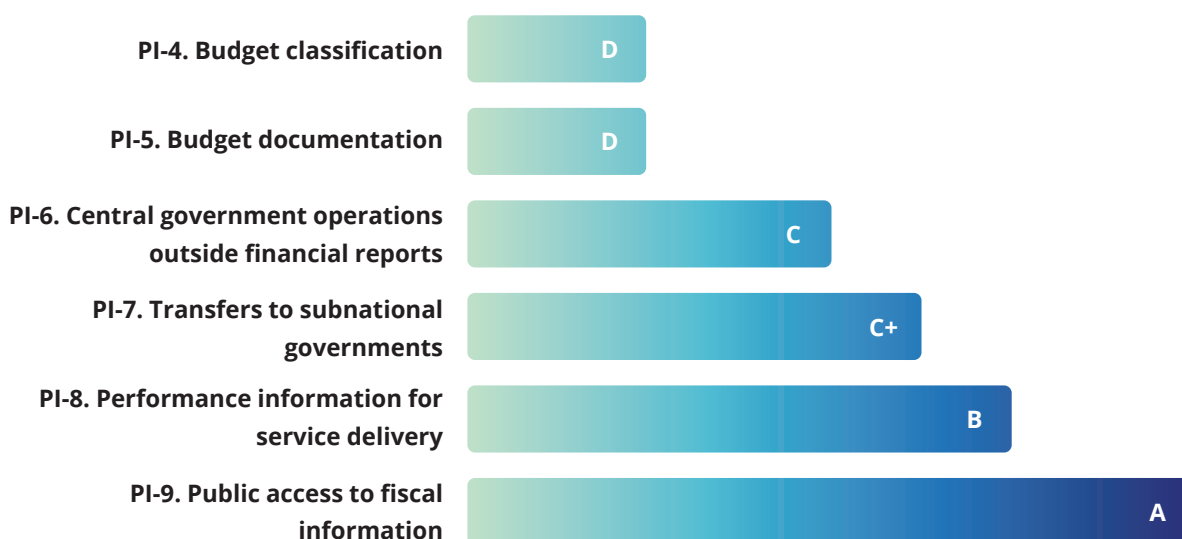
Overall performance: Analysis of key PFM strengths and weaknesses

87. Pillar II, which addresses the transparency of public finances, is closely associated with other indicators that assess technical efficiency within their respective domains. The budget classification dimension establishes the foundation for budget coverage, execution, recording, and auditing as well as in-year reporting and annual financial statements; however, it requires further extension to the budget formulation stage, particularly regarding economic classification. The TSA has been developed and

implemented across the BCG and extended to include SNGs and certain extra-budgetary agencies. Nonetheless, not all revenues and expenditures of extra-budgetary and service-delivery agencies are currently recorded and monitored within the comprehensive information system. As noted in Pillar I, this may impinge on the comprehensiveness of the actual budget. Budget documentation reflects the overall budget process – both strengths and weaknesses but does not capture all the elements from the overall preparation process and actual budget. The timeliness of information on transfers to SNG is affected by the weakness in the budget calendar for central government. Information on resources received by services delivery units reflects the IIST, but the absence of performance audits means that evaluation of service performance is not effective. Public access to information is good across the budget process, although there are areas where the content could be improved relating to investment and the budget.

88. Overall, the indicator scores for the pillar are mixed, with a median score of C.

Figure 2.2. Pillar Two: Transparency of Public Finances



PI-4. Budget classification

89. PI-4 assesses the extent to which the government budget and accounts classification is consistent with international standards. Coverage is of the BCG for the last completed FY.

Methodological notes

90. Budget classification, codes, annual budget, and budget execution reports were examined.

Indicator/Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-4. Budget classification		D	D
4.1. Budget classification	Although budget execution reports provide information based on functional (administrative) and economic classifications, the economic classification is not included at the budget approval stage.	D	D

▮ Detailed description of the PFM system for the assessed performance indicator

91. Budget classification is universal for all republican and subnational budgets and budgetary organizations at four levels;⁵⁷ there is classification of receipts; functional classification, covering administrative classification; and economic classification at functional group level, sub-functional group level; budget administrator level, and program (subprogram) level.⁵⁸

Recent or ongoing reform activities

92. Improvements in the economic classification have been made. Since 2024, integration of unified budget classification into the subsystem "regulatory and reference information" of the Budget Planning Information System,⁵⁹ ensures uniform application of the unified budget classification at all stages of the budget process (apart from economic classification for the budget approval stage). This improves the accuracy, efficiency, and transparency of budget planning.

93. Work on refining the budget classification structure is ongoing under the 2025 Budget Code, particularly with a revision of budget revenues and introduction of a new "special revenues" category. Special receipts now include: fees for negative environmental impact (per the Tax Code); subsoil user deductions for regional development, research, and training; fines for violating permissible anthropogenic standards; and funds or fines from subsoil users and oil sector organizations related to environmental damages or offenses.

▮ Dimension 4.1. Budget classification

Performance level and evidence for scoring

94. Receipts and functional (including administrative) classifications (4 digits) are used for all stages of the budget process: budget formulation, execution, and reporting. Economic classification is used for the execution and reporting phases. Economic

⁵⁷ The Budget Code (2024), Chapter 3 "Budget classification" articles 10-15 define the key provisions on budget classification.

⁵⁸ Minister of Finance Order No. 403 "Some issues of the Unified Budget Classification of the Republic of Kazakhstan" dated September 18, 2014, registered by the Ministry of Justice No. 9756 of September 26, 2014.

⁵⁹ Minister of Finance Order on Approval of the Rules for drawing up the Unified Budget Classification, September 1, 2024

classification is not used at the annual budget approval stage. Scores C and higher require that economic classification is used for all stages of budget process. **Score D.**

Performance change since a previous PEFA assessment

95. The 2018 PEFA identified that economic classification was not used at the budget approval stage. The 2025 PEFA found no changes. The D score is therefore unchanged.

PI-5. Budget documentation

96. PI-5 assesses the comprehensiveness of the information provided in the annual budget documentation, as measured against a specified list of basic and additional elements. Coverage is BCG for the last budget submitted to the legislature.

Methodological notes

97. The budget documentation was examined with respect to the elements in the indicator.

Indicator/Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-5. Budget documentation (M1)		D	B
5.1. Budget documentation	2 basic and 4 additional elements are presented in budget documentation	B	B

Detailed description of the PFM system for the assessed performance indicator

98. The annual budget development process, including budget proposal requirements is well defined.⁶⁰ The budget proposal includes macroeconomic indicators and underlying assumptions, aggregate fiscal revenues and expenses, information on the deficit and its financing sources, details on fiscal transfers between republican and subnational budgets, the ceilings for public debt stock, the total volume of issued guarantees and annual borrowing, as well as a report on budgetary risks and the long-term sustainability of public finances. Information on receipts and spending is presented for the budget year and for the following two years.

99. The government submits the draft annual budget law to Parliament with its attachments and pre-budget document (Socio-Economic Development Forecast). These two sets of documents are assessed by Parliament for the completeness of budget documentation.

⁶⁰ Budget Code, Chapters 12 and 13, Articles 71 and 74.

Recent or ongoing reform activities

100. Legislative norms introduced into the Budget Code in 2017,⁶¹ establish procedures and deadlines for the submission of forecast consolidated financial statements: from 2020 for the BCG and from 2023 for local budgets.

101. Several new procedures and standardized rules for preparing forecast consolidated financial statements were introduced since the 2018 PEFA.⁶² These aim to improve the process for developing and presenting budgetary forecasts at both national and local levels, ensuring greater consistency and transparency in financial planning and reporting.⁶³

102. The government now submits consolidated financial statements for the BCG to Parliament along with the draft law on the BCG. The forecast version of this statement was presented for the first time with the draft law on the BCG for 2021-2023.

103. A module to forecast consolidated financial statements was developed as an integral part of the IIST, consisting of two subsystems: for administrators of (i) republican programs and (ii) the BCG.

104. Since 2022, the government has also submitted an analytical report on budget risks and long-term fiscal sustainability when presenting the draft budget.⁶⁴ This annual report includes a prioritized analysis of budget risks and the creation of long-term economic forecasting models (covering ten years or more).

Dimension 5.1. Budget documentation

Performance level and evidence for scoring

Table 2.7. Budget documentation (last budget submitted to the legislature)

Element/ Requirements	Included (Y/N)	Source of evidence and comments
BASIC ELEMENTS		
1. Forecast of the fiscal deficit or surplus or accrual operating result	Yes	Law on 2025-2027 Annual Budget, Article 1, Attachment 1

⁶¹ Budget Code Articles 3, 60, 61-1, 74, 75

⁶² Resolution on Amendments to the Resolution of the Government, No. 502, dated August 24, 2017; Resolution on Approval of the Rules for Developing the Draft Republican Budget, No. 407, dated June 13, 2019; Ministry of Finance Order on Approval of the Rules for Preparing the Forecast Consolidated Financial Statements of the Administrator of Budget Programs, No. 492, dated May 27, 2019; Ministry of Finance Order on Approval of the Rules for Preparing the Forecast Consolidated Financial Statements for the Republican Budget, No. 1223, dated November 5, 2019; Ministry of Finance Order on approval of the Rules for Preparing Forecast Consolidated Financial Statements for the Regional Budget, the Budget of the City of Republican Significance, the Capital, No. 1108, dated October 27, 2021.

⁶³ In accordance with the Order of the Prime Minister dated January 12, 2018, No. 2-r

⁶⁴ The Budget Code, Article 74.

Element/ Requirements	Included (Y/N)	Source of evidence and comments
2. Previous year's budget outturn, presented in the same format as the budget proposal	No	Aggregate level information is presented in the Citizen's Budget document and attachment 1 of the Socio-Economic Development Forecast
3. Current FY's budget presented in the same format as the budget proposal	No	Aggregate level information is presented in the Citizen's Budget document and attachment 1 of the Socio-Economic Development Forecast
4. Aggregated budget data for both revenue and expenditure	Yes	Law on 2025-2027 Annual Budget
ADDITIONAL ELEMENTS		
5. Deficit financing, describing its anticipated composition	Yes	Law on 2025-2027 Annual Budget, explanatory note, chapter 7
6. Macroeconomic assumptions, including at least estimates of GDP growth, inflation, interest rates, and the exchange rate	No	Forecasts on GDP growth and inflation are presented in the annual budget supporting document 2025-2029 Socio-Economic Development Forecast, attachment 1. Exchange rate forecasts are not included, but can be indirectly calculated from GDP forecasts in USD and KZT. Exchange rate forecasts are included in the Citizen's Budget document (not submitted to Parliament). Information on the interest rate is not presented.
7. Debt stock, including details at least for the beginning of the current FY presented in accordance with GFS or other comparable standard	Yes	2025-2027 Annual Budget only has information on public debt stock ceiling for the end of budget year (article 24). 2025-2029 Socio-Economic Development Forecast (pages 40-41) has information on the public debt forecasts and debt stock for the beginning of the current FY (attachment 1).
8. Financial assets, including details at least for the beginning of the current FY presented in accordance with GFS or other comparable standard	No	No information in budget documentation. Information on composition and amounts published in statistical bulletin. ⁶⁵
9. Summary information of fiscal risks	Yes	Information on fiscal risks in budget documentation. Budget risks and long-term public finance sustainability document ⁶⁶ provides relevant information.

⁶⁵ Table 8, February 5, 2025 <https://www.gov.kz/memleket/entities/minfin/documents/details/792959?lang=ru>

⁶⁶ <https://www.gov.kz/memleket/entities/economy/documents/details/770454?lang=ru>

Element/ Requirements	Included (Y/N)	Source of evidence and comments
10. Explanation of budget implications of new policy initiatives and major new public investments, with estimates of the budgetary impact of all major revenue policy changes and/or changes to expenditure programs	No	Chapter III of the 2025-2029 Socio-Economic Development Forecast includes information on new policy initiatives. However, it lacks assessment of fiscal implications.
11. Documentation on the medium-term fiscal forecasts	Yes	2025-2027 Annual Budget, attachments 2 and 3. 2025-2029 Socio-Economic Development Forecast, Chapter 4
12. Quantification of tax expenditures	No	The requirement to present information on tax expenditure will come into force in January 2027. Accordingly, the information will be developed and will accompany the 2028 budget proposal according to article 54 of the Budget Code.

Source: <https://legalacts.egov.kz/npa/view?id=15182980>

<https://www.gov.kz/memleket/entities/economy/documents/details/714587?lang=ru>

105. Two basic and four additional elements are presented in the budget documentation. Score D.

Performance change since a previous PEFA assessment

106. The 2018 PEFA identified that budget documentation contained eight elements, including three basic elements and five additional elements. Two basic elements, information on current and previous years' budgets, were not presented in the budget documentation. Officials explained that budget documentation content and composition have not changed since the last PEFA. The 2025 PEFA finds that two basic and four additional elements are presented in the budget documentation. It may be that the 2018 PEFA counted the previous year's budget execution report and current year revised budget draft as element requirements that were met. But they are not part of annual budget documentation. If these two elements were assessed according to the methodology the score in 2018 would have been the same as it is now. The score B for this dimension is reduced to score D.

PI-6. Central government operations outside financial reports

107. PI-6 measures the extent to which government revenue and expenditure are reported outside central government financial reports. Coverage is of the central government for the last completed FY (2024). The assessment draws on the monthly

government report on the execution of the republican budget⁶⁷ and the consolidated budget execution report⁶⁸ prepared by the Ministry of Finance. This indicator uses the M2 (AV) method for aggregating dimension scores.

Methodological notes

108. The Budget Code, the annual budget laws, and the government's report on execution of the republican budget were examined. Meetings were held with representatives of the Ministry of Finance, CSPP, and the Treasury Committee. Information was supplied in a pre-meeting questionnaire.

Indicator/Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-6. Central government operations outside financial reports (M2)		C	D+
6.1. Expenditure outside financial reports	The expenditures of central government organizations outside the government's reports make up 8.4% of BCG expenditures	C	D
6.2. Revenue outside financial reports	The revenues of central government organizations outside the government's reports make up 33.8% of BCG revenues	D	D
6.3. Financial reports of extra-budgetary units	Most extra-budgetary units and state enterprises submit financial reports to their founder annually within six months of the end of the FY	B	B

Detailed description of the PFM system for the assessed performance indicator

109. Extra-budgetary central government funds are excluded from the republican budget but included in the consolidated budget, which is compiled for analysis and is not subject to approval.⁶⁹ The consolidated budget covers the republican and local budgets along with revenues and expenditures from the NFRK, State Social Insurance Fund, Social Health Insurance Fund, Victims Compensation Fund,⁷⁰ Education Infrastructure Support Fund,⁷¹ and Special State Fund.⁷² Their finances appear in the Ministry of Finance consolidated budget execution report and the government report on the execution of the republican budget.

⁶⁷ <https://www.gov.kz/memleket/entities/minfin/documents/details/684076?lang=ru>

⁶⁸ https://www.gov.kz/memleket/entities/minfin/documents/details/787839?lang=ru&utm_source=in_materials

⁶⁹ Budget Code, Article 2

⁷⁰ <https://adilet.zan.kz/rus/docs/Z1800000131>

⁷¹ <https://adilet.zan.kz/rus/docs/V2300031915>

⁷² <https://adilet.zan.kz/rus/docs/V2300033486>

110. However, the government's consolidated financial reports do not reflect the operations of all central government organizations. Two forms of SOEs, considered central government operations due to the functions, goals, and obligations of these organizations, are not included: (i) SOEs under operating management and (ii) NPJSEs. There are 65 SOEs under operating management, mainly organizations in the fields of culture, education, sports, and science that provide citizens with government services, and 51 NPJSEs,⁷³ including 43 educational institutions (mainly universities, as well as scientific/professional centers) and the Citizen Service Center established in 2020 (whose budget is 20 percent of all NPJSEs).

111. The Pension Fund is part of the central government but operates through commercial banks and does not have an account with the TSA. It has deposits placed in various international and domestic financial instruments. It prepares annual reports⁷⁴ in accordance with the Financial Reporting Standard "Accounting and Disclosure of Information on Operations with Pension Assets",⁷⁵ which is based on and compliant with IFRS Accounting Standards. The reports are audited by an international auditor and are made public. However, Pension Fund operations are not reflected in the government's consolidated reports, which has a significant impact on the assessment of this indicator.

Recent or ongoing reform activities

112. Since 2023, the BCG and the government report on the implementation of the BCG have included the State Social Insurance Fund and the Social Health Insurance Fund, with the budget presenting forecasts of these funds' revenues and expenditures for the next three years.

113. Since 2020, annual consolidated financial statements on the execution of the BCG have been incorporated into the government's reporting.⁷⁶

114. From 2025, annual government reports are set to include details on the revenue and expenditure of extra-budgetary funds as well as consolidated state-holding company reports, further enhancing the comprehensiveness of financial disclosures.⁷⁷

▮ Dimension 6.1. Expenditure outside financial reports

115. Dimension 6.1 assesses the magnitude of expenditures incurred by budgetary and extra-budgetary units (including social security funds) that are not reported in the government's financial reports.

⁷³ Information provided by the CSPP

⁷⁴ <https://www.enpf.kz/ru/indicators/report/>

⁷⁵ Approved by National Bank Board Resolution dated 26 July 2013, No. 195

⁷⁶ Budget Code, Articles 120-1 and 127

⁷⁷ New Budget Code, Article 121

Performance level and evidence for scoring

116. Certain central government entities—the Pension Fund, SOEs under operating management, and NPJSEs—do not have their expenditures included in consolidated government financial reports. These organizations submit revenue and expenditure reports to their founders and the CSPP. The Pension Fund's annual report follows IFRS Accounting Standards, is audited by international auditors, and is published. However, Pension Fund operations remain excluded from consolidated reports, which has a significant impact on the assessment of this indicator.

Table 2.8. Central government expenditures outside the government's consolidated financial reports (2024)

Title	Expenditure KZT million
Pension Fund	1,323,853.9
SOEs under operating management ⁷⁸	153,346.8
NPJSEs ⁷⁹	466,503.0
BCG	23,106,552.0
Central government expenditures outside the government's consolidated financial reports of BCG expenditures in %	8.4%

117. The expenditures of central government organizations outside the government's reports make up 8.4 percent of BCG expenditure. Score C.

Performance change since a previous PEFA assessment

118. The 2018 PEFA identified that expenditure of social insurance funds, Republican State Enterprises,⁸⁰ and state universities amounted to more than 10 per cent of BCG expenditure in 2017. The 2025 PEFA finds that the State Social Insurance Fund and the Social Health Insurance Fund are now reflected in the government's annual reports, decreasing the expenditure of extra-budgetary units outside of the central government reports. The score for this dimension has improved from D to C.

Dimension 6.2. Revenue outside financial reports

119. Dimension 6.2 assesses the magnitude of revenues received by budgetary and extra-budgetary units (including social security funds) that are not reported in the government's financial reports.

⁷⁸ 2023 data, at the time of preparing the table the data for 2024 was in the stage of collection and formation

⁷⁹ 2023 data, at the time of preparing the table the data for 2024 was in the stage of collection and formation

⁸⁰ Republican State Enterprise is a legal form used for organizations that are owned by the state and operate on the basis of economic management or operational management

Performance level and evidence for scoring

120. Revenue of central government organizations (the Pension Fund; SOEs under operating management; and NPJSEs) are not reflected in the government's consolidated financial reports. These organizations compile revenue and expenditure reports that are submitted to the founder and the CSPP. The Pension Fund's annual report follows IFRS Accounting Standards. All reports are audited by an international auditor and made publicly available. Nevertheless, Pension Fund operations remain outside of the government's consolidated reports, which affects the calculation of this indicator.

Table 2.9. Central government revenues outside the government's consolidated financial reports (2024)

Title	Revenue KZT million
Pension Fund	5,998,114.9
SOEs under operating management ⁸¹	147,811.8
NPJSEs ⁸²	483,690.7
BCG	19,624,012.1
Central government revenues outside the government's consolidated financial reports of BCG (revenues in %)	33.8%

121. The revenues of central government organizations outside the government's reports make up 33.8 percent of BCG revenue. This rate significantly exceeds the 10 percent required for a C score. **Score D.**

Performance change since a previous PEFA assessment

122. The 2018 PEFA identified that revenue of social insurance funds, SOEs, and state universities amounted to about 18 per cent of BCG revenue in 2017. The 2025 PEFA finds that the revenues of central government organizations outside the government's reports make up 33.8 percent of BCG revenue. This rate significantly exceeds the 10 percent required for a C score. Although the Social Health Insurance Fund and the State Social Insurance Fund are now included in the government's annual reports, the score has not changed in the 2025 PEFA, mainly because of the Pension Fund and the increase in its revenues. The D score for this dimension is unchanged.

Dimension 6.3. Financial reports of extra-budgetary units

123. Dimension 6.3 assesses the extent to which ex-post financial reports of extra-budgetary units are provided to central government.

⁸¹ 2023 data, the data for 2024 are in the stage of collection and formation at the time of preparing the table.

⁸² 2023 data, the data for 2024 are in the stage of collection and formation at the time of preparing the table.

Performance level and evidence for scoring

124. All state funds and state enterprises established by ministries are required to submit financial statements to their founders (ministries), following formats and schedules determined by their founding documents and the relevant legislation.

State organizations prepare financial statements according to established forms and standards for accuracy and consistency.⁸³ State enterprises with operational management responsibilities are expected to prepare financial statements in accordance with international standards.

125. The cases examined indicate that most of the extra-budgetary funds and organizations submitted their financial statements to their founders within six months of the end of the fiscal year. The table presents information on the relevant dates on the financial reports submitted to the founder ministries by the largest extra-budgetary organizations under consideration. Their share in the total amount exceeds 75%.

Table 2.10. Financial reports of extra-budgetary units

Name of extra-budgetary unit	Date of annual financial report received by CG	Content of annual financial report (Yes/No)			Expenditure as a percentage of total extra-budgetary unit expenditure
		Expenditures and revenues by economic classification	Financial and non-financial assets and liabilities	Guarantees and long-term obligations	
Pension Fund ⁸⁴	31-Mar-25	Yes	Yes	Yes	68.1%
State Corporation Government for Citizens ⁸⁵	15-Apr-25	Yes	Yes	Yes	5.1%
Sports Development Directorate	21-Apr-25	Yes	Yes	Yes	1.5%
Kazakh National Research Technical University - K.I. Satbayev University	21-May-25	Yes	Yes	Yes	1.3%
L.N. Gumilyov Eurasian National University	26-May-25	Yes	Yes	Yes	1.8%

⁸³ Minister of Finance Order on Approval of Forms and Rules for the Preparation and Presentation of Financial Statements, No. 468, dated August 1, 2017 <https://adilet.zan.kz/kaz/docs/V1700015594>

⁸⁴ National Bank Resolution No. 28, dated May 22, 2025. <https://www.enpf.kz/ru/about/events.php>

⁸⁵ Financial statements for 2024. JSC "State Corporation "Government for Citizens". <https://gov4c.kz/upload/iblock/bd6/msdmu30de2zzfdb14z8lctb9bf01rpz.pdf>

126. Finance reports of most extra-budgetary funds and state enterprises are submitted to the founding ministries annually within six months of the end of the FY. Score B.

Performance change since a previous PEFA assessment

127. The 2018 PEFA identified that finance reports of most extra-budgetary funds and state enterprises were submitted to founding ministries annually within six months of the end of the FY. The 2025 PEFA finds no change. The B score for this dimension is unchanged.

PI-7. Transfers to subnational governments

128. PI-7 assesses the transparency and timeliness of transfers from central government to SNGs with direct financial relationships to it. It considers the basis for transfers from central government and whether SNGs receive information on their allocations in time to facilitate budget planning. This covers central government and SNGs with direct financial relationships with the central government for the last completed FY, 2024. This indicator uses the M2 (AV) method for aggregating dimension scores.

Methodological notes

129. The Budget Code, budget laws, and budget execution reports were examined. Meetings were held with representatives of the Ministry of Finance. Information was supplied in the pre-meeting questionnaire.

Indicator/Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-7. Transfers to SNG (M2)		C+	C
7.1. System for allocating transfers	Transfers based on a transparent and rule-based system account for 75.1% of the total transfers in 2024	B	C
7.2. Timeliness of information on transfers	Information on the annual amount of transfers sent to local authorities does not give them at least four weeks for timely planning of their budget	C	C

Detailed description of the PFM system for the assessed performance indicator

130. The budget system consists of four levels and the distribution of revenues between them is established by the Budget Code. The first level is the central budget,

the other three belong to local budgets: second level is regions, cities of republican significance, and the capital (20); third level is districts (cities of regional significance) (206); and fourth level is cities of district significance, villages, settlements, and rural districts (2,343). Local budgets, formed from tax revenues, non-tax revenues, and transfers,⁸⁶ are intended to finance the targets and functions of local government at the appropriate level, as well as to support state policy. They are approved by maslikhats of the corresponding level, while revision commissions control the execution of these budgets.

131. The share of transfers is approximately 55 percent of total local budget revenues. Inter-budgetary relations between the republican and regional budgets, budgets of cities of republican significance, and the capital are regulated by transfers and budget credits.⁸⁷ Transfers from the BCG are allowed only to regional budgets, budgets of cities of republican significance, and the capital. Budget transfers from the first level to the third- and fourth-levels are not allowed. Except in special cases, transfers between budgets of the same level are also prohibited.

132. Transfers are categorized as general, targeted current, or targeted development. General transfers include both subventions (from higher to lower budgets) and withdrawals (from lower to higher budgets), and their volumes are set for three years, broken down by year, by law.⁸⁸ If projected revenues exceed expenditures, withdrawals are made from the local to the higher budget—as occurred in 2024 with the Atyrau region, Almaty, and Astana. Targeted current transfers offset budget losses due to legislative actions affecting expenditures or revenues and can move between any budget levels. Targeted development transfers support local investment programs and require co-financing from the receiving lower-level budgets. All transfers are strictly regulated to ensure they are used only for their designated purposes within approved budget programs. The distribution of amounts of targeted current transfers to second-level budgets is determined annually after approval of the budget law.⁸⁹

133. Budget credits from the BCG can be provided to local budgets for the implementation of investment projects as part of the state's social policy, and in case of a forecast cash deficit during the FY.

Recent or ongoing reform activities

134. In the new Budget Code, approaches to the formation of general transfers in nature have been revised. Targeted general transfers were previously financed in the

⁸⁶ Determined by the Budget Code.

⁸⁷ Inter-budget relations between central and local governments are regulated by the Budget Code (Chapter 7 Inter-budget relations) https://adilet.zan.kz/rus/docs/K080000095_, the annual Law on the Republican Budget <http://law.gov.kz/client/#!/doc/203645/rus>, the Law on the Volume of Transfers of General Character <https://adilet.zan.kz/rus/docs/Z2200000161>, and by the Minister of National Economy Order on Approval of the Methodology for Calculating General Transfers <https://adilet.zan.kz/rus/docs/V1400010068>

⁸⁸ The methodology for calculating the general transfer approved by Minister of National Economy Order No. 139 dated December 11, 2014.

⁸⁹ Government Decree on the Implementation of the Law on the Republican Budget <https://adilet.zan.kz/rus/docs/P2300001108#z64>

form of targeted transfers from the higher budget for which a proposal was made to transfer certain expenses to the lower budget. The general transfer has been divided into targeted and non-targeted general transfers. Non-targeted general transfers are intended for financial support provided by guaranteed state services. Given the need for monitoring and control from central branch state bodies for funds transferred as state aid measures, a methodology for calculation and rules for planning and monitoring transfers of a general nature have been developed.

Dimension 7.1. System for allocating transfers

135. Dimension 7.1 assesses the extent to which transparent, rule-based systems are applied to budgeting and the actual allocation of conditional and unconditional transfers.

Performance level and evidence for scoring

136. In 2024, the BCG allocated several types of transfers to local budgets: general transfers, targeted transfers for development, and targeted current transfers. In determining general transfers, factors such as the region's tax potential, public service consumer numbers, and variables influencing public service costs are considered.⁹⁰

137. The central government defines the conditions and amount of targeted transfers, which are determined by the budget law and may be adjusted annually. The three-year volume of the general transfer established in the 2022 Budget Law was in effect in 2024 and the amounts were reflected in the 2024 Budget Law. The volume of the general transfer had not changed, and local budgets had received 100 percent of the planned transfer.

138. The total transfer from the BCG in 2024 was KZT 5,265,206.8 million, which was distributed to 16 regions and the city of Shymkent. All regions of Kazakhstan, cities of republican significance, and the capital received targeted transfers, totaling KZT 1,744,823.2 million. This included targeted transfers for development (KZT 1,470,656.6 million) and targeted current transfers (KZT 274,166.6 million). KZT 469,501.0 million budget withdrawals were made, including Atyrau region (KZT 168,718.8 million); Almaty city (KZT 226,102.1 million); and Astana city (KZT 74,680.1 million).

Table 2.11. Transfers from the BCG to local budgets – 2024

Type of transfer	Budget, 2024		Actual, 2024	
	Amount KZT million	% of total	Amount KZT million	% of total
General transfers	5,265,206.8	74.7%	5,265,206.8	75.1%

⁹⁰ Primary rules and calculation criteria established by Budget Code Article 45 and calculation methodology by Minister of National Economy Order No. 139 dated December 11, 2014.

Type of transfer	Budget, 2024		Actual, 2024	
	Amount KZT million	% of total	Amount KZT million	% of total
Target transfers for development	1,508,901.8	21.4%	1,470,656.6	21.0%
Target current transfers	276,395.6	3.9%	274,166.6	3.9%
Total	7,050,504.2		7,010,030.0	

139. Transfers based on a transparent and rule-based system account for 75.1 percent of the total transfers in 2024. Score B.

Performance change since a previous PEFA assessment

140. The 2018 PEFA identified that general transfers determined by formula represented 58.6 per cent of total BCG transfers to SNGs in 2017. The rules and methodology for calculating transfers have not changed since the previous assessment but the 2025 PEFA finds an increase in the share of general transfers in total transfers from 58.6 percent to 75.1 percent. The 2025 PEFA finds this dimension shows an improvement from the previous PEFA assessment, and accordingly the C score has been increased to B.

Dimension 7.2. Timeliness of information on transfers

141. This dimension assesses the timeliness of reliable information to SNG of their allocations from central government.

Performance level and evidence for scoring

142. The amount of general transfers from the BCG to the budgets of the second level is approved by law adopted for three years and the amount of the general transfer is determined for each year.⁹¹ The amount of the general transfer from the central budget to second-level budgets is communicated in advance, typically for several years ahead. This allows local authorities to know their expected allocations for each year and to plan accordingly. In most cases, information about general transfers is available before local governments begin their budget preparations for two out of every three years.

143. Targeted transfers, which make up a significant share of total transfers (over 10 percent), are allocated through government decisions based on set priorities

⁹¹ Law on the Amounts of Transfers of a General Nature Between the Republican and Regional Budgets, Budgets of Cities of Republican Significance, the Capital for 2023 – 2025, adopted on December 1, 2022, in force and valid for the 2025 budget.

and spending directions. However, local budgets are usually only informed about the final amounts for these targeted transfers in December, which impacts their ability to incorporate these funds into their budget planning in a timely manner.

144. Information on the annual transfer amount sent to local authorities does not give them at least four weeks for timely planning of their budget. Score C.

Performance change since a previous PEFA assessment

145. The 2018 PEFA identified that SNGs receive full information on prospective transfer amount less than four weeks before the beginning of the budget year. The 2025 PEFA found no change. The C score is therefore unchanged.

PI-8. Performance information for service delivery

146. PI-8 examines the service delivery information in the executive's budget proposal or its supporting documentation, and in year-end reports or performance audits or evaluations, as well as the extent to which information on resources received by service delivery units is collected and recorded. It assesses the provision of government services to the general public or specific target groups of citizens, excluding: services provided on a commercial basis through public corporations; policy functions, internal administration, and purely regulatory functions undertaken by the government; and areas of defense and national security. Considering the above, 20 ministries were selected for the assessment of dimensions 8.1, 8.2, and 8.4, which are responsible for providing various types of government services to citizens. Coverage is of the central government for all four dimensions and: for PI-8.1, performance indicators and planned outputs and outcomes for the next FY 2025; for PI-8.2, outputs and outcomes of the last completed FY, 2024; and for PI-8.3 and 8.4, last three completed FYs, 2022, 2023, and 2024. This indicator uses the M2 (AV) method for aggregating dimension scores.

Methodological notes

147. The Budget Code, 2025 Budget, 2022-2024 budget execution reports, budget requests, ministries' development plans, and the Conclusion of the Supreme Audit Chamber on the Government's Report on the budget execution report were studied. Information was supplied by the State Committee on Internal Public Audit, the Ministry of National Economy, and the Supreme Audit Chamber.

Indicator/Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-8. Performance information for service delivery (M2)		B	C+
8.1. Performance plans for service delivery	Ministries prepare information on the performance plan for service delivery that is published annually, covering budget program objectives, outputs, and outcomes. Information is disaggregated by program. Some of the outcomes are not sustainable and often change over time.	B	C
8.2. Performance achieved for service delivery	Ministries prepare information on the performance achieved in service delivery, which is published annually and includes both planned and actual outputs and outcomes. The information is disaggregated by program. Some outcomes of budget programs are not properly defined.	B	C
8.3. Resources received by service delivery units	Information on the resources received by service delivery units is collected and recorded for at least two large ministries. The reports consider all resources received by service delivery units and are prepared annually.	A	A
8.4. Performance evaluation for service delivery	The effectiveness and efficiency of service delivery are examined in most central government ministries. The coverage of performance audits conducted is low. Audit reports are not published.	C	D

▮ Detailed description of the PFM system for the assessed performance indicator

148. Key budget documents—such as the socio-economic development forecast, republican budget law, and state body development and operational plans—define central government priorities and programs.

149. State bodies produce five-year plans (approved in 2022-2023 for 2023-2027) which are updated every three years or as required,⁹² such as when budget parameters change affecting the implementation of target indicators, changes in the function of a state agency, etc. The National Development Plan through 2029 mandates that all institutional plans align with its goals.

150. State bodies follow a methodology determining the approaches to the development, implementation, monitoring, and adjustment of plans and presenting directions, goals, target indicators, tasks, performance indicators, and resources

⁹² Budget Code, Article 62

for their achievement.⁹³ Plans are finalized and approved by state body heads with oversight from the Ministry of National Economy within one month following the President signing the Law on the Republican Budget. They are published online within 10 working days of approval, except for restricted information.

151. To ensure implementation of the development plan, state bodies develop an operational plan that details activities in the current FY. It presents the responsible executor, the deadlines for the implementation of activities, indicators for the implementation of budget programs, etc. Annual reports on plan implementation are submitted to the Ministry of National Economy and posted online by March 1 each year. Government reporting includes analysis of planned versus achieved KPIs, outcomes, and reasons for unmet targets.

Recent or ongoing reform activities

152. The methodology for the preparation of development plans has been revised.⁹⁴ Key changes include a restructured framework, updated drafting formats to support digitalization and system integration, and a new adoption deadline of April 1. The revisions also introduce a new method for indicator decomposition and modify procedures for interacting with state bodies.

Dimension 8.1. Performance plans for service delivery

153. Dimension 8.1 assesses the extent to which KPIs for the planned outputs and outcomes of programs or services that are financed through the budget are included in the executive's budget proposal or related documentation for 2025, at the function, program, or entity level.

Performance level and evidence for scoring

154. Twenty central government ministries that provide government services to citizens were assessed based on their budget program performance indicators, as outlined in the 2023-2027 development plans.

155. The development plans of all ministries were drawn up in accordance with the approved methodology,⁹⁵ and published on the Unified Platform of Internet Resources of State Bodies (www.gov.kz). They outline priorities, goals, tasks, targets, KPIs, and resources disaggregated by program. All specify objectives, outputs, outcomes, and measurable KPIs. However, data on the extent to which the existing KPIs cover the budget programs, or whether they fully encompass the scope of these programs, is lacking.

⁹³ Ministry of National Economy Order No. 93, October 25, 2021, <https://adilet.zan.kz/kaz/docs/V2100024908>

⁹⁴ Ministry of National Economy Orders No. 93 (2021) and No. 61 (2024)

⁹⁵ Minister of National Economy Order No.93, 2021

156. The Supreme Audit Chamber's 2023⁹⁶ and 2024 Republican Budget Execution Reports highlight weak links between performance indicators and budget funds, noting that some indicators are formally approved and are being adjusted to better reflect actual values.

Table 2.12. Performance indicators and planned outputs and outcomes for 2025

№	Ministries	Program objectives specified (Yes/No)	KPI (Yes/No)	Performance plans	
				Planned outputs (Yes/No)	KPI (Yes/No)
1	Ministry of Internal Affairs ⁹⁷	Yes	Yes	Yes	Yes
2	Ministry of Emergency Situations ⁹⁸	Yes	Yes	Yes	Yes
3	Ministry of Foreign Affairs ⁹⁹	Yes	Yes	Yes	Yes
4	Ministry of Ecology and Natural Resources ¹⁰⁰	Yes	Yes	Yes	Yes
5	Ministry of Trade and Integration ¹⁰¹	Yes	Yes	Yes	Yes
6	Ministry of Agriculture ¹⁰²	Yes	Yes	Yes	Yes
7	Ministry of Labor and Social Protection ¹⁰³	Yes	Yes	Yes	Yes
8	Ministry of Finance ¹⁰⁴	Yes	Yes	Yes	Yes
9	Ministry of Justice ¹⁰⁵	Yes	Yes	Yes	Yes
10	Ministry of Digital Development, Innovation and Aerospace Industry ¹⁰⁶	Yes	Yes	Yes	Yes
11	Ministry of Education ¹⁰⁷	Yes	Yes	Yes	Yes
12	Ministry of Health ¹⁰⁸	Yes	Yes	Yes	Yes
13	Ministry of Science and Higher Education ¹⁰⁹	Yes	Yes	Yes	Yes
14	Ministry of Transport ¹¹⁰	Yes	Yes	Yes	Yes

⁹⁶ https://www.gov.kz/uploads/2024/6/24/9fb806d6f5c9e71055ae5213099d9478_original.4559373.pdf

⁹⁷ <https://www.gov.kz/memleket/entities/qriim/documents/details/402466?lang=ru>

⁹⁸ <https://www.gov.kz/memleket/entities/emer/documents/details/763246?lang=ru>

⁹⁹ <https://www.gov.kz/memleket/entities/mfa>

¹⁰⁰ <https://www.gov.kz/memleket/entities/ecogeo/documents/details/791381?lang=ru>

¹⁰¹ <https://www.gov.kz/memleket/entities/mti/documents/details/393724?lang=ru>

¹⁰² <https://www.gov.kz/memleket/entities/moa/documents/details/394041?lang=ru>

¹⁰³ <https://www.gov.kz/memleket/entities/enbek/documents/details/432754?lang=ru>

¹⁰⁴ <https://www.gov.kz/memleket/entities/minfin/documents/details/816805>

¹⁰⁵ <https://www.gov.kz/memleket/entities/adilet/documents/details/405426?lang=ru>

¹⁰⁶ <https://www.gov.kz/memleket/entities/mdai/documents/details/433821?lang=ru>

¹⁰⁷ <https://www.gov.kz/memleket/entities/edu/documents/details/437935?lang=ru>

¹⁰⁸ <https://www.gov.kz/memleket/entities/dsm/documents/details/809073?lang=ru>

¹⁰⁹ <https://www.gov.kz/memleket/entities/sci/documents/details/460888?lang=ru>

¹¹⁰ <https://www.gov.kz/memleket/entities/transport/documents/details/563894?lang=ru>

№	Ministries	Program objectives specified (Yes/No)	KPI (Yes/No)	Performance plans	
				Planned outputs (Yes/No)	KPI (Yes/No)
15	Ministry of Industry and Construction ¹¹¹	Yes	Yes	Yes	Yes
16	Ministry of Energy ¹¹²	Yes	Yes	Yes	Yes
17	Ministry of National Economy ¹¹³	Yes	Yes	Yes	Yes
18	Ministry of Tourism and Sports ¹¹⁴	Yes	Yes	Yes	Yes
19	Ministry of Culture and Information ¹¹⁵	Yes	Yes	Yes	Yes
20	Ministry of Water Resources and Irrigation ¹¹⁶	Yes	Yes	Yes	Yes

Data source: Unified Platform of Internet Resources of State Bodies¹¹⁷

157. The performance plan for service delivery is published annually and includes program objectives, KPIs, outputs, and outcomes. However, some outcomes are not sustainable and often change over time, showing that some KPIs are informal rather than substantive. Score B.

Performance change since a previous PEFA assessment

158. The 2018 PEFA identified that ministries' strategic plans contained quantified targets covering about 60 per cent of expenditure programs. The 2025 PEFA finds that the number of budget programs covered by KPIs has increased. Most central government ministries that provide government services directly to citizens develop and publish information on the services provided. The 2025 PEFA finds this dimension shows an improvement from the previous PEFA assessment, and accordingly the C score has been increased to B.

Dimension 8.2. Performance achieved for service delivery

159. Dimension 8.2 examines the extent to which performance results for outputs and outcomes are presented either in the executive's budget proposal or in an annual report or other public document, in a format and at a level (program or unit) that is comparable to the plans previously adopted within the annual or medium-term budget.

¹¹¹ <https://www.gov.kz/memleket/entities/mps/documents/details/434727?lang=ru>

¹¹² <https://www.gov.kz/memleket/entities/energo/documents/details/461103?lang=ru>

¹¹³ <https://www.gov.kz/memleket/entities/economy/documents/details/394955?lang=ru>

¹¹⁴ https://www.gov.kz/uploads/2024/2/12/c1841d83c889a25ad913c49687489cf3_original.827107.pdf

¹¹⁵ <https://www.gov.kz/memleket/entities/tsm/documents/details/428684?lang=ru>

¹¹⁶ <https://www.gov.kz/memleket/entities/water/documents/details/618999?lang=ru>

¹¹⁷ <https://www.gov.kz/?lang=en>

Performance level and evidence for scoring

160. As in the assessment of dimension 8.1, this dimension also considers the 20 ministries that provide government services to citizens. All of these ministries have approved five-year development plans, covering the years 2023-2027. The implementation progress of these plans is detailed in the government's report on the execution of the BCG, addressing planned and actual KPIs, results achieved, and explanations for any deficiencies. As of the assessment date, the 2024 Republican Budget Execution Report had been submitted to both the Legislative Body and the Supreme Audit Chamber; and will be made publicly available upon approval.

161. The analytical section of Chapter 3 of the 2024 Republican Budget Execution Report outlines the status of services provided by ministries within the framework of their development plans, specifically highlighting the planned and achieved results under budget programs, along with the relevant KPIs for 2024. All 20 ministries reviewed had prepared analytical reports of their planned and achieved outputs and outcomes for 2024, including the relevant KPIs.

162. The Supreme Audit Chamber's 2023 Republican Budget Execution Report highlights the formal nature of some reported outputs and outcomes. It states: "The formal implementation of the set parameters of budget programs (result indicators, budget funds utilization) is maintained. At the same time, the Government report is limited to stating actual implementation, without analyzing the relationship with the approved parameters".

163. All ministries prepare information on the performance achieved in service delivery, which is published annually and includes both planned and actual outputs and outcomes. However, some outcomes of budget programs are not properly defined.
Score B.

Performance change since a previous PEFA assessment

164. The 2018 PEFA identified that some information on some programs was given in the published commentary on each year's budget execution report. The 2025 PEFA finds that the number of programs for which indicators of achieved results are presented has increased. This dimension shows an improvement from the previous PEFA assessment and accordingly the C score has been increased to B.

| Dimension 8.3. Resources received by service delivery units

165. Dimension 8.3 measures the extent to which information is available on the level of resources actually received by service delivery units of at least two large ministries (such as schools and primary health clinics) and the sources of those funds for 2022, 2023, and 2024.

Performance level and evidence for scoring

166. All operations of ministries and agencies financed through the BCG are recorded in the TSA. Transactions are captured via the IIST. The Treasury Committee compiles relevant reports daily. The Ministry of Finance prepares and publishes monthly and annual reports on state budget execution. Data recorded in the TSA is considered complete and reliable.

167. However, certain organizations that are not included in the BCG are nonetheless classified as central government entities under the GFSM 2014 framework (PI-6). The financial operations of these organizations are not processed through the TSA; instead they conduct transactions, including receiving revenue from service delivery, via accounts held at commercial banks. These organizations include NPJSEs and SOEs under operational management.

168. For the assessment of dimension 8.3, two ministries with such affiliated entities were examined: the Ministry of Science and Higher Education and the Ministry of Culture and Information. According to information from the CSPP, the Ministry of Science and Higher Education has established 30 universities with the legal status of NPJSE. These universities generate revenue from service delivery, which is deposited into accounts at commercial banks. The Ministry of Culture and Information oversees 36 SOEs under operational management and five NPJSEs, consisting mainly of state ensembles, libraries, and other cultural institutions. These entities also receive revenue from service delivery through commercial bank accounts.

169. All these NPJSEs and SOEs under operational management submit annual financial statements to their founding ministry and the CSPP. These reports detail the financial resources obtained from service provision, and their reliability is not in question.

170. Information on the resources received from service delivery by at least two large ministries is collected and recorded. The reports considered all resources received by service delivery and prepared annually. **Score A.**

Performance change since a previous PEFA assessment

171. The 2018 PEFA identified that information about the resources received by each school and health clinic could be obtained from the IIST or from annual returns made by JSCs to their parent Ministries or SNGs. The 2025 PEFA finds that the score for this dimension is unchanged.

Dimension 8.4. Performance evaluation for service delivery

172. Dimension 8.4 considers the extent to which the design of public services and the appropriateness, efficiency, and effectiveness of those services is assessed in a systematic way through program or performance evaluations for 2022, 2023, and 2024.

Performance level and evidence for scoring

173. The Law on State Audit and Financial Control defines the framework for conducting performance audits within state institutions, giving the Supreme Audit Chamber authority to carry out performance audits and assigning similar responsibilities to the internal audit service units of ministries.¹¹⁸

174. As with dimensions 8.1 and 8.2, this dimension focuses on the 20 ministries that deliver government services directly to citizens. Each has established internal audit services and the Supreme Audit Chamber conducts performance audits across all of them. Internal audit services conduct performance audits within their respective ministries, covering various structural units and functional areas. These audits also examine the efficiency and effectiveness of service delivery, including the utilization of budgetary funds. Supreme Audit Chamber performance audits assess the delivery of government services and the implementation of budget operations. These audits examine the planning and execution of the BCG in line with the principles of the national budget system and evaluate the efficiency and effectiveness of service delivery by ministries and other public institutions, including the management of budgetary resources.

175. Between 2022 and 2024, the Supreme Audit Chamber conducted performance audits in 15 of the 20 ministries assessed. These audits targeted selected programs within the ministries rather than assessing their full operations. Consequently, the coverage relative to the ministries' total budgets remains limited. Audit reports are not publicly available. A similar pattern is observed in the performance audits conducted by internal audit services. Over the past three years, internal audits were carried out in 16 of the 20 ministries assessed. These also focused on specific programs, resulting in limited budgetary coverage. Audit reports are not published.

176. The effectiveness and efficiency of service delivery are examined in most central government ministries. The coverage of performance audits conducted is low. Audit reports are not published. **Score C.**

Performance change since a previous PEFA assessment

177. The 2018 PEFA identified that the Accounts Committee had undertaken some performance auditing and the Ministry of Communications had undertaken some opinion surveys of service delivery, but coverage was very limited. The 2025 PEFA finds the number of performance audits conducted by the Supreme Audit Chamber and internal audit services of ministries on service delivery programs has increased, but their coverage is low. Audit results are still not published. This dimension shows an improvement from the previous PEFA assessment and accordingly the D score has been increased to C.

¹¹⁸ Law on State Audit and Financial Control, Articles 12 and 15 <https://adilet.zan.kz/eng/docs/Z1500000392>

PI-9. Public access to fiscal information

178. **PI-9 assesses the accessibility, comprehensiveness, and timeliness of fiscal information available to the public based on specified elements of information to which public access is considered critical.** Coverage is BCG for the last completed FY.

Methodological notes

179. **Relevant documents were accessed and examined as to their public availability and timeliness.**

Indicator/Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-9. Public access to fiscal information		A	D
9.1. Public access to fiscal information	5 basic and 3 additional elements are available to the public within the specified timeframe.	A	D

Detailed description of the PFM system for the assessed performance indicator

180. **The legal obligation for public institutions to publish information creates a basic framework for public access to fiscal information.**¹¹⁹ Budget transparency is defined as a key principle of the budget system, measures are defined for openness, such as public access to fiscal information, development of citizen's budgets, citizen's participation in the budget process, public discussion on the budget (approval and reporting stages), and mandatory information for publication by budget agencies.¹²⁰

Recent or ongoing reform activities

181. **The new Budget Code, effective from January 1, 2025, provides a legal basis for public access to information.**¹²¹

182. **Rules were approved on the development of a citizen's budget, which is a version of the enacted budget designed to be understandable by non-budget experts at both budget approval and execution stages.**¹²²

¹¹⁹ Law on Public Access to Information <https://adilet.zan.kz/rus/docs/Z1500000401>

¹²⁰ New Budget Code, Articles 4, 39, and 40

¹²¹ New Budget Code, Articles 4, 39, and 40

¹²² Minister of Finance Order No.15, January 9, 2018.

Dimension 9.1. Public access to fiscal information

Performance level and evidence for scoring the dimension

Table 2.13. Budget documentation 2024

Element/ Requirements	Criteria met (Yes/No)	Within the timeframe (Yes/No)	Explanation and source of evidence
BASIC ELEMENTS			
1. Annual executive budget proposal documentation. A complete set of executive budget proposal documents (as presented by the country in PI-5) is available to the public within one week of the executive's submission of them to the legislature.	Yes	Yes	Draft annual budget for 2025 was submitted to Parliament on August 28, 2024. Draft budget published on August 26, 2024. ¹²³
2. Enacted budget. The annual budget law approved by the legislature is made public within two weeks of passage of the law.	Yes	Yes	Annual budget for 2025 was approved by Parliament on December 4, 2024. Published on December 11, 2024. ¹²⁴
3. In-year budget execution reports. The reports are routinely made available to the public within one month of their issuance, as assessed in PI-28.	Yes	Yes	Mid-year reports are published within one month of their issuance. In 2024: January published February 23, 2024; ¹²⁵ February published March 26, 2024; ¹²⁶ March published April 25, 2024; ¹²⁷ April published May 27, 2024; ¹²⁸ May published June 25, 2024; ¹²⁹ June published July 22, 2024; ¹³⁰ July published August 23, 2024; ¹³¹ August published September 20, 2024; ¹³² September published October 24, 2024; ¹³³ October published November 22, 2024; ¹³⁴

¹²³ <https://legalacts.egov.kz/npa/view?id=15182980>

¹²⁴ <https://adilet.zan.kz/rus/docs/Z2400000141>

¹²⁵ <https://www.gov.kz/memleket/entities/minfin/documents/details/614117?lang=ru>

¹²⁶ <https://www.gov.kz/memleket/entities/minfin/documents/details/633050?lang=ru>

¹²⁷ <https://www.gov.kz/memleket/entities/minfin/documents/details/652014?lang=ru>

¹²⁸ <https://www.gov.kz/memleket/entities/minfin/documents/details/666459?lang=ru>

¹²⁹ <https://www.gov.kz/memleket/entities/minfin/documents/details/681689?lang=ru>

¹³⁰ <https://www.gov.kz/memleket/entities/minfin/documents/details/695128?lang=ru>

¹³¹ <https://www.gov.kz/memleket/entities/minfin/documents/details/710883?lang=ru>

¹³² <https://www.gov.kz/memleket/entities/minfin/documents/details/723986?lang=ru>

¹³³ <https://www.gov.kz/memleket/entities/minfin/documents/details/740102?lang=ru>

¹³⁴ <https://www.gov.kz/memleket/entities/minfin/documents/details/754048?lang=ru>

Element/ Requirements	Criteria met (Yes/No)	Within the timeframe (Yes/No)	Explanation and source of evidence
			November published December 24, 2024 ¹³⁵
4. Annual budget execution report. The report is made available to the public within six months of the FY's end.	Yes	Yes	2023 annual budget execution report published June 28, 2024. ¹³⁶
5. Audited annual financial report, incorporating or accompanied by the external auditor's report. The reports are made available to the public within 12 months of the FY's end.	Yes	Yes	Supreme Audit Chamber report on execution of 2023 annual budget report published June 24, 2024. ¹³⁷
ADDITIONAL ELEMENTS			
6. Prebudget statement. The broad parameters for the executive budget proposal regarding expenditure, planned revenue, and debt are made available to the public at least four months before the start of the FY.	Yes	Yes	Main parameters for the planned revenues, expenditure, and debt ceiling for 2025 published August 26, 2024. ¹³⁸
7. Other external audit reports. All nonconfidential reports on central government consolidated operations are made available to the public within six months of submission.	No	No	Audited entities publish only summaries of audit reports.
8. Summary of the budget proposal. Either (i) a clear, simple summary of the executive budget proposal is publicly available within two weeks of the executive budget proposal's submission to the legislature, or (ii) the enacted budget in a form understandable by non-budget experts (citizens' budget) is publicly available within one month of the budget's approval.	Yes	Yes	Citizen's budget on the 2025 draft annual budget published August 29, 2024, i.e. one day after draft annual budget was submitted to Parliament. ¹³⁹ Citizen's budget based on approved 2025 annual budget published December 24, 2024. ¹⁴⁰ Interim (monthly) and annual execution citizen budget reports also developed and published. ¹⁴¹

¹³⁵ <https://www.gov.kz/memleket/entities/minfin/documents/details/768953?lang=ru>

¹³⁶ <https://www.gov.kz/memleket/entities/minfin/documents/details/684076?lang=ru>

¹³⁷ <https://www.gov.kz/memleket/entities/esep/documents/details/681592>

¹³⁸ <https://legalacts.egov.kz/npa/view?id=15182980>

¹³⁹ <https://www.gov.kz/memleket/entities/minfin/documents/details/713600?lang=ru>

¹⁴⁰ <https://www.gov.kz/memleket/entities/minfin/documents/details/768889?lang=ru>

¹⁴¹ <https://www.gov.kz/memleket/entities/minfin/documents/details/687422?lang=ru>

Element/ Requirements	Criteria met (Yes/No)	Within the timeframe (Yes/No)	Explanation and source of evidence
9. Macroeconomic forecasts. The forecasts, as assessed in PI-14.1, are available within one week of their endorsement.	Yes	Yes	Macroeconomic forecast document (2025-2029 Kazakhstan socio-economic development forecasts) approved by the Cabinet on August 27, 2024. Published September 3, 2024. ¹⁴²

183. Five basic and three additional elements are available to the public within the specified timeframe. Score A.

Performance change since a previous PEFA

184. The 2018 PEFA identified three basic elements were made available to the public within the specified timeframe in 2018. The 2025 PEFA finds that two more basic and three additional elements were published within the specified timeframe and accordingly the D score has been increased to A.

2.3. Pillar Three: Management of assets and liabilities

185. Pillar III measures the effective management of assets and liabilities to ensure that public investments provide value for money, assets are recorded and managed, fiscal risks are identified, and debts and guarantees are prudently planned, approved, and monitored.

186. The assessment methodology and approach for Pillar III involved consultations with the State Property and Privatization Committee, the Treasury Committee, the Ministry of Finance, the Investment Policy and Financial Sector Development Department within the Ministry of National Economy. Completed questionnaires and financial statements were reviewed.

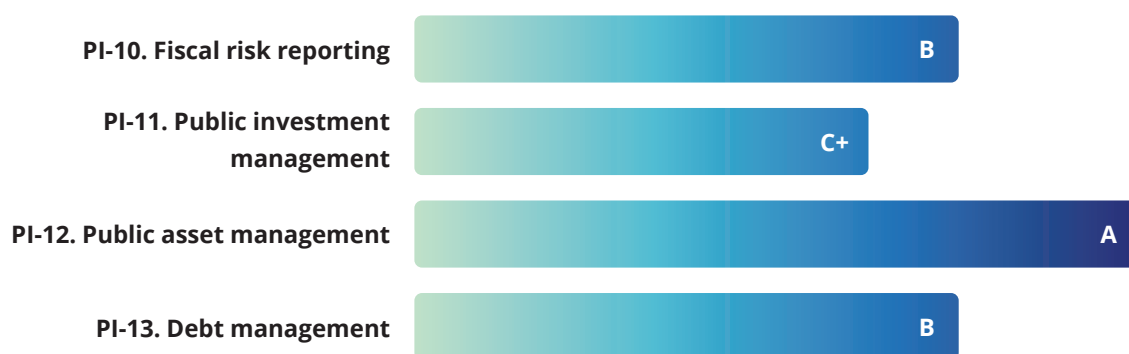
Overall performance: Analysis of key strengths and weaknesses

187. Pillar III demonstrates substantial strength in the management of assets and liabilities. Fiscal risk reporting related to SOE audited accounts is robust. Although SNG financial statements are audited promptly, their recent lack of publication remains an issue. Both financial and non-financial assets are reflected in the annual financial statements and reflect the ongoing (but not yet completed) adoption of international account-

¹⁴² <https://www.gov.kz/memleket/entities/economy/documents/details/714587?lang=ru>

ing standards. Investment management is well-established; however, from a PEFA perspective, there is a shortcoming due to the limited availability of published economic analyses, despite the publication of prioritization guidelines. The budget documentation does not provide comprehensive project costings, which also highlights a deficiency in medium-term expenditure budgeting perspectives. Furthermore, the absence of publicly available monitoring reports for investment implementation—despite ongoing internal monitoring and alignment with payment schedules—undermines the system's effectiveness. Lastly, while accounting, reconciliation practices, and debt approval processes are clearly defined, the lack of a formal debt management strategy hinders effective medium-term planning and the medium term budget.

Figure 2.3. Pillar Three: Management of Assets and Liabilities



188. The overall performance of the pillar is high, with both a median and mode score of B.

PI-10. Fiscal risk reporting

189. PI-10 measures the extent to which fiscal risks to central government are reported. Fiscal risks can arise from adverse macroeconomic situations, financial positions of SNG or public corporations, and contingent liabilities from the central government's own programs and activities, including extra-budgetary units. They can also arise from other implicit and external risks such as market failure and natural disasters. For the last completed FY, 2024, this indicator covers central government-controlled public corporations for PI-10.1, SNG entities that have direct fiscal relations with central government for PI-10.2, and central government for PI-10.3. It uses the M2 (AV) method for aggregating dimension scores.

Methodological notes

190. Meetings were held with the State Property and Privatization Committee, the Treasury Committee, and the Ministry of Finance.

Indicator/Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-10. Fiscal risk reporting (M2)		B	C+
10.1. Monitoring of public corporations	All submit their financial statements annually to the Depository of Financial Reporting by the end of August which meets the legal requirements on reporting. There is a consolidated report produced by the government on financial performance.	C	C
10.2. Monitoring of SNGs	All local authorities produce financial statements covering SNGs. These are audited. The majority of local authorities publish their financial statements, representing 54% of total subnational expenditures.	C	A
10.3. Contingent liabilities and other fiscal risks	A comprehensive fiscal risk report is updated and published annually and is submitted to Parliament as part of the budget documentation.	A	D

▮ Detailed description of the PFM system for the assessed performance indicator

Monitoring of State-Owned Enterprises

191. SOEs play a crucial role in the Kazakh economy, particularly in sectors such as energy and mining. They are present in at least 20 out of 30 sectors of the economy and account for around 6.2 percent of national employment. Kazakhstan's ownership structure for SOEs is dispersed across several large holding companies: Samruk-Kazyna is the most significant, managing about one third of national assets, with revenues amounting to 14 percent of GDP. Baiterek's revenues amounted to 0.13 percent of GDP.¹⁴³

192. In Kazakhstan, joint stock companies are subject to mandatory audits of their financial statements according to local legislation. The Law on Joint Stock Companies (JSC Law)¹⁴⁴ stipulates that audited financial statements for the previous year must be approved at the annual general meeting of shareholders, held within the first five months of the calendar year (article 35), and that JSCs must annually publish their consolidated financial statements on the financial reporting depository's online platform (article 76). Organizations of public interest are required to submit their financial statements to the Depository of Financial Reporting via its online portal by August 31 of the year following the reporting period.¹⁴⁵ SOEs are designated as organizations of public interest under the Law on Accounting and Financial Reporting.

¹⁴³ OECD Review of the Corporate Governance of State-Owned Enterprises in Kazakhstan www.oecd.org/en/publications/oecd-review-of-the-corporate-governance-of-state-owned-enterprises-in-kazakhstan_082c508b-en.html#

¹⁴⁴ Law on Joint Stock Companies, No.415, dated May 13, 2003

¹⁴⁵ As provided in the JSC Law and detailed in the Minister of Finance's Order No. 9 of January 28, 2022

Monitoring of SNG

193. Local authorities are required to be audited.¹⁴⁶ Audited financial statements must be submitted to the Treasury Committee by the end of March.

Recent or ongoing reform activities

SOEs

194. Recognizing the significance of its large SOE sector, the government has embarked on major reforms aimed at improving the governance and performance of SOEs. In 2022, new rules were established to ensure greater accountability in response to the country's development priorities.¹⁴⁷ The Ministry of Finance approved procedures for submitting financial statements by public interest organizations, leading to the creation of an electronic financial reporting depository.¹⁴⁸ This platform (<https://dfo.kz/>) provides open access to financial statements and audit reports submitted annually by organizations, as well as lists of affiliated persons and information on corporate events for JSCs. Organizations with subsidiaries are also required to submit annual consolidated financial statements, and all entities under mandatory audit must submit their financial statements and audit reports in electronic format, including scanned copies of signed and certified documents where applicable. For these organizations, the deadline for submitting annual financial reports is no later than April 30 of the year following the reporting year. Legislation determines that the objective of regulation in the field of accounting and financial reporting is to establish a legal basis for providing stakeholders with reliable information.¹⁴⁹

195. In 2023, the President announced a need to reduce the share of the state in the economy and to reform SOEs, in line with the 2025 National Development Plan and the 2030 Concept for the Development of Public Administration, including the intention to accelerate the privatization process.¹⁵⁰ Against the background of this call for reform, the Ministry of National Economy developed a seven-point action plan due for implementation by 2028.

SNGs

196. Due to a change in the regulations, SNGs were not required to publish audited financial statements on the Open Budgets portal. The need to publish has been rectified in the new Budget Code, effective January 1, 2025.

¹⁴⁶ Law on State Audit and Financial Control (392), Article 13.3, adopted on November 12, 2015

¹⁴⁷ Law on Accounting and Financial Reporting, dated February 28, 2007, Article 1 subparagraph 7 to implement the 2020 "Kazakhstan in the New Reality: Time for Action" address of the Head of State.

¹⁴⁸ Minister of Finance Order on approval of the Rules for the submission of financial statements by public interest organizations to the depository, No. 94, January 28, 2022

¹⁴⁹ Law on Amendments and Supplements to Certain Legislative Acts on Procurement Issues and the Elimination of Excessive Legislative Regulation, dated July 1, 2024, Article 4-1

¹⁵⁰ Decree of the President of the Republic of Kazakhstan No. 542 of 8 May 2024 "On Measures to Liberalize the Economy", <https://adilet.zan.kz/rus/docs/U2400000542>

Fiscal Risk Reporting

197. The Analytical Report on Budgetary Risks and long-term sustainability of Public Finances until 2056 is published and is to be updated annually.

Dimension 10.1. Monitoring of public corporations

198. Dimension 10.1 assesses the extent to which information on the financial performance and associated fiscal risks of the central government's public corporations is available through audited annual financial statements.

Performance level and evidence for scoring

199. There are some 600 organizations that are termed quasi-public sector that are government-owned in the form of JSC or SOE that are of a commercial nature. The definition of SOE is unclear, which is part of the reform program.

200. SOEs are required to submit their annual financial statements no later than April 30 of the year following the reporting year. The State Property and Privatization Committee maintains a register of all SOEs and information supplied and confirmed that most comply with the requirement. It was not possible to obtain comprehensive data for the PEFA assessment to verify the publication dates of audit reports, although a website search of a sample of major SOEs (including Samruk-Kazyna,¹⁵¹ Quazaq Gas,¹⁵² KazMunayGas,¹⁵³ KazTransGas Aimak,¹⁵⁴ Kazakhstan Temir Zholy National Company,¹⁵⁵ and Damu¹⁵⁶) confirmed that their 2023 audited statements were submitted on time and that audits were carried out by private sector international audit companies. If this sample were to be replicated for all SOEs, the dimension would have the highest PEFA score (confirming that the legal requirements have been met as stated).

201. The Depository of Financial Reporting stores the audited annual financial statements. Table 2.14 shows the timing of acceptance of audit submissions to the Depository, provided by the State Property and Privatization. This data set covers 625 SOEs, comprising 243 JSCs and 382 limited liability companies, providing information on revenue and long term assets.

202. In terms of materiality (both value of long term assets and turnover), for PEFA scoring purposes the data to meet the threshold for reporting within six months has not been supplied (even though it is likely being achieved). All submit financial statements to the Depository of Financial Reporting by the end of August which meets

¹⁵¹ Dated April 19, 2024, <https://ar2023.sk.kz/en>

¹⁵² Dated February 28, 2024, <https://qazaqgaz.kz>

¹⁵³ Dated March 12, 2024, <https://kazmunay-gas.kz>

¹⁵⁴ Dated February 16, 2024, <https://www.aimaq.kz/>

¹⁵⁵ Dated March 20, 2024 https://railways.kz/media/filer_public/d5/68/d5683ee1-2664-4fa4-9dd0-8671d1ac8952/26042023_separate_financial_statements_nc_ktz_jsc_for_2022.pdf

¹⁵⁶ Dated February 29, 2024, <https://damu.kz/en/>

that aspect of the legal requirements on reporting. As well as information compiled by the State Property and Privatization Committee, there is a national report on management of state assets and the quasi-public sector.¹⁵⁷ In terms of PEFA scoring, the government receives financial reports within nine months of the end of the financial year. **Score C.**

Table 2.14. Timing of SOE Financial Audits

Long Term Assets (Tenge)		Turnover (Tenge)		Timing of acceptance of audit submissions
JOINT STOCK COMPANIES				
29,973,860,542	25%	7,940,002,759	17%	Jan -June
6,224,396,534	5%	4,022,991,226	9%	July
81,277,687,683	69%	33,796,861,174	74%	August
453,027,379	0%	211,864,329	0%	September onwards
117,928,972,137	100%	45,971,719,488	100%	
LIMITED LIABILITY COMPANIES				
2,316,293,475	20%	1,789,768,592	17%	Jan -June
2,842,578,419	25%	3,424,206,874	32%	July
6,184,512,787	54%	5,230,891,522	49%	August
142,596,187	1%	136,469,637	1%	September onwards
11,485,980,867	100%	10,581,336,626	100%	
TOTAL				
32,290,154,017	25%	9,729,771,351	17%	Jan -June
9,066,974,953	7%	7,447,198,100	13%	July
87,462,200,469	68%	39,027,752,696	69%	August
595,623,566	0%	348,333,966	1%	September onwards
129,414,953,004	100%	56,553,056,114	100%	

Source: State Property and Privatization Agency

Performance change since a previous PEFA assessment

203. The 2018 PEFA identified that audited annual financial statements were published by most SOEs within eight months of the year end. No consolidated report on the financial performance of the SOE sector was published. The 2025 PEFA finds that all produce audited financial statements within nine months and there is a report

on financial performance in management of state assets and quasi-public sector. This dimension has no change in the score C.

Dimension 10.2. Monitoring of SNG

204. Dimension 10.2 assesses the extent to which information on financial performance, including the central government's potential exposure to fiscal risks, is available through audited annual financial statements of SNG.

Performance level and evidence for scoring

205. All local authorities produce financial statements covering the subnational entity. These are audited by the local audit commission annually (after the end of the FY and before May 20). This is adhered to. These financial statements are consolidated as part of government financial statistics reports.

206. Only 11 of the 20 local authorities published their audited financial statements for 2023 in 2024.¹⁵⁸ In total, the volume of local budgets amounted to KZT 13,981,457.1 million, while actual expenditures amounted to KZT 13,819,420.7 million. Within this, the volume of 11 regions amounted to KZT 7,558,150.3 million (54.1 percent), while actual expenditures amounted to KZT 7,515,918.1 million (54.4 percent).

207. The majority of local authorities published their financial statements representing 54 percent of total subnational expenditure. Score C.

Performance change since a previous PEFA assessment

208. The 2018 PEFA found that all SNG transactions took place through the Treasury system, and there was full quarterly reporting. A consolidated report on SNG revenue and expenditure was published as part of the state budget which consolidated the republican and all SNG budgets. SNG debt amounted to only about 0.5 per cent of state debt and was published quarterly. The 2025 PEFA finds that 11 of the 20 local authorities published their audited financial statements for 2023 in 2024. The score from the previous PEFA has been downgraded from A to C.

¹⁵⁸ Zhetysu: <https://beta.egov.kz/memleket/entities/zhetysu-oblysy/activities/directions?lang=ru>

Turkestan: <https://budget.egov.kz/arm/#/admin/material/3897148>

West Kazakhstan Region: <https://www.gov.kz/memleket/entities/bko-karzhy/press/article/details/201308?lang=ru>

Abay: <https://www.gov.kz/memleket/entities/abay-finans/documents/details/765707?lang=ru>

<https://www.gov.kz/memleket/entities/abay-finans/documents/details/765714>

North Kazakhstan oblast: <https://www.gov.kz/memleket/entities/sko/activities/directions?lang=ru>

Pavlodar: https://www.gov.kz/memleket/entities/pavlodar/documents/1?activities=_35590&lang=ru

Akmola: <https://budget.egov.kz/material/material?id=3857787&govAgencyId=4057491>

<https://beta.egov.kz/memleket/entities/aqmola-karzhy/documents/details/831876?lang=ru>

Kostanai: <https://www.gov.kz/memleket/entities/kostanai-karzhy/documents/details/733545?lang=ru>

Mangystau: <https://www.gov.kz/memleket/entities/mangystau-fin/documents/details/763961?lang=ru>

Shymkent: <https://budget.egov.kz/arm/#/admin/material-panel>

Astana: <https://gr5.e-gazyna.kz/p/ru/GrObjects/objects/teaser-view/184895?WebReportPluginId=46baee86-7bc5-4510-ba5a-be0530112d18&WebReportId=0&OptionName=WebReports>

Dimension 10.3. Contingent liabilities and other fiscal risks

209. Dimension 10.3 assesses monitoring and reporting of the central government's explicit contingent liabilities from its own programs and projects, including those of extra-budgetary units.

Performance level and evidence for scoring

210. The Analytical Report on Budgetary Risks and long-term sustainability of Public Finances until 2056 contains sections on fiscal risks.¹⁵⁹ It has a baseline and six scenarios, with macro scenario descriptions and analysis of risks and their effect on different macro scenarios for the period 2024 to 2029 annually.

211. It examines the fiscal implications of macro scenarios with general explanations and impact on revenues and expenditures. There is analysis of liabilities and quasi-public¹⁶⁰ sector risks including their contingent liabilities; a review of quasi-government entities, risks in the quasi-government sector, and forecasts and analysis of quasi-government sector debts. A section covers analysis of liabilities in the financial sector, a review of the financial sector's performance, and budget risks associated with the financial sector. There is also a section covering an analysis of liabilities and risks of PPP with a review of direct government PPP obligations, a review and analysis of fiscal risks on contingent liabilities related to PPP, and risk reduction measures. The report includes a public sector debt sustainability analysis addressing contingent liabilities on debts under government guarantees.

212. There is a long-term analysis to 2056 with respect to the specific risks from disaster and pandemic, relating to long-term public finance sustainability, demographic forecasts, and various scenarios: basic scenario, carbon neutral scenario, ecological risks, and productivity increase forecasts.

213. This fiscal risk report is updated and published annually and is one of the documents submitted to Parliament as part of the budget documentation package. Score A.

Performance change since a previous PEFA assessment

214. The 2018 PEFA identified that no consolidated reports had been produced about the risks arising from unguaranteed borrowing by SOEs and from PPPs. With the production of an annual fiscal risk report this dimension shows an improvement from the previous PEFA assessment and accordingly the D score has been increased to A.

¹⁵⁹ <https://www.gov.kz/memleket/entities/economy/documents/details/770454?lang=en>

¹⁶⁰ Not all of these are SOEs covered in dimension 1. Analysis is of transactions with the state, namely the acquisition of debt securities at the expense of NFRK, Pension Fund, and others.

PI-11. Public investment management

215. PI-11 assesses the economic appraisal, selection, costing, and monitoring of public investment projects by the government, with emphasis on the largest and most significant projects. Coverage is of the central government for the last completed FY, 2024. This indicator uses the M2 (AV) method for aggregating dimension scores.

Methodological notes

216. Meetings were held with the Investment Policy and Financial Sector Development Department in the Ministry of National Economy. Prior to the field mission a questionnaire was provided to the department requesting the information needed for the indicator.

Indicator/ Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-11. Public investment management (M2)		C+	C+
11.1. Economic analysis of investment projects	There are approved standard criteria for selecting/prioritizing investment which are publicly available. The Investment Policy and Financial Sector Development Department in the Ministry of National Economy reviews the economic analysis justifying a project presented by a sponsoring department. However, the actual analysis that is carried out is not published.	C	C
11.2. Investment project selection	The Ministry of National Economy prioritizes all projects submitted for consideration for budget approval prior to their inclusion in the budget of the submitting entity. This is based on published criteria. There is a clearly defined process in place for projects to be included in the budget.	A	A
11.3. Investment project costing	The capital costs of projects are included for three years annually but the associated recurrent costs are not.	C	D
11.4. Investment project monitoring	Monitoring of cost and physical implementation is conducted but implementation reports are not published.	C	C

Detailed description of the PFM system for the assessed performance indicator

217. Responsibility for an investment proposal falls within the individual ministry/agency that identifies and prepares an appraisal of a project, which is reviewed by the Investment Policy and Financial Sector Development Department of the

Ministry of National Economy. Following a positive appraisal, the project is submitted for consideration as part of the overall budget process and, if accepted, is included in the budget. Once a project is implemented, progress is monitored by the Investment Policy Department in conjunction with the Public Private Partnership Center of the Ministry of National Economy that reports on progress (cost and physical) quarterly under the regulations of the Ministry of National Economy.¹⁶¹

Table 2.15. List of major investment projects (for the last completed FY)

#	Project name	Institution in charge	Total investment cost of project KZT million	As a % of the total cost of all major projects
1	Construction of the third stage of the first line of the Almaty metro from the Kalkaman station to the Barlyk market.	Ministry of Transport	390,335	22.5%
2	Lending to Agrarian Credit Corporation for 2024-2025 to carry out activities to support entities of the agro-industrial complex.	Ministry of Agriculture	280,000	16.1%
3	Construction of infrastructure facilities of the Special Economic Zone National Industrial Petrochemical Technopark in the Atyrau region (Karabatan section). Water treatment and wastewater treatment plant 2-stage, 1-stage to provide resources to Butadiene LLP; Corridor of utility networks 2-stage; External water pipeline 2-stage; Evaporation pond.	Not specified	223,641	12.9%
3	Financial and economic justification of budget loan to Agrarian Credit Corporation for financing entities of the agro-industrial complex for investment projects.	Ministry of Agriculture	170,000	9.8%
5	Financial and economic justification of budget loan under budget program 262 to Agrarian Credit Corporation for carrying out activities to support entities of the agro-industrial complex for 2025.	Ministry of Agriculture	140,000	8.1%
6	Modernization and technical upgrade of checkpoints located on the Kazakhstan section of the customs border of the Eurasian Economic Union (EAEU) and the Main Dispatch Office (Situation Center) of the State Revenue Committee of the Ministry of Finance. Adjustment 2.	Ministry of Finance	139,189	8.1%

¹⁶¹ Minister of National Economy Order on Approval of the Rules for the Development or Adjustment, Conducting the Necessary Examinations of the Investment Proposal of the State Investment Project, as well as Planning, Consideration, Selection, Monitoring and Evaluation of the Implementation of Budget Investments and Determining the Feasibility of Budget Lending, No. 129, dated December 5, 2014. Registered in the Ministry of Justice No. 9938 on December 8, 2014.

#	Project name	Institution in charge	Total investment cost of project KZT million	As a % of the total cost of all major projects
7	Lending to Baiterek with subsequent lending to Development Bank of Kazakhstan for financing housing and communal services infrastructure facilities.	Ministry of Industry and Construction	120,000	6.9%
8	Financial and economic justification of the budget loan Lending to Baiterek with subsequent lending to Development Bank of Kazakhstan for financing projects of the agro-industrial complex.	Ministry of Agriculture	100,000	5.8%
9	Lending to Agrarian Credit Corporation with subsequent lending to KazAgroFinance to finance acquisition of agricultural machinery of Kazakhstani production and/or assembly for subsequent transfer to leasing.	Ministry of Agriculture	100,000	5.8%
10	Increase of authorized capital of Prodkorporatsiya for the implementation of state policy to stimulate the development of the agro-industrial complex.	Ministry of Agriculture	70,000	4.0%
Total			1,733,165	100%

Data source: Ministry of National Economy, Investment Policy Department

Recent or ongoing reform activities

218. The new Budget Code, effective January 1, 2025, specifies that project appraisal and monitoring reports must be published.

Dimension 11.1. Economic analysis of investment projects

219. Dimension 11.1 assesses the extent to which robust appraisal methods, based on economic analysis, are used to conduct feasibility or prefeasibility studies for major investment projects and whether the results of analyses are published.

Performance level and evidence for scoring

220. Rules exist for developing or revising state investment proposals, conducting required reviews, and overseeing the planning, selection, monitoring, and evaluation of budget investments and budget lending feasibility.¹⁶² The Investment Policy and Financial Sector Development Department of the Ministry of National Economy reviews the economic analysis justifying a project presented by a sponsoring depart-

¹⁶² Order of the Minister of National Economy dated 05.12.2014 No 129 <https://adilet.zan.kz/rus/docs/V1400009938>

ment based on the established criteria.¹⁶³ The actual analysis that is carried out is not published, but the PEFA Team was provided with a sample.

Table 2.16. Economic analysis of the 10 largest investment projects in the 2024 budget

As a % of the 10 largest approved projects	Economic analysis				
	Completed (Yes/No)?	If guidelines exist, analysis follows national guidelines (Yes/No)	Published (Yes/No)	Sponsoring entity	Reviewing entity
Project 1. Construction of the third stage of the first line of the Almaty metro from the Kalkaman station to the Barlyk market.					
22.5%	Yes	Yes	No	Ministry of Transport	Ministry of National Economy
Project 2. Lending to Agrarian Credit Corporation for 2024-2025 to carry out activities to support entities of the agro-industrial complex.					
16.1%	Yes	Yes	No	Ministry of Agriculture	Ministry of National Economy
Project 3. Construction of infrastructure facilities of the Special Economic Zone National Industrial Petrochemical Technopark in the Atyrau region (Karabatan section). Water treatment and wastewater treatment plant 2-stage, 1-stage to provide resources to Butadiene LLP; Corridor of utility networks 2-stage; External water pipeline 2-stage; Evaporation pond.					
12.9%	Yes	Yes	No	Not specified	Ministry of National Economy
Project 4. Financial and economic justification of the budget loan to Agrarian Credit Corporation for financing entities of the agro-industrial complex for investment projects.					
9.8%	Yes	Yes	No	Ministry of Agriculture	Ministry of National Economy
Project 5. Financial and economic justification of a budget loan under budget program 262 to Agrarian Credit Corporation for carrying out activities to support entities of the agro-industrial complex for 2025.					
8.1%	Yes	Yes	No	Ministry of Agriculture	Ministry of National Economy
Project 6. Modernization and technical upgrade of checkpoints located on the Kazakhstan section of the customs border of the EAEU and the Main Dispatch Office (Situation Center) of the State Revenue Committee of the Ministry of Finance. Adjustment 2.					
8.1%	Yes	Yes	No	Ministry of Finance	Ministry of National Economy

¹⁶³ <https://adilet.zan.kz/rus/docs/V1400009938>. On Approval of the Rules for the Development or Adjustment, Conducting the Necessary Examinations of the Investment Proposal of the State Investment Project, as well as Planning, Consideration, Selection, Monitoring and Evaluation of the Implementation of Budget Investments and Determining the Feasibility of Budget Lending - "Adilet" LIS

As a % of the 10 largest approved projects	Economic analysis				
	Completed (Yes/No)?	If guidelines exist, analysis follows national guidelines (Yes/No)	Published (Yes/No)	Sponsoring entity	Reviewing entity
Project 7. Lending to Baiterek with subsequent lending to Development Bank of Kazakhstan for financing housing and communal services infrastructure facilities.					
6.9%	Yes	Yes	No	Ministry of Industry and Construction	Ministry of National Economy
Project 8. Financial and economic justification of the budget loan to Baiterek with subsequent lending to Development Bank of Kazakhstan for financing projects of the agro-industrial complex.					
5.8%	Yes	Yes	No	Ministry of Agriculture	Ministry of National Economy
Project 9. Lending to Agrarian Credit Corporation with subsequent lending to KazAgroFinance to finance the acquisition of agricultural machinery of Kazakhstani production and/or assembly for subsequent transfer to leasing.					
5.8%	Yes	Yes	No	Ministry of Agriculture	Ministry of National Economy
Project 10. Increase of the authorized capital of Prodkorporatsiya for the implementation of state policy to stimulate the development of the agro-industrial complex.					
4.0%	Yes	Yes	No	Ministry of Agriculture	Ministry of National Economy
TOTAL					
100%					

Data source: Ministry of National Economy, Investment Policy Department

221. There are rules for the development or adjustment, conducting the necessary examinations of the investment proposal of the state investment project, as well as planning, consideration, selection, monitoring, and evaluation of the implementation of budget investments and determining the feasibility of budget lending.¹⁶⁴ The Investment Policy Department in the Ministry of National Economy reviews the economic analysis justifying a project presented by a sponsoring department based on the established criteria for carrying out an economic PEFA analysis.¹⁶⁵ However, the actual analysis that is carried out is not published, but the PEFA Team was provided with a sample. **Score C.**

¹⁶⁴ Minister of National Economy on Rules for Development or Adjustment, Order No. 129, dated December 5, 2014 Appendix 3-1 dated December 5, 2014, No. 129 <https://adilet.zan.kz/rus/docs/V1400009938#z971>

¹⁶⁵ *ibid*

Performance change since a previous PEFA assessment

222. The 2018 PEFA identified that projects were appraised according to published criteria by a body separate from the sponsoring Ministry, but there was no systematic publication of the results. The 2025 PEFA finds that economic analysis of projects is still not published. The C score for this dimension is unchanged.

Dimension 11.2. Investment project selection

223. Dimension 11.2 assesses the extent to which the project selection processes prioritize investment projects against clearly defined criteria.

Performance level and evidence for scoring

224. Project selection criteria are established that cover evaluation of state investment proposals, as well as planning, review, selection, monitoring and evaluation of the implementation of budget investments and determining the feasibility of budget lending.

225. Revised criteria for the selection and determination of criteria for social and economic projects,¹⁶⁶ require alignment with state planning documents, presidential directives, and national priorities, such as economic diversification, infrastructure development, and modernization of the social sphere. Projects must also conform to technical¹⁶⁷ and regional¹⁶⁸ standards. If an investment object is held by a quasi-public sector entity, it is implemented as a budget investment through state participation in the entity's capital or through budget lending.

226. Projects are considered budget investment projects if they appear on a government institution's balance sheet, lack direct financial income, or primarily benefit a government entity. If project income comes from the state budget after investment, the state increases its share in the legal entity's authorized capital. If income is not from the state budget but the entity is a state enterprise or NPJSE, state participation in capital also applies. For other cases, a financial audit is required: if there are prudential or loan covenant restrictions, state participation increases; if not, funding is provided via a budget loan.

227. The Ministry of National Economy prioritizes all projects that submitted for consideration for budget approval prior to their inclusion in the budget of the submitting entity. This is based on the published criteria. There is a clearly defined process in place for projects to be included in the budget. **Score A.**

¹⁶⁶ Minister of National Economy Order No. 165, dated September 20, 2023 <https://adilet.zan.kz/rus/docs/V2300033441#z3>

¹⁶⁷ Minister of National Economy Order No. 165

¹⁶⁸ Approved by the joint order of the Ministers of National Economy; Education and Science; Health; Industry and Infrastructure Development; Culture and Sports; and Digital Development, Defense and Aerospace Industry; registered in the Register of State Registration of Regulatory Legal Acts 2019 under No. 18592

Performance change since a previous PEFA assessment

228. The 2018 PEFA identified that projects were selected according to priorities set by the President and included in the regularly updated socio-economic development forecast. The 2025 PEFA found no change. The A score for this dimension is unchanged.

Dimension 11.3. Investment project costing

229. Dimension 11.3 evaluates whether the budget documentation includes medium-term projections of investment projects on a full-cost basis and whether the budget process for capital and recurrent spending is fully integrated.

Performance level and evidence for scoring

230. The Republican Budget for 2025-2027 which details individual investment projects in each of the three years under consideration was reviewed.

Table 2.17. Investment project costing (Last completed FY)

#	Project name	Contents presented in the annual budget documents					As a % of the total cost of all listed projects
		Projections of the total life-cycle cost	Capital cost breakdown		Recurrent costs		
			Budget year only	Medium term (T, T+1, T+2)	Budget year only	Medium term	
		No		Yes	No	No	-

Data source: On the Republican Budget for 2025 - 2027 - "Adilet" Information Retrieval System¹⁶⁹

231. Examination of the republican budget for 2025-2027 shows that the capital costs of projects are included for each of the years but not the associated recurrent costs related to the projects. Score C.

Performance change since a previous PEFA assessment

232. The 2018 PEFA identified that the budget documentation did not include either the total capital costs or total lifetime costs of each project. The 2025 PEFA finds that the capital costs are now included. This dimension shows an improvement from the previous PEFA assessment and accordingly the D score has been increased to C.

Dimension 11.4. Investment project monitoring

233. Dimension 11.4 assesses the extent to which prudent project monitoring and reporting arrangements are in place for ensuring value for money and fiduciary integrity.

Performance level and evidence for scoring

234. There are standard procedures and rules for implementing an investment project. These cover rules for development or adjustment, conduct of necessary examinations of the investment proposal of the state investment project, as well as planning, consideration, selection, monitoring, and evaluation of the implementation of budget investments and determining the feasibility of budget lending.¹⁷⁰

Table 2.18. Investment project monitoring (Last completed FY)

Total cost	Physical progress (Y/N)	Existence of standard rules and procedures (Y/N)	High level of compliance with procedures (Y/N)	Information on total cost and physical progress published annually (Y/N)
Project 1. Construction of the third stage of the first line of the Almaty metro from the Kalkaman station to the Barlyk market.				
390,334.6	Yes	Yes	Yes	No
Project 2. Lending to Agrarian Credit Corporation for 2024-2025 to carry out activities to support entities of the agro-industrial complex.				
280,000	Yes	Yes	Yes	No
Project 3. Construction of infrastructure facilities of the National Industrial Petrochemical Technopark in the Atyrau region (Karabatan section). Water treatment and wastewater treatment plant 2-stage, 1-stage to provide resources to Butadiene LLP; Corridor of utility networks 2-stage; External water pipeline 2-stage; Evaporation pond.				
223,641.2	Yes	Yes	Yes	No
Project 4. Financial and economic justification of the budget loan Lending to Agrarian Credit Corporation for financing entities of the agro-industrial complex for investment projects.				
170,000	Yes	Yes	Yes	No
Project 5. Financial and economic justification of a budget loan under budget program 262 to Agrarian Credit Corporation for carrying out activities to support entities of the agro-industrial complex for 2025.				
140,000	Yes	Yes	Yes	No

Total cost	Physical progress (Y/N)	Existence of standard rules and procedures (Y/N)	High level of compliance with procedures (Y/N)	Information on total cost and physical progress published annually (Y/N)
Project 6. Modernization and technical upgrade of checkpoints located on the Kazakhstan section of the customs border of the EAEU and the Main Dispatch Office (Situation Center) of the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan. Adjustment 2.				
139,189.2	Yes	Yes	Yes	No
Project 7. Lending to Baiterek with subsequent lending to Development Bank of Kazakhstan for financing housing and communal services infrastructure facilities.				
120,000	Yes	Yes	Yes	No
Project 8. Financial and economic justification of the budget loan Lending to Baiterek with subsequent lending to Development Bank of Kazakhstan for financing projects of the agro-industrial complex.				
100,000	Yes	Yes	Yes	No
Project 9. Lending to Agrarian Credit Corporation with subsequent lending to KazAgroFinance to finance the acquisition of agricultural machinery of Kazakhstani production and/or assembly for subsequent transfer to leasing.				
100,000	Yes	Yes	Yes	No
Project 10. Increase of the authorized capital of Prodkorporatsiya for the implementation of state policy to stimulate the development of the agro-industrial complex.				
70,000	Yes	Yes	Yes	No
TOTAL				
1,733,165				

Data source: Ministry of National Economy, Investment Policy Department

235. Monitoring of cost and physical implementation is conducted and linked to the processing of invoices through the issuing of certificates relating to progress. Implementation reports are not published. **Score C.**

Performance change since a previous PEFA assessment

236. The 2018 PEFA identified that the total costs and physical progress of projects were monitored, but the consolidated annual report to the President was not published. The 2025 PEFA finds no changes. The C score is therefore unchanged.

PI-12. Public asset management

237. PI-12 assesses the management and monitoring of government assets and the transparency of asset disposal. For the last completed FY, 2024, coverage is central

government for PI-12.1, BCG for PI-12.2, and both central government and BCG for PI-12.3. This indicator uses the M2 (AV) method for aggregating dimension scores.

Methodological notes

238. Meetings were held with the State Property and Privatization Committee. The financial statement was examined.

Indicator/ Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-12. Public asset management (M2)		A	C
12.1. Financial asset monitoring	The financial statement and its notes on financial assets details financial assets by type held in the government accounts. However, they are not fully in line with international accounting standards.	B	B
12.2. Nonfinancial asset monitoring	The financial statement has a note on fixed assets with initial costs and depreciation value at the start and end of the FY based on age covering buildings, facilities, machinery and equipment, and other fixed assets.	A	D
12.3. Transparency of asset disposal	There are clear procedures relating to disposal of both financial and non-financial assets. The financial statement reports on the movement of non-financial assets. The State Property and Privatization Committee reports on sale of SOEs. These reports are submitted to the legislature.	A	C

Detailed description of the PFM system for the assessed performance indicator

239. The State Property and Privatization Committee is responsible for monitoring the disposal of state assets by SOEs and central government. Each ministry and agency maintains an electronic record of physical assets under its stewardship which is monitored by the Accounts Department. The legislative framework governs the transfer and disposal of assets establishes general rules for the disposal, transfer and alienation of assets, including the terms of contracts and the procedure for their conclusion.¹⁷¹

Recent or ongoing reform activities

240. The new Budget Code, effective from January 1, 2025.

¹⁷¹ Civil Code No. 268-XIII dated December 27, 1994, Chapter 7 Transactions and Chapter 25 Alienation of Property and Law No. 413-IV dated March 1, 2011, Article 34 - Procedure for the transfer of state property, Article 39 - Disposal of state property, Article 46 - Sale of property through auctions and tenders.

Dimension 12.1. Financial asset monitoring

241. Dimension 12.1 assesses the nature of financial asset monitoring by central government, which is critical to identifying and effectively managing the key financial exposures and risks to overall fiscal management.

Performance level and evidence for scoring

242. The consolidated financial statements are prepared on an accrual basis and recognize the results of transactions when they occur, irrespective of payment timing.^{172,173} With respect to government-owned shares in SOEs, the examination of audited financial statements of the SOEs referenced in PI-10.1 indicates that equity is valued at the original equity value plus retained earnings or minus losses on an annual basis, and includes any additional shares at their purchase price.¹⁷⁴ This represents the value of the Government's holding in SOEs.

Table 2.19. Financial asset monitoring 2024

Asset Type	Records of holdings of financial assets maintained (Y/N)	Recognized at acquisition cost (Y/N)	Recognized at fair value (Y/N)	In line with international accounting standards (Y/N)	Information on performance published annually (Y/N)
Cash and cash equivalent	Yes	Yes at time of acquisition	Yes at current time	Partial	Yes
Short term financial investment	Yes	Yes at time of acquisition	Yes at current time	Partial	Yes
Short term debt repayment	Yes	Yes at time of acquisition	Yes at current time	Partial	Yes
Shares	Yes	Yes at time of acquisition	Revalued at point of sale	Yes	Yes

Data source: Financial Statements

¹⁷² Aligned with the new budget policy, as approved by Presidential Decree No. 590 dated June 26, 2013

¹⁷³ Kazakhstan has been gradually adopting IPSAS in the public sector since the 2010s, integrating elements into its national accounting system for government agencies. Annual financial statements follow national standards based on IPSAS. The Ministry of Finance oversees standard harmonization, with plans for further IPSAS adoption. Currently, 11 IPSAS standards are fully implemented and 24 are partially applied—meaning only certain provisions are in use or adjusted for local needs, sometimes resulting in incomplete asset or liability reporting. See PI-29.3

¹⁷⁴ The CSPP is responsible for recording SOEs and produces an annual report detailing annual aggregated information on SOEs. The IFRS are applied in producing the financial statements.

243. Consolidated financial statements are prepared on an accrual basis and provide for recognition of the results of transactions as they occur, regardless of when payments are made. However, they are not completely in line with full international accounting standards. **Score B.**

Performance change since a previous PEFA assessment

244. The 2018 PEFA identified that data about the government's holdings of financial assets were kept by the Ministry of National Economy and the CSPP under the Ministry of Finance. Information was published about the performance of the assets in the three main holding companies (see PI-10.1) which constituted the majority by value of all the government's holdings. The 2025 PEFA finds that data on financial assets is prepared and published. Equity is valued at the original equity value plus retained earnings or minus losses on an annual basis plus any additional shares at the purchase price. However there is an absence of full international accounting standards which maintains the score at a B.

Dimension 12.2. Nonfinancial asset monitoring

245. Dimension 12.2 assesses the features of nonfinancial asset monitoring for BCG. Reporting on nonfinancial assets should identify the assets and their use.

Performance level and evidence for scoring

246. The published Government financial statements have a note on fixed assets, listing initial costs and depreciation values at the beginning and end of the FY for buildings, facilities, machinery and equipment, and other fixed assets. The percentage annual depreciation rate assigned to the type of asset valued at original cost is specified in the explanatory note to the consolidated financial statements on the execution of the BCG. This indicates that age is a factor in the database. In addition, each ministry and agency maintain a record of all fixed assets under its guardianship which specifies when the assets were obtained (providing information on age) and their use. This information is recorded in the accounting system of the Register of State Property of CSPP which is both published and publicly available.¹⁷⁵

247. Government financial statements are published and have a note on fixed assets with initial costs and depreciation value at the start and end of the FY covering buildings, facilities, machinery and equipment, and other fixed assets. Information on state assets is recorded in the accounting system of the Register of State Property of CSPP which is publicly available. As well as fixed assets there is information on the value of intangible assets covering software, copyright, license agreements and others. **Score A.**

¹⁷⁵ <https://e-qazyna.kz/en/>

Table 2.20. Non-financial asset monitoring 2024

Categories	Subcategories (as relevant)	Records maintained in registers	Information on usage and age included (Full/Partial/No)	Information published (Y/N)
Fixed assets	Buildings and structures	Yes	Yes	Yes
	Machinery and equipment	Yes	Yes	Yes
	Other fixed assets	Yes	Yes	Yes

Data source: Government Financial Statements

Performance change since a previous PEFA assessment

248. The 2018 PEFA identified that data were held by the Ministry of Finance Information and Registration Centre. But public access was limited to certain sections and data was found to be incomplete. The 2025 PEFA finds that there is non-financial asset monitoring of both fixed assets and information on the value of intangible assets covering software, copyright, license agreements and others and that this is prepared and published. This dimension shows an improvement from the previous PEFA assessment and accordingly the D score has been increased to A.

Dimension 12.3. Transparency of asset disposal

249. Dimension 12.3 assesses whether the procedures for transfer and disposal of assets are established through legislation, regulation, or approved procedures. Financial assets coverage is central government and nonfinancial assets is BCG.

Performance level and evidence for scoring

Table 2.21. Transparency of asset disposal (last completed FY)

Procedures for financial asset transfer or disposal established (Y/N)	Procedures for nonfinancial asset transfer or disposal established (Y/N)	Information on asset disposal included in budget documents, financial reports, or other reports (Full/Partial)	Information on asset transfer and disposal submitted to legislature (Y/N)
Yes	Yes	Yes	Yes

Data source: Government Financial Statements

250. There are clear procedures relating to disposal of both financial and non-financial assets with the CSPP implementing the procedures.¹⁷⁶ Tendering and auctions used for asset disposal. Information on sales is included in the national report on management of state assets and quasi-public sector.¹⁷⁷ Income from the sale of goods, works, and services is included in the annual consolidated balance sheet table on annual consolidated report on the movement of money as well as in the revenue tables in the budget documentation provided to Parliament. The Government is obliged to submit to the Parliament National Report on management of state assets and quasi-public sector.¹⁷⁸
Score A.

Performance change since a previous PEFA assessment

251. The 2018 PEFA identified that disposals were regulated by the Law on State Property and managed by the CSPP. Sales were made by electronic auction, with publication of the prices paid, but not the identity of the purchasers. The 2025 PEFA finds that both the procedures and financial implications of asset disposal are transparent. This dimension shows an improvement from the previous PEFA assessment and accordingly the C score has been increased to A.

PI-13. Debt management

252. PI-13 assesses the management of domestic and foreign debt and guarantees. It seeks to identify whether satisfactory management practices, records, and controls are in place to ensure efficient and effective arrangements. Coverage is central government for all three dimensions - at time of assessment for PI-13.1, for last completed FY (2024) for PI-13.2, and at time of assessment with reference to the last three completed FYs, 2022, 2023, and 2024 for PI-13.3. This indicator uses the M2 (AV) method for aggregating scores.

Methodological notes

253. Information was supplied by the Ministry of Finance based on the information request questionnaire submitted. Meetings were held with the State Borrowing Department.

¹⁷⁶ The sale of privatization objects is carried out in accordance with the Rules for the sale of privatization objects, approved by the Government dated August 9, 2011, No. 920 with subsequent amendments.

¹⁷⁷ <https://adilet.zan.kz/rus/docs/p2400000909#z8>

¹⁷⁸ This clause was in the previous version of the Budget Code (chapter 26-1) <https://adilet.zan.kz/rus/docs/K080000095>: and is included into new Budget Code (art 56) <https://adilet.zan.kz/rus/docs/K2500000171#z3987> : 8. *The Central Authorized Body for State Property shall send the National Report on the Management of State Assets and the Quasi-Public Sector to the Central Authorized Body for Budget Planning and the Central Authorized Body for Budget Execution for inclusion in the materials attached to the draft law on the republican budget and the annual report on the execution of the republican budget - both go to the Parliament. This report should be published. First report was published in 2024 and has results for 2023 and has information on privatization*

Indicator/Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-13. Debt management (M2)		B	B
13.1. Recording and reporting of debt and guarantees	The Ministry of Finance prepares a statistical report on debt status and servicing quarterly and a public debt report is published quarterly. Debt reconciliation based on complete and accurate data is conducted monthly.	A	A
13.2. Approval of debt and guarantees	The Ministry of Finance is designated as the authorized body for all borrowings.	A	A
13.3. Debt management strategy	A medium-term debt management strategy is not prepared at the time of the assessment.	D	D

▮ Detailed description of the PFM system for the assessed performance indicator

254. Debt incurred and the interest paid are part of the budget preparation and execution process. There are measures aimed at reducing risks and the debt burden on the budget. Management of debt falls within the Ministry of Finance, which has a dedicated department dealing with debt.

255. Fiscal targets relating to debt require that government debt is no more than 27.5 percent of GDP by 2030. Public debt growth should not exceed 32 percent of GDP and total public debt and quasi-public sector debt should not exceed 53.2 percent of GDP by 2030 to maintain debt sustainability. Government debt servicing expenditures should not exceed 10 percent of BCG expenditures by 2030 to limit the debt burden on the budget.

256. The Public Finance Management Concept, adopted in 2022, stipulates that if debt covenants are exceeded a detailed analysis of the status and structure of public and government debt will be conducted.¹⁷⁹ If necessary, appropriate measures will be taken to optimize expenditure and ensure a balanced budget. As well as measures to adjust the budget deficit level, adjustments may be made to development programs regarding financing and/or project implementation timelines involving foreign participation, and indirect measures may be strengthened (such as introducing a special foreign exchange regime, regulating prudential norms, etc.) to discourage or limit external borrowing by residents.

¹⁷⁹ Public Finance Management Concept until 2030 approved by the decree of the President of Kazakhstan of 10 September 2022, No. 1005

Recent or ongoing reform activities

257. In accordance with the new Budget Code,¹⁸⁰ the government submits the following materials along with the draft law on the republican budget:

- Data on the state of public sector debt obligations, amounts paid for government debt repayment, and amounts paid under state guarantees and government obligations for public-private partnership projects, categorized by type of debt for the two reporting FYs and as of July 1 of the current FY.
- Data on the volumes of principal debt repayment and servicing, interest payments, commissions, and other payments in accordance with loan terms for each project financed through government external loans for the planned FY.
- Data on government and government-guaranteed borrowings, categorized by type and form, for the two reporting FYs and as of July 1 of the current FY.
- Information on the servicing and repayment of government debt, categorized by type, source, and loan conditions for the two reporting FYs and as of July 1 of the current FY.
- An analysis of the international debt capital market conditions, identifying potential opportunities for attracting government external borrowing.

258. To provide a complete picture of the state's actual financial capabilities, the new Budget Code includes a dedicated section on PFM. It introduces comprehensive measures for managing all the state's debt obligations. A key innovation is the introduction of the concept of public sector debt obligations. Comprehensive analysis covers:

- The status of accumulated obligations (by structure, currency, interest rates, and maturities).
- Key risks that are associated with the accumulated and projected debt portfolio.
- The ability to service and repay government debt, as well as the debt of local executive bodies and quasi-public sector entities.

259. Furthermore, information on the debt status of quasi-public sector entities, including debt servicing and repayment expenditures, will be published.

260. The new Budget Code also introduces tools for managing state debt obligations, including:

- A long-term forecast for Kazakhstan's development for 10 years, to be updated every three years, which will include an analysis and assessment of public finance sustainability, considering risks and public sector debt evaluation.
- The socio-economic development forecast will mandatorily include information on discrepancies between projected and actual figures for the corresponding period, along with explanations.

261. The analytical report on budgetary risks and the long-term sustainability of public finances until 2056,¹⁸¹ was published in 2022 and includes the following information:

- Analysis of liabilities and risks associated with public sector debt obligations.
- Analysis and forecast of quasi-public sector debt.
- Assessment of medium-term debt sustainability using macro-fiscal stress-testing-based modeling.

Dimension 13.1. Recording and reporting of debt and guarantees

262. Dimension 13.1 assesses the integrity and comprehensiveness of domestic, foreign, and guaranteed debt recording and reporting for central government at the time of assessment.

Performance level and evidence for scoring

263. The State Borrowing Department within the Ministry of Finance oversees debt management. It consists of several sub-departments: state external borrowing; government securities, guarantees, and warranties; public and publicly guaranteed debt; and concession projects. Debt-related data is managed through the E-Minfin (SAP) information system, complemented by Excel. The Ministry of Finance (including the CSPP), as well as Baiterek and Samruk-Kazyna, provide all relevant data, ensuring that every debt obligation is accurately documented in ministry records. The debt portfolio primarily includes fixed interest bonds (over 50 percent) and loans from International Financial Institutions (over 40 percent), with access to their Client Connect platform for reconciliation purposes.

264. On a quarterly basis, the Ministry of Finance prepares a statistical report on debt status and servicing. It covers state and guaranteed state debt, debt guaranteed by the state broken down by domestic by type of debt and external broken down by lender; the National Bank's domestic and external debt; and debt incurred by local executive bodies; and state-guaranteed debt, both domestic and external. Data on public debt is published quarterly on the Ministry of Finance website. Debt reconciliation is conducted monthly as part of the report preparation process.

Table 2.22. Recording and reporting of debt and guarantees (at time of assessment)

Categories	Records maintained (Y/N)	Records are complete and accurate (Y/N)	Frequency of update of records	Frequency of reconciliation M/Q/A/N	Statistical reports prepared (covering debt service, stock and operations)
Domestic debt	Yes	Yes	Monthly	Monthly	Yes

¹⁸¹ <https://www.gov.kz/memleket/entities/economy/documents/details/362610?lang=en>

Categories	Records maintained (Y/N)	Records are complete and accurate (Y/N)	Frequency of update of records	Frequency of reconciliation M/Q/A/N	Statistical reports prepared (covering debt service, stock and operations)
Foreign debt	Yes	Yes	Monthly	Monthly	Yes
Guarantee	Yes	Yes	Monthly	Monthly	Yes

Data source: Ministry of Finance

265. There is comprehensive recording and reporting of debt. Score A.

Performance change since a previous PEFA assessment

266. The 2018 PEFA identified that the Ministry of Finance and the National Bank maintained complete records of debt stock, debt service and guarantees, and reports were published quarterly. The 2025 PEFA finds there is effective recording and reporting of debt and guarantees. The A score for this dimension is unchanged.

Dimension 13.2. Approval of debt and guarantees

267. Dimension 13.2 assesses the arrangements for the approval and control of the government's contracting of loans and issuing of guarantees, which is crucial to proper debt management performance for central government in 2024.

Performance level and evidence for scoring

268. The Ministry of Finance is the central authorized body responsible for budget execution, including borrowing and issuing government securities to cover the national budget deficit as approved by Parliament.¹⁸² The Ministry is authorized to secure external loans based on requests from program administrators.¹⁸³ Conditions are established for granting state guarantees and requirements for entities applying for a state guarantee.¹⁸⁴ The issuance of government securities on international markets requires a government decree.¹⁸⁵ External loan agreements must be ratified by Parliament.¹⁸⁶ Only the government has the authority to provide state guarantees on loans, which the Ministry of Finance is authorized to administer.¹⁸⁷

269. The Ministry of Finance is designated as the authorized body for all borrowing. Score A.

¹⁸² Budget Code, Article 139, paragraph 7: government borrowing is limited by the amount of government debt and the volume of budget funds allocated for its servicing, established by the Law on the Republican Budget, Article 86, paragraph 4. The text of the draft budget law for the next financial year must contain, among other things, the amount of the budget deficit (surplus).

¹⁸³ Budget Code, Article 139

¹⁸⁴ New Budget Code, Article 141

¹⁸⁵ Budget Code, Article 139, paragraph 6

¹⁸⁶ In accordance with Law On International Treaties No. 54 dated May 30, 2005, Article 11, subparagraph 6)

¹⁸⁷ New Budget Code, Article 141

Performance change since a previous PEFA assessment

270. The 2018 PEFA identified that the Ministry of Finance undertook borrowing and provided guarantees on terms decided by the government and within limits set by the annual budget law. The 2025 PEFA finds there has been no change. The A score for this dimension remains unchanged.

Dimension 13.3. Debt management strategy

271. Dimension 13.3 assesses whether the government has prepared a debt management strategy with the long-term objective of contracting debt within robust cost-risk trade-offs at the time of assessment, for central government with reference to 2022, 2023, and 2024.

Performance level and evidence for scoring

272. There is no debt management strategy. The approval of a medium-term debt management strategy, covering a ten-year period, and updated once every three years, is planned under the new Budget Code.¹⁸⁸ It would include:

- an assessment of the sustainability of public finances, including an evaluation of the sustainability of current fiscal and budgetary policies, an assessment of the impact of all future changes on the budget, and an evaluation of the debt of the public sector.
- a forecast of the state of public finances.

273. This document will be published on the official website of the Ministry of Finance. Score D.

Performance change since a previous PEFA assessment

274. The 2018 PEFA identified the absence of a debt management strategy covering existing and projected borrowing and indicating the preferred evolution of risk indicators such as interest rates refinancing. The 2025 PEFA finds this still to be the case. Although there are plans to introduce a strategy, as yet there is not a published debt management strategy, so the D score remains unchanged.

2.4. Pillar Four: Policy based fiscal strategy and budgeting

275. Pillar IV measures the extent to which the fiscal strategy and the budget are prepared with due regard to government fiscal policies, strategic plans, and

adequate macroeconomic and fiscal projections. It also examines orderliness in the budget preparation process and the legislative scrutiny of the budget proposal.

276. The assessment methodology and approach for Pillar IV included meetings and interviews with the Ministry of National Economy, the Ministry of Finance, the Supreme Audit Chamber, Parliament, and their relevant departments. Key documents, such as budget documentation and medium-term strategies, were thoroughly reviewed and evaluated, as well as the legislative framework and budget request development methodologies. Discussions also took place with line ministries and parliamentary committees to inform the assessment process.

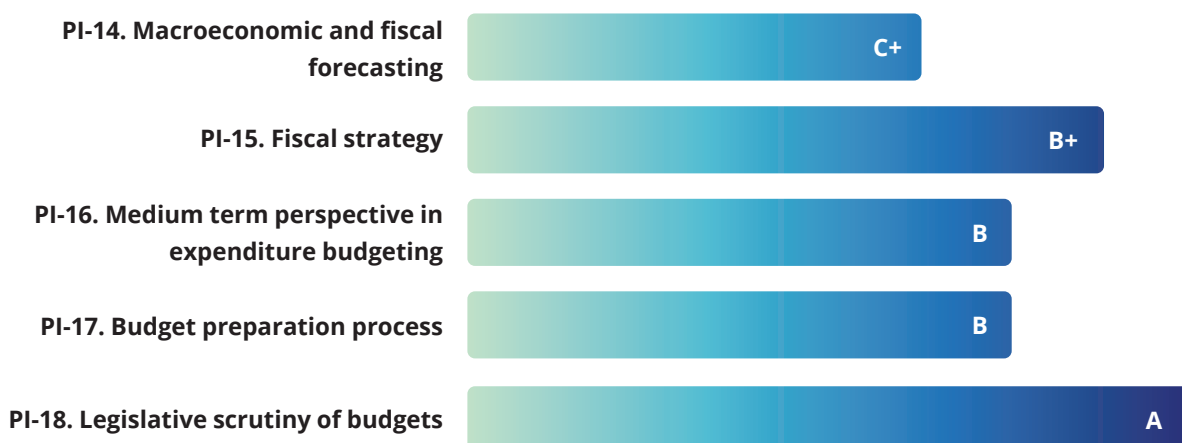
Overall performance: Analysis of key strengths and weaknesses

277. The indicators in Pillar IV demonstrate generally robust performance; although, some components of the medium-term budget framework require further development and implementation. The system's strengths in forecasting for the upcoming fiscal year are evidenced by an A score in PI-1 and a B score in PI-3.1. While macroeconomic and fiscal forecasting mechanisms are established, there remains scope for enhancement to further strengthen the fiscal strategy. The formulation of a medium-term expenditure perspective is present, but the lack of economic classification during the budgeting stage undermines its effectiveness. This issue is compounded by the omission of the total investment cost throughout its life span from the budget.

278. The connection between expenditures and KPIs—crucial for program-based budgeting—is made through strategic plans, but would benefit from performance evaluation through performance audits. The availability of comprehensive information within budget documentation remains limited, despite the efficiency of the budget preparation and approval processes. The ability of SNGs to have more time to prepare their budget is impacted by the budget calendar of the Central Government.

279. The overall performance of the pillar is high, as shown in the chart, with a median score of B.

Figure 2.4. Pillar Four: Policy Based Fiscal Strategy and Budgeting



PI-14. Macroeconomic and fiscal forecasting

280. PI-14 measures the ability of a country to develop robust macroeconomic and fiscal forecasts, which are crucial to developing a sustainable fiscal strategy and ensuring greater predictability of budget allocations. It also assesses the government's capacity to estimate the fiscal impact of potential changes in economic circumstances. For the last three completed FYs, 2022, 2023, and 2024, coverage is whole economy for PI-14.1 and central government for PI-14.2 and 14.3. This indicator uses M2 (AV) for aggregating dimension scores.

Methodological notes

281. Meetings were held with the Ministry of National Economy and the Ministry of Finance. Relevant documents were examined.

Indicator/ Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-14. Macroeconomic and fiscal forecasting (M2)		C+	C
14.1. Macroeconomic forecasts	The government prepares 5-year forecasts of key macroeconomic indicators, such as GDP growth, inflation, and exchange rate. No interest rate forecasts are presented. Macroeconomic indicators, together with the underlying assumptions, are included in budget documentation submitted to the legislature. These forecasts are updated once a year. The projections have been reviewed by the Supreme Audit Chamber.	D	D
14.2. Fiscal forecasts	Budget documentation submitted to Parliament contains fiscal forecasts, including revenues (aggregate and by type), expenditures (aggregate and by type), budget balance, and sources of deficit financing for budget and two more years, along with the underlying assumptions. Fiscal forecasts do not include explanations of differences from previous forecasts.	B	B
14.3. Macro-fiscal sensitivity analysis	Government prepares two alternative macroeconomic forecast scenarios for internal use. Only limited information on alternative scenarios is disclosed. Budget documentation includes discussion on sensitivities.	B	C

Detailed description of the PFM system for the assessed performance indicator

282. The Ministry of National Economy prepares key macroeconomic forecasts as defined by the Budget Code. Forecasts are presented in the Socio-Economic Develop-

ment Forecast of Kazakhstan. The document has a five-year outlook. The initial document is prepared by the government by April 15 and then updated by August 15. Macroeconomic forecasts are part of budget documentation submitted to Parliament. Forecasts are reviewed by the Supreme Audit Chamber.

283. The government prepares forecasts of main fiscal indicators, including revenues aggregated and by type, expenditures aggregated and by type, and balance and sources of financing (by type). The forecasts are developed for the budget and two more years.

284. Macroeconomic indicators include GDP growth, inflation rate, and currency exchange rates. However, forecasts on currency exchange rate are shown indirectly in the Socio-Economic Development Forecast. Currency exchange rates are explicitly shown only in the citizen's budget. No information about interest rates is prepared. Forecasts are based on the underlying assumptions.

Recent or ongoing reform activities

285. In recent years, Kazakhstan has worked to strengthen its system for managing public finances. The government has developed strategic concepts and frameworks to guide fiscal policy, including public debt, budget planning, and the NFRK.¹⁸⁹

286. Long-term forecasts for economic and financial development have been introduced from 2025, which are updated once every three years for a ten-year period and form the basis for tax and budget policy decisions.¹⁹⁰ When developing the forecast of socio-economic development for the medium term, the government considers the risks affecting the economy and the budget. Important factors include demographic changes, population aging, birth rates, and climate change, which affect economic growth, pension programs, healthcare, and taxation. These forecasts cover factors like options for external and internal conditions of socio-economic development; assessment of the socio-economic effect from the use of budget funds and other sources of financing the tasks and functions of the state, including deviations from the planned results and their causes; long-term risks of socio-economic development; assessment of the sustainability of public finances, including the sustainability of the current fiscal policy and the impact of future changes on the budget; forecast of economic development and public finances taking into account risks and external conditions; other key aspects of socio-economic development and finances. The long-term forecast cannot be clarified or adjusted when the budget changes.

287. In addition, the government now produces analytical reports on budget risks and long-term fiscal sustainability until 2050,¹⁹¹ which are shared with Parliament and the public to improve the country's approach to forecasting and risk management. Social and gender considerations are also increasingly integrated into forecasting

¹⁸⁹ New Budget Code, March 15, 2025. Concept for Managing Public Finances until 2030 dated September 10, 2022.

¹⁹⁰ New Budget Code, Article 50

¹⁹¹ New Budget Code, Article 74

through the Socio-Economic Development Forecast, aimed at promoting fairness and well-being across the population.¹⁹²

Dimension 14.1. Macroeconomic forecasts

288. Dimension 14.1 assesses the extent to which comprehensive medium-term macroeconomic forecasts relating to the whole economy and underlying assumptions are prepared to inform the fiscal and budget-planning processes and are submitted to the Legislative Assembly as part of the annual budget process.

Performance level and evidence for scoring

289. Macroeconomic forecasts are presented in the Socio-Economic Development Forecast. The document is prepared by the government by April 15. It is updated by August 15 and submitted to Parliament as part of budget documentation.

290. The government annually prepares forecasts for the key macroeconomic indicators, including GDP growth, inflation rate, and currency exchange rates. However, forecasts on currency exchange rates are shown only indirectly in the Socio-Economic Development Forecast. Currency exchange rates are shown explicitly in the citizen's budget. No information about interest rates is prepared. Forecasts are based on the underlying assumptions. Forecasts are reviewed by the Supreme Audit Chamber.

Table 2.23. Macroeconomic forecasts (2022, 2023 and 2024)

Indicator	Budget document year	Years covered by forecasts			Underlying assumptions provided (Y/N)	Frequency of update	Submitted to legislature
		Budget year T	Following year T+1	Following year T+2			
GDP growth	2022 2023 2024	Yes Yes Yes	Yes Yes Yes	Yes Yes Yes	Yes Yes Yes	Once a year	Budget year plus two following FYs
Inflation	2022 2023 2024	Yes Yes Yes	Yes Yes Yes	Yes Yes Yes	Yes Yes Yes	Once a year	Budget year plus two following FYs
Interest rates	2022 2023 2024	No No No	No No No	No No No	NA NA NA	NA NA NA	NA NA NA
Exchange rate ¹⁹³	2022 2023 2024	Yes Yes Yes	Yes Yes Yes	Yes Yes Yes	Yes Yes Yes	Once a year	Not submitted

Data source: Kazakhstan Socio-Economic Development Forecasts; Citizen's Budgets

¹⁹² New Budget Code, Article 51

¹⁹³ Information about exchange rate forecasts is presented explicitly in the citizen's budget that is developed along with draft annual budget. Citizen's budget is published but not submitted to the Parliament. Social-Economic Development Plan contains indirect information about exchange rate forecasts.

291. Forecasts cover the budget and four following years. If interest rates and exchange rates forecasts were included in the budget documentation, the score would be A. **Score D.**

Performance change since a previous PEFA assessment

292. The 2018 PEFA identified that the Ministry of National Economy prepared plans of social and economic development for five years, which were approved by government and submitted to Parliament together with the draft budgets. Forecasts were not reviewed by any independent body. The forecasts included GDP growth and inflation, but only indirect information on the exchange rate and none on interest rates. The 2025 PEFA found forecasts cover the budget and four following years and are reviewed by the Supreme Audit Chamber. However, due to missing forecasts on interest rates, there is no score improvement since the previous PEFA.

Dimension 14.2. Fiscal forecast

293. Dimension 14.2 assesses whether central government has prepared a fiscal forecast for the budget year and the two following FYs, based on updated macroeconomic projections which reflect government-approved expenditure and revenue policy settings.

Performance level and evidence for scoring

294. The government prepares forecasts for main fiscal indicators, including revenues aggregated and by type, expenditures aggregated and by type, balance and sources of financing (by type). The forecasts are based on macroeconomic forecasts and underlying assumptions and are developed for budget and two more years. They are part of budget documentation and are submitted to Parliament. Fiscal forecasts do not include explanations of differences from the previous year's forecasts.

Table 2.24. Fiscal forecasts (2022, 2023 and 2024)

Indicator	Budget document year	Years covered by forecasts			Underlying assumptions provided (Y/N)	Explanation of the main differences included (Y/N)	Submitted to legislature
		Budget year T	Following year T+1	Following year T+2			
Revenue by type	2022	Yes	Yes	Yes	Yes	No	Budget year plus two following FYs
	2023	Yes	Yes	Yes	Yes	No	
	2024	Yes	Yes	Yes	Yes	No	
Aggregate revenue	2022	Yes	Yes	Yes	Yes	No	Budget year plus two following FYs
	2023	Yes	Yes	Yes	Yes	No	
	2024	Yes	Yes	Yes	Yes	No	

Indicator	Budget document year	Years covered by forecasts			Underlying assumptions provided (Y/N)	Explanation of the main differences included (Y/N)	Submitted to legislature
		Budget year T	Following year T+1	Following year T+2			
Aggregate expenditure	2022	Yes	Yes	Yes	Yes	No	Budget year plus two following FYs
	2023	Yes	Yes	Yes	Yes	No	
	2024	Yes	Yes	Yes	Yes	No	
Budget balance	2022	Yes	Yes	Yes	Yes	No	Budget year plus two following FYs
	2023	Yes	Yes	Yes	Yes	No	
	2024	Yes	Yes	Yes	Yes	No	

Data source: Annual budget laws, Kazakhstan Socio-Economic Development Forecast

295. The government prepares forecasts for main fiscal indicators, including revenues aggregated and by type, expenditures aggregated and by type, balance and sources of financing (by type). The forecasts are developed for budget and two more years. They are part of budget documentation and are submitted to Parliament. Fiscal forecasts are based on macroeconomic forecasts and underlying assumptions. Fiscal forecasts do not include explanations of differences from the previous year's forecasts. **Score B.**

Performance change since a previous PEFA assessment

296. The 2018 PEFA identified that fiscal forecasts were prepared for three years ahead and presented to Parliament together with the main underlying assumptions. The 2025 PEFA finds that fiscal forecasts are prepared based on macroeconomic forecasts and underlying assumptions but do not include explanations of differences from the previous year's forecasts. The score for this dimension is unchanged.

Dimension 14.3. Macro-fiscal sensitivity analysis

297. Dimension 14.3 assesses the capacity of the central government to develop and publish alternative fiscal scenarios based on plausible unexpected changes in macroeconomic conditions or other external risk factors that have a potential impact on revenue, expenditure, and debt.

Performance level and evidence for scoring

298. Macro-fiscal analysis is presented in the Socio-Economic Development Forecast. It includes discussions on the differences between macro forecasts and actual outcomes. Key factors contributing to the macro-fiscal forecasts are analyzed. Sensitivity analysis covers exogenous shocks and risks, such as global economic growth, geopolitical

risks, exchange rate depreciation among key trade partner countries, price changes on crude oil, inflation, interest rates, etc., and their quantified fiscal impacts. Three macro-fiscal scenarios are developed: basic, optimistic, and pessimistic. Optimistic and pessimistic scenarios are based on key assumptions such as different GDP growth rate and crude oil price. The document includes some discussion on GDP, foreign trade, and budget revenue forecasts in case of alternative scenarios. Other details on alternative scenarios are not disclosed. **Score B.**

Performance change since a previous PEFA assessment

299. The 2018 PEFA identified that some information was given about the impact of alternative macroeconomic assumptions on fiscal forecasts. The 2025 PEFA found improved use of assumptions and scenarios in macro-fiscal analysis. As this dimension shows an improvement from the previous PEFA assessment, the C score has been increased to B.

PI-15. Fiscal strategy

300. PI-15 provides an analysis of the capacity to develop and implement a clear fiscal strategy. It also measures the ability to develop and assess the fiscal impact of revenue and expenditure policy proposals that support the achievement of the government's fiscal goals. Coverage is central government for the last three completed FYs, 2022, 2023, and 2024 for PI-15.1 and the last completed FY, 2024, for PI-15.2 and 15.3. This indicator uses the M2 (AV) method for aggregating dimension scores.

Methodological notes

301. Relevant documentation was assessed and examined. Interviews were conducted with the Ministries of National Economy and Finance, Supreme Audit Chamber, and Parliament.

Indicator/ Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-15. Fiscal strategy (M2)		B+	A
15.1. Fiscal impact of policy proposals	Assessment of fiscal impact on all policy initiatives is developed. The information (except on recurrent costs for major investment projects) is submitted to Parliament. The assessments cover budget and two following years.	B	A
15.2. Fiscal strategy adoption	The government fiscal strategy "Kazakhstan Socio-Economic Development Forecast for 2025-2029" is submitted to Parliament along with annual budget proposal. The document is published. The fiscal strategy includes both quantitative and qualitative objectives for budget and two following years.	A	A

Indicator/ Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
15.3. Reporting on fiscal outcomes	Reporting on fiscal outcomes is part of annual reporting submitted to Parliament and published. It includes information on progress towards fiscal objectives and main reasons for deviations from it. It does not include proposals to address deviations.	B	B

▮ Detailed description of the PFM system for the assessed performance indicator

302. The Socio-Economic Development Forecast for the following five-year period also covers fiscal strategy. Its development is part of the annual budget process. The document (initial draft) is developed by April 15 and is cleared by the Republican Budget Commission. The document serves as the basis for the determination of ministerial ceilings and the development of budget proposals. The Socio-Economic Development Forecast is updated in August and then submitted to Parliament as part of annual budget documentation before September 1.

303. The annual budget documentation package includes an explanatory note. The document provides assessments of the fiscal impact of key policy initiatives, like changes in tax rates, or indexation of pensions etc. Assessments are developed for three-year horizons.

304. The government develops and submits an annual report to Parliament that contains information on fiscal policy implementation. It provides information on the main deviations and discusses the reasons. The document does not include information about proposed corrective actions to address deviations from planned fiscal targets.

Recent or ongoing reform activities

305. The new Budget Code, effective from January 1, 2025.

▮ Dimension 15.1. Fiscal impact of policy proposals

306. Dimension 15.1 assesses the capacity of the government to estimate the fiscal impact of revenue and expenditure policy proposals developed during budget preparation in 2022, 2023, and 2024.

Performance level and evidence for scoring

307. The explanatory note is a part of the annual budget documentation submitted to Parliament. The document presents assessments of fiscal impact of all policy deci-

sions, such as decrease of excise tax on oil exports in Chapter 4 Revenues and increase of pensions in Chapter 8 Expenditures. Assessments are developed for budget and the following two years. The Government develops information on the capital and recurrent costs for major investment projects for budget and the following two years, however information on recurrent costs is not presented in the budget documentation. Score B.

Performance change since a previous PEFA assessment

308. The PEFA 2018 identified that budget documentation submitted to Parliament included the impact of revenue and expenditure decisions for the budget year ahead and the following two FYs. The 2025 PEFA finds the fiscal impact of policy proposals is included in budget documentation. Officials explained that budget documentation content and composition have not changed since the last PEFA. If the dimension were assessed according to the methodology the score in 2018 would have been the same as it is now. The A score for this dimension is decreased to B.

Dimension 15.2. Fiscal strategy adoption

309. Dimension 15.2 assesses the extent to which the government prepares a fiscal strategy in 2024 that sets out fiscal objectives for at least the budget year and the two following FYs.

Performance level and evidence for scoring

310. The Socio-Economic Development Forecast for 2025-2029 has been approved.¹⁹⁴ The fiscal strategy contains both qualitative and quantitative time-based fiscal targets up to 2027. The fiscal strategy includes information for aggregate revenues and expenditure, fiscal balance, and sources of deficit financing. The fiscal strategy was submitted to Parliament with the budget proposal on August 28, 2024, and published on September 3, 2024.

Table 2.25. Fiscal strategy adoption (Last completed FY)

Fiscal strategy				Includes quantitative information			Includes qualitative objectives (Y/N)
Prepared (Y/N)	Submitted to legislature (Y/N, Date)	Published (Y/N, Date)	For internal use only (Y/N)	Time-based goals and targets (Y/N)	Or objectives only		
					Budget (Y/N)	Forward Years (Y/N)	
Yes	August 28, 2024	September 3, 2024	No	Yes	Yes	Yes	Yes

Data source: Kazakhstan Socio-Economic Development Forecast for 2025-2029¹⁹⁵

¹⁹⁴ Cabinet meeting #28, August 27, 2024

¹⁹⁵ <https://www.gov.kz/memleket/entities/economy/documents/details/714587?lang=ru>

311. The government prepares a fiscal strategy in 2024 that sets out fiscal objectives for the budget year and the two following FYs. Score A.

Performance change since a previous PEFA assessment

312. The 2018 PEFA identified that the Socio-Economic Development Forecast included a chapter on fiscal strategy for three years. The Forecast was cleared by government and submitted to Parliament along with draft budget. The 2025 PEFA finds the A score for this dimension is unchanged.

Dimension 15.3. Reporting on fiscal outcomes

313. Dimension 15.3 assesses the extent to which the government makes available—as part of the annual budget documentation in 2024 submitted to the legislature—an assessment of its achievements against its stated fiscal objectives and targets.

Performance level and evidence for scoring

314. The annual budget report submitted to Parliament contains information on the results and progress on implementation of the fiscal strategy.¹⁹⁶ The document includes an explanation of deviations but does not provide information about proposed corrective actions. The document is published.

Table 2.26. Reporting on fiscal outcomes (Last completed FY)

Progress report completed (Y/N)	Last FY covered	Submitted to legislature (Y/N, Date)	Published with budget (Y/N, Date)	Includes explanation of deviation from target (Y/N)	Includes actions planned to address deviations (Y/N)
Yes	Yes	Yes, April 17, 2024	Yes, June 28, 2024	Yes	No

Data source: <https://www.gov.kz/memleket/entities/minfin/documents/details/684076?lang=ru>

315. The government reports on progress against its stated fiscal objectives and targets but does not provide information about proposed corrective actions. Score B.

¹⁹⁶ Annual budget Execution Report, Explanatory Note, Section 1.1.2; Chapter 3 - Analytical report, annual budget execution report.

Performance change since a previous PEFA assessment

316. The 2018 PEFA identified that the government's budget execution report was approved by Parliament about two months before the submission of the following year's budget and included information on progress against its fiscal strategy. The 2025 PEFA finds no change. The B score for this dimension is unchanged.

PI-16. Medium-term perspective in expenditure budgeting

317. PI-16 examines the extent to which expenditure budgets are developed for the medium-term, within explicit medium-term budget expenditure ceilings. It also considers the extent to which annual budgets are derived from medium-term estimates and the degree of alignment between medium-term budget estimates and strategic plans. Coverage is BCG for the last budget submitted to the legislature (2024) for PI-16.1, 16.2, and 16.3, and the last medium-term budget /current medium-term budget for PI-16.4. This indicator uses the M2 (AV) method for aggregating dimension scores.

Methodological notes

318. Budget documentation and medium-term strategies of the ministries were assessed. Interviews were conducted.

Indicator/ Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-16. Medium-term perspective in expenditure budgeting (M2)		B	B
16.1. Medium-term expenditure estimates	Annual budget includes medium-term expenditure estimates according to function, program, and administrative classifications. Expenditure estimates according to economic classification are not adopted.	C	C
16.2. Medium-term expenditure ceilings	Aggregate and ministry level ceilings for budget and two more years were disseminated to line ministries before ministries started work on their budget requests.	A	A
16.3. Alignment of strategic plans and medium-term budgets	Medium-term strategies are aligned for 96.2% of ministries. Strategies are costed. Budgets are aligned with medium-term strategies.	A	A
16.4. Consistency of budgets with previous year's estimates	Budget documentation provides some explanations of changes of estimates between two consecutive medium-term budgets at the aggregate level.	C	C

▮ Detailed description of the PFM system for the assessed performance indicator

319. Ministries and first-tier agencies prepare strategic development plans for five-year periods. Plans are costed and aligned to their respective annual budget expenditure estimates.

320. Annual revenue details and expenditure proposals are developed for functional groups, main budget organizations, and budget programs for the budget year and two following years.¹⁹⁷ Transfers for SNGs are approved for three-year terms.

321. Budget requests are developed using a methodology and rules¹⁹⁸ rather than an annual circular. Requests must be within budget ceilings determined by the central organ responsible for budget planning and approved for each Ministry before May 1.¹⁹⁹

Recent or ongoing reform activities

322. The new Budget Code, effective from January 1, 2025.

▮ Dimension 16.1. Medium-term expenditure estimates

323. Dimension 16.1 assesses the extent to which medium-term expenditure estimates are prepared and updated as part of the annual budget process. The preparation of medium-term estimates is intended to strengthen fiscal discipline and improve predictability of budget allocations. Medium-term estimates should be disaggregated by high-level administrative, economic, and program or functional classification. The coverage is the budget submitted in 2024 covering subsequent years.

Performance level and evidence for scoring

Table 2.27. Medium-term expenditure estimates (last budget submitted to legislature)

Classification	Level of disaggregation	Budget year (Y/N)	Two following FYs (Y/N)
Administrative	Ministry level	Yes	Yes
Economic	No		
Program/Function	Program and Functional classification	Yes	Yes

Data source: 2025-2027 annual budget of Kazakhstan, attachments 1, 2, 3

¹⁹⁷ Budget Code, Article 71.4

¹⁹⁸ Set by Minister of Finance Order 511 issued on November 24, 2014.

¹⁹⁹ Budget Code, Article 65.1

324. The annual budget law 2025-2027 provides estimates for the budget year and two following years. Information on expenditure estimates is presented according functional and program classification, as well as for the organizations according to administrative classification. The Budget Code sets out that expenditure according to economic classification is not subject for approval,²⁰⁰ and therefore is not presented in the budget proposal. **Score C.**

Performance change since a previous PEFA assessment

325. The 2018 PEFA identified that budget documentation presented the expenditure estimates for three years ahead, broken down by administrative, functional, and program classifications. There was no economic classification. The 2025 PEFA confirms that budget documentation continues to include medium-term expenditure estimates with limited disaggregation. As in 2018, data are not presented by economic classification. The C score for this dimension is unchanged.

Dimension 16.2. Medium-term expenditure ceilings

326. Dimension 16.2 assesses whether medium-term expenditure ceilings are applied to the estimates produced by ministries to ensure that expenditure beyond the budget year is consistent with government fiscal policy and budgetary objectives. Such ceilings should be issued to ministries before or when the first circular is distributed at the commencement of the annual budget preparation cycle. The coverage is the budget submitted in 2024 covering subsequent years.

Performance level and evidence for scoring

327. There is no practice of budget circulars in Kazakhstan. Instead, line ministries are guided by methodology.²⁰¹ The date of budget ceilings dissemination can be counted as a date to start the development of budget requests. Budget ceilings are broken down by ministries and contain information on ceilings for budget and two following years. Normally, according to the Budget Code, line ministries start developing their budget requests after ceilings are issued before May 1.

Table 2.28. Medium term expenditure ceilings (last budget submitted to legislature)

Level	Budget year (Y/N)	Two following FYs (Y/N)	Date of approval	Date of issuance of the first budget circular
Aggregate ceiling	Yes	Yes	May 22, 2024	May 23, 2024
Ministry Ceiling	Yes	Yes	May 22, 2024	May 23, 2024

Data source: Ministry of Finance

²⁰⁰ Budget Code, Article 71.4

²⁰¹ Adopted by Minister of Finance Order, no. 511, issued November 24, 2014.

328. 2025-2027 budget ceilings were approved on May 22, 2024.²⁰² Aggregate and ministry level ceilings for budget and two more years were disseminated to line ministries on May 23, 2024, which was the starting date for the development of budget requests. Score A.

Performance change since a previous PEFA assessment

329. The 2018 PEFA identified that the Republican Budget Commission approved the aggregate expenditures and the ceilings for administrators of budget programs for three years before preparation of detailed budget proposals by ministries. The 2025 PEFA finds that delays in the approval of the ceiling can cause line ministries to start developing and submitting budget requests before ceilings are approved. To score C or higher, ceilings must be approved before circular is issued and line ministries start working on their budget requests. The A score for this dimension is unchanged.

Dimension 16.3. Alignment of strategic plans and medium-term budgets

330. Dimension 16.3 measures the extent to which approved expenditure policy proposals align with costed ministry strategic plans or sector strategies. Strategic plans should identify resources required to achieve medium- to long-term objectives and planned outputs and outcomes. The coverage is the budget submitted in 2024 covering subsequent years.

Performance level and evidence for scoring

Table 2.29. Alignment of strategic plans and medium-term budgets (last budget submitted to the legislature)

Ministry	2025 Budget Allocation, KZT billion	Medium term strategic plan prepared (Y/N)	Medium term strategic plan costed (Y/N)	Expenditure proposals consistent with medium term strategic plan (Most, majority, some, none)
1. Ministry of Internal Affairs	608.9	Yes	Yes	Most
2. Ministry of Emergency Situations	214.4	Yes	Yes	Most
3. Ministry of Foreign Affairs	118.8	Yes	Yes	Most
4. Ministry of Ecology and Natural Resources	94.6	Yes	Yes	Most

Ministry	2025 Budget Allocation, KZT billion	Medium term strategic plan prepared (Y/N)	Medium term strategic plan costed (Y/N)	Expenditure proposals consistent with medium term strategic plan (Most, majority, some, none)
5. Ministry of Defense	682.2	Yes	Yes	Most
6. Ministry of Trade and Integration	21.4	Yes	Yes	Most
7. Ministry of Agriculture	646.7	Yes	Yes	Most
8. Ministry of Labor and Social Protection	6,108.4	Yes	Yes	Most
9. Ministry of Finance	8,880.9	Yes	Yes	Most
10. Ministry of Justice	47.2	Yes	Yes	Most
11. Ministry of Digital Development, Innovations and space industry	221.2	Yes	Yes	Most
12. Ministry of Education	744.7	Yes	Yes	Most
13. Ministry of Health	2,583.6	Yes	Yes	Most
14. Ministry of Science and Higher Education	775.9	Yes	Yes	Most
15. Ministry of Transport	1,153.7	Yes	Yes	Most
16. Ministry of industry and construction	646.8	Yes	Yes	Most
17. Ministry of Energy	148.3	Yes	Yes	Most
18. Ministry of National Economy	389.0	Yes	Yes	Most
19. Ministry of Tourism and Sport	142.8	Yes	Yes	Most
20. Ministry of Culture and Information	165.5	Yes	Yes	Most

Ministry	2025 Budget Allocation, KZT billion	Medium term strategic plan prepared (Y/N)	Medium term strategic plan costed (Y/N)	Expenditure proposals consistent with medium term strategic plan (Most, majority, some, none)
21. Ministry of Water Resources and Irrigation	169.9	Yes	Yes	Most
22. Public Service Affairs Agency	8.5	Yes	Yes	Most
23. Financial Monitoring Agency	28.7	Yes	Yes	Most
Others		No		
Total / Coverage	24,602.1/ 25,570.3	96.2%		

Data source: Individual strategies of the Ministries and agencies²⁰³

331. Twenty-five first-tier ministries and state agencies have developed medium-term strategic plans. All of them are costed. Their budgets are aligned with their medium-term strategies. Score A.

Performance change since a previous PEFA assessment

332. The 2018 PEFA identified that the medium-term strategic plans of ministries were prepared within a framework set by the Ministry of National Economy. The strategic plans were aligned with medium-term budget estimates. The 2025 PEFA found the coverage rate is 96.3 percent. The A score for this dimension is unchanged.

Dimension 16.4. Consistency of budgets with previous year's estimates

333. Dimension 16.4 assesses the extent to which the expenditure estimates in the last medium-term budget (2023) establish the basis for the current medium-term

²⁰³ <https://www.gov.kz/memleket/entities/zk/documents/details/645889?lang=ru>; <https://www.gov.kz/memleket/entities/afm/documents/details/815455?lang=ru>; <https://www.gov.kz/memleket/entities/ardfm/documents/details/430888?lang=ru>; <https://www.gov.kz/memleket/entities/dsm/documents/details/809073?lang=ru>; <https://www.gov.kz/memleket/entities/energo/documents/details/461103?lang=ru>; <https://www.gov.kz/memleket/entities/ecogeo/documents/details/791381?lang=ru>; <https://www.gov.kz/memleket/entities/moa/documents/details/394041?lang=ru>; <https://www.gov.kz/memleket/entities/emer/documents/details/763246?lang=ru>; <https://www.gov.kz/memleket/entities/sci/documents/details/460888?lang=ru>; <https://www.gov.kz/memleket/entities/economy/documents/details/394955?lang=ru>; <https://www.gov.kz/memleket/entities/tsm/documents/details/428684?lang=ru>; <https://www.gov.kz/memleket/entities/minfin/documents/details/816805>; <https://www.gov.kz/memleket/entities/mdai/documents/details/433821?lang=ru>; <https://www.gov.kz/memleket/entities/water/documents/details/618999?lang=ru>; <https://www.gov.kz/memleket/entities/qriim/documents/details/402466?lang=ru>; <https://www.gov.kz/memleket/entities/mam/documents/details/581015?lang=ru>; <https://www.gov.kz/memleket/entities/edu/documents/details/437935?lang=ru>; <https://www.gov.kz/memleket/entities/mti/documents/details/393724?lang=ru>; <https://www.gov.kz/memleket/entities/transport/documents/details/563894?lang=ru>; <https://www.gov.kz/memleket/entities/enbek/documents/details/432754?lang=ru>; <https://www.gov.kz/memleket/entities/adilet/documents/details/405426?lang=ru>; <https://www.gov.kz/memleket/entities/mps/documents/details/434727?lang=ru>; <https://www.gov.kz/memleket/entities/qyzmet/documents/details/609861?lang=ru>

budget (2024). This will be the case if every expenditure variation between the corresponding years in each medium-term budget can be fully explained and quantified.

Performance level and evidence for scoring

334. The budget documentation provides explanations of the changes of estimates between the 2024-2026 and the 2025-2027 medium-term budget estimates at the aggregate level.²⁰⁴ Some detailed explanations are also provided. **Score C.**

Performance change since a previous PEFA assessment

335. The 2018 PEFA identified that budget documentation included explanation of some changes to expenditure estimates in 2018 budget figures as compared with those for 2018 in the 2017 budget. The 2025 PEFA finds no changes. The C score for this dimension is unchanged.

PI-17. Budget preparation process

336. PI-17 measures the effectiveness of participation by relevant stakeholders in the budget preparation process, including political leadership, and whether that participation is orderly and timely. Coverage is BCG for the last budget submitted to the legislature for PI-17.1 and 17.2, and the last three completed FYs for 17.3. This indicator uses the M2 (AV) method for aggregating dimension scores.

Methodological notes

337. Budget documents, including budget request development methodology, were reviewed. Interviews were conducted with line ministries and the Ministry of Finance.

Indicator/ Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-17. Budget preparation process (M2)		B	B+
17.1. Budget calendar	A clear and comprehensive budget calendar exists. Budget organizations are normally given 15 days to complete budget requests. However, due to disruption of the budget process, budget calendar deadlines were missed in 2024. All ministries submitted their budget requests after the deadline.	D	C

²⁰⁴ 2025-2029 Social-Economic Development Plan, Chapter 1: Analysis of differences between forecasts developed in 2023 and actual outcomes; annual budget explanatory note.

Indicator/ Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
17.2. Guidance on budget preparation	There is comprehensive and clear methodology to develop budget requests, covering 100% of expenditures for the full year. Although the 2025 budget ceiling approval process was disrupted due to delays, budget ceilings were approved before ministries started the development of their budget requests.	A	A
17.3. Budget submission to the legislature	Government submitted the draft annual budget to Parliament at least 2 months before start of the FY in each of the last three years.	A	A

▮ Detailed description of the PFM system for the assessed performance indicator

338. A clear and comprehensive budget calendar is adopted by the Budget Code.

The budget calendar is adhered to by all budgetary institutions. The government develops the initial draft of the Socio-Economic Development Forecast with a five-year horizon by April 15. Based on the forecast, the Ministry of Finance develops ministry level budget ceilings.²⁰⁵ Information on budget ceilings is disseminated to line ministries before May 1 and line ministries have just 15 days to prepare their budget submissions. There is no budget circular. Instead, the development of budget requests are guided by defined rules and methodology, updated periodically.²⁰⁶

339. The Ministry of Finance develops the draft annual budget based on the budget requests and sends it to the Cabinet for approval before August 15. After the Cabinet approves the draft annual budget, the annual budget proposal documentation is submitted to Parliament before September 1. It is reviewed by both chambers of Parliament and the annual budget law is adopted before December 1.

Recent or ongoing reform activities

340. The new Budget Code, effective January 1, 2025.

341. A new framework to enhance the process of preparing, submitting, and reviewing budget requests was introduced in April 2025. This update included a revised format for budget submissions and improvements to the methodology used for developing cost estimates for the planning period. The budget calendar was also streamlined as part of these changes.²⁰⁷

²⁰⁵ The methodology for budget ceiling development is defined by Minister of Finance Order #140 issued on February 8, 2018.

²⁰⁶ The methodology for budget requests is defined by Minister of Finance Order #511, issued on November 24, 2014.

²⁰⁷ Minister of Finance Order on the Rules for the Preparation, Submission, and Consideration of a Budget Request, no.185, April 22, 2025.

Dimension PI-17.1. Budget calendar

342. Dimension 17.1 assesses whether a fixed budget calendar exists and the extent to which it is adhered to. It covers the budget submitted in 2024 for 2025 implementation.

Performance level and evidence for scoring

343. There is no budget circular practice in Kazakhstan. Instead, line ministries are guided by methodology.²⁰⁸

344. A clear and comprehensive budget calendar exists. According to the budget calendar:

- Draft Socio-Economic Development Forecast (budget parameters for a 3-year period) approved by the Republican Budget Commission before April 15.
- Ministry level medium-term budget ceilings disseminated to ministries before May 1.
- Ministries develop and submit their budget requests and draft budget programs and strategic development plans before May 15.
- Draft annual budget developed before August 1.
- Draft annual budget submitted to the government for approval before August 15.
- Draft annual budget submitted to Parliament for review and adoption before September 1.
- Parliament adopts the annual budget before December 1.

345. The date of budget ceilings dissemination can be counted as the date to start the development of budget requests. Budget organizations are given 15 days to complete their budget requests according to the Budget Code.

346. The budget process was disrupted in 2024. Budget ceilings were approved by Republican Budget Commission on May 22, 2024. The Ministry of Finance disseminated the ceilings to the ministries the following day (deadline was May 1). All ministries submitted budget requests during the period May 31 to June 29, i.e. after the May 15 deadline.

Table 2.30. Budget calendar (Budget submitted in 2024 to the Parliament)

Activity	Planned date	Actual date	Comment
Issuance of the budget circular (specify for each budget circular if there is more than one)	May 1	May 23	Date of issuance of the budget ceilings are the point for the starting of budget request development.

²⁰⁸ Adopted by Minister of Finance Order, No. 511, issued on November 24, 2014.

Activity	Planned date	Actual date	Comment
Submission of estimates	May 15	May 31 – June 29	Due to delays in ceiling approval, budget requests were submitted with significant delays. Ministry of Defense – May 31; Ministry of Trade and Integration – June 7; Ministry of Agriculture – June 12; Ministry of Internal Affairs – June 12; Ministry of Foreign Affairs – June 13; Ministry of Finance – June 14; Ministry of Transport – June 17; Ministry of Education – June 17; Ministry of Labor and Social Security – June 21; Ministry of Science and Higher Education – June 21; Ministry of Industry and Construction – June 22, Ministry of Health – June 29.

Data source: Kazakhstan Budget Code, Ministry of Finance

347. All ministries submitted budget requests during the period May 31 to June 29, i.e. after the May 15 deadline. Score D.

Performance change since a previous PEFA assessment

348. The 2018 PEFA identified that a clear annual budget calendar existed, but the time available for ministries and agencies to prepare budget submissions was less than 4 weeks. The 2025 PEFA finds no change in the process. However, because the budget ceilings approval process was delayed by 1+ month in 2024, all ministries missed their deadlines which is the main reason for score deterioration. The C score for this dimension is reduced to D.

Dimension 17.2. Guidance on budget preparation

349. Dimension 17.2 assesses the clarity and comprehensiveness of top-down guidance on the preparation of budget submissions. It covers the budget submitted in 2024 for 2025 implementation.

Performance level and evidence for scoring

350. As there is no budget circular, clear and comprehensive rules and methodology for the development of budget requests are used.²⁰⁹ The guidance covers the submission of budget requests for the full year for 100 percent of budget expenditures. As soon as budget ceilings are issued by the Ministry of Finance before May 1, ministries start the development of their budget requests. Budget requests must be submitted before May 15.

²⁰⁹ Adopted by Minister of Finance Order, No. 511, issued on November 24, 2014.

351. The 2025 budget ceiling approval process was disrupted, causing delays in budget request preparation by ministries. All ministries submitted budget requests in the period May 31 – June 29. Despite the delays, the normal sequence of the budget process was not disrupted, i.e. ceilings were approved before ministries started the development of their budget requests.

Table 2.31. Guidance on budget preparation (Last budget submitted to the legislature)

Date(s) of budget circular(s)	Total budget expenditure covered (Y/N)	Ceilings approved by the Cabinet (Y/N)	
		If Yes, date of ceilings approval by Cabinet	If N, budget estimates reviewed and approved by Cabinet after completion (Y/N)
Methodology approved by Ministry of Finance on November 24, 2014	100%	May 22, 2024	

Data source: Kazakhstan Budget Code, Ministry of Finance

352. Despite disruption of budget process which caused the delays, the normal sequence of the budget process was not disrupted, i.e. ceilings were approved before ministries started development of their budget requests. Score A.

Performance change since a previous PEFA assessment

353. The 2018 PEFA identified that a comprehensive and clear budget guidance was issued to ministries and agencies, with expenditure ceilings already approved by the Republican Budget Commission. The 2025 PEFA finds no change in the process. The A score for this dimension is unchanged.

Dimension 17.3. Budget submission to the legislature

354. Dimension 17.3 assesses the timeliness of submission of the annual budget proposal for 2023, 2024, and 2025 to the legislature or similarly mandated body so that the legislature has adequate time for its budget review and the budget proposal can be approved before the start of the FY.

Performance level and evidence for scoring

355. The Government submitted the draft annual budget to Parliament at least 2 months before the start of the FY in each of the last three years. Score A.

Table 2.32. Budget submission to the legislature (Last three completed FYs)

Fiscal year	Date of submission of budget proposal
2023	August 31, 2022
2024	August 31, 2023
2025	August 28, 2024

Data source: Government Resolutions (Orders) dated 31 August 2022 No. 628; 31 August 2023 No. 745; 28 August 2024 No. 699

Performance change since a previous PEFA assessment

356. The 2018 PEFA identified that during the previous three years budgets were submitted to Parliament before September 1, giving sufficient time for review and approval. The 2025 PEFA finds no change to this. The A score for this dimension is unchanged.

PI-18. Legislative scrutiny of budgets

357. PI-18 assesses the nature and extent of legislative scrutiny of the annual budget. It considers the extent to which the legislature scrutinizes, debates, and approves the annual budget, including whether the legislature's procedures for scrutiny are well established and adhered to. The indicator also assesses the existence of rules for in-year amendments to the budget without ex-ante approval by the legislature. Coverage is BCG for the last completed FY (2024) for PI-18.1, 18.2, and 18.4, and last three completed FYs, 2022, 2023, and 2024 for PI-18.3. This indicator uses the M1 (WL) method for aggregating dimension scores.

Methodological notes

358. Relevant legislative documents and information were examined. Meetings were held with the relevant departments in the Ministry of Finance and the Ministry of National Economy as well as Parliamentary Committees.

Indicator/ Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-18. Legislative scrutiny of budgets (M1)		A	B+
18.1. Scope of budget scrutiny	Parliament reviews and adopts annual budget. Review covers fiscal policies, macroeconomic and medium-term fiscal forecasts, medium-term expenditure estimates, and expenditure and revenues both at aggregate level and in detail.	A	A

Indicator/ Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
18.2. Legislative procedures for budget scrutiny	Budget review and adoption procedures are defined by legislation and are adhered to. They include public consultation arrangements and organizational arrangements as well, such as specialized review committees, technical support, and negotiation arrangements.	A	B
18.3. Timing of budget approval	Annual budgets during last three FYs were adopted by Parliament before start of the budget year.	A	A
18.4. Rules for budget adjustments by the executive	Clear rules for budget amendment exist and they are adhered to in all cases. Rules provide strict limits and roles for both executive and legislative branches.	A	A

▮ Detailed description of the PFM system for the assessed performance indicator

359. The two chambers of Parliament have specific functions and responsibilities regarding the budget system.²¹⁰ The government submits the draft annual budget to Parliament by September 1. The documents are initially reviewed by Parliament Committees. Then both chambers review and must adopt the annual budget before December 1. If the annual budget is not adopted before December 1, the President approves a temporary budget for Q1 before December 25 that serves as a basis for budget execution. Parliament must approve the annual budget by March 1 of the budget year. Rules for annual budget amendments are defined by the Budget Code.

Recent or ongoing reform activities

360. The new Budget Code, effective January 1, 2025, adjusts Parliament's budget oversight function. Under the previous code, any budget reallocation between line ministries exceeding 10 percent required parliamentary approval. The new code increases the executive's authority, allowing amendments without parliamentary consent up to 15 percent. However, if reallocations surpass 15 percent or if there is any increase in total budget expenditure, parliamentary approval remains mandatory.

▮ Dimension 18.1. Scope of budget scrutiny

361. Dimension 18.1 assesses the scope of legislative scrutiny in 2024.

²¹⁰ Budget Code of December 4, 2008, Articles 74, 77, 106, 107, 127, 128; Majilis regulation, Chapters 3 and 4, and Senate regulation, Chapter 5.

Performance level and evidence for scoring

Table 2.33. Scope of budget scrutiny (Last completed FY)

Budget scrutiny by Legislature (Y/N)	Coverage				
	Fiscal policies (Y/N)	Medium-term fiscal forecasts (Y/N)	Medium term priorities (Y/N)	Aggregate expenditure and revenue (Y/N)	Details of expenditure and revenue (Y/N)
Yes	Yes	Yes	Yes	Yes	Yes

Data source: Budget Code of Kazakhstan

362. Both chambers of Parliament review budget documentation and adopt the annual budget. Reviews cover the Socio-Economic Development Forecast (which includes medium-term macroeconomic and fiscal forecasts, information on fiscal policies, medium-term priorities, and medium-term fiscal estimates), documents on fiscal risks statement and sustainability of the public finance system, information on debt stock and annual borrowings, consolidated financial statements, the explanatory note which accompanies draft of the law on the republican budget for three years (including information on proposed policies, implementation of recommendations by the Supreme Audit Chamber, and about public investments and PPP projects), medium-term strategies of line ministries, information on budget programs, information on transfers to SNG, aggregates of expenditure and revenues, fiscal balance, sources of deficit financing, and details of expenditure and revenues according to administrative and functional classifications. **Score A.**

Performance change since a previous PEFA assessment

363. The 2018 PEFA identified that scrutiny by Parliament covered medium-term fiscal forecasts and priorities as well as revenue and expenditure estimates for the year ahead. The 2025 PEFA finds no change. The A score for this dimension is unchanged.

■ Dimension 18.2. Legislative procedures for budget scrutiny

364. Dimension 18.2 assesses the extent to which review procedures are established and adhered to in 2024.

Performance level and evidence for scoring

365. Clear and comprehensive procedures for budget documentation review and adoption are defined by the legislation (Budget Code, Majilis Regulation, and Senate Regulation) and are adhered to. The budget review process is supported by organi-

zational arrangements such as technical support by the committees and parliamentary staff and material resources. Legislation also defines the negotiation process.

Table 2.34. Legislative procedures for budget scrutiny (last completed FY)

Legislative procedures	Exist (Y/N)	Are approved in advance of budget hearings (Y/N)	Are adhered to (Y/N)	Include arrangements for public consultation (Y/N)	Include organizational arrangements (Y/N)
Yes	Yes	Yes	Yes	Yes	Yes

Data source: Budget Code;²¹¹ Majilis Regulation;²¹² Senate Regulation²¹³

366. Legislation provides arrangements for public consultations.²¹⁴ All Majilis and Senate sessions, including committee hearings (except ones reviewing national security issues) are open and transmitted live on the Parliament websites and online on YouTube and Telegram channels. The recordings of sessions are saved online for public access. Citizens may register online or via email to meet Parliament members or to attend committee and plenary session meetings.²¹⁵

367. A public council of 40 members exists within Parliament. Members represent civil society, scientists, researchers, journalists, business, experts working on environment and gender issues, etc. The public council conducts meetings with the public and representatives of civil society and collects their comments and suggestions. It also reviews key legislative proposals and submits its recommendations to the Majilis for consideration.

368. The Finance and Budget Committee of the Majilis is responsible for organizing the process of budget review within political factions and six other committees. It conducts hearings and collects and sends all comments/proposals to the government for consideration. The annual budget is heard at the Majilis plenary session and is adopted by one hearing. After the adoption the document is sent to the Senate for approval.

369. The Senate Finance and Budget Committee conduct budget hearings. After committee clearance, the annual budget is heard at the plenary session of the Senate and is approved by the Senate by December 1. **Score A.**

Performance change since a previous PEFA assessment

370. The 2018 PEFA identified that there were established procedures for Parliament to review budget proposals. However, arrangements for public consultation did not include public hearings on the budget proposals. The 2025 PEFA finds public accessibility arrangements have improved. As this dimension shows an improvement from the previous PEFA assessment, the previous B score has been increased to A.

²¹¹ https://online.zakon.kz/Document/?doc_id=30364477&pos=5;-108#pos=5;-108&sel_link=1010729451

²¹² <https://mazhilis.parlam.kz/ru/about-us/regulations>

²¹³ https://senate.parlam.kz/attachmentfiles/Регламент_Сената_РУС.pdf

²¹⁴ Majilis Regulation, articles 2, 10, 12, 30, 100, 116; Senate Regulation, articles 1, 17, 96, 100, 117.

²¹⁵ Qabyldau@parlam.kz <https://mazhilis.parlam.kz/ru/public-reception>

Dimension 18.3. Timing of budget approval

371. Dimension 18.3 assesses the timeliness of the scrutiny process in 2022, 2023, and 2024 in terms of the legislature’s ability to approve the budget before the start of the new FY.

Performance level and evidence for scoring

Table 2.35. Timing of budget approval (Last three completed FYs)

Fiscal year (PEFA time period)	Budget for FY	Date of budget approval
2024	2025	December 6, 2024
2023	2024	December 5, 2023
2022	2023	December 5, 2022

Data source: Laws on the Republican Budget for 2023–2025,²¹⁶ 2024–2026,²¹⁷ and 2025–2027.²¹⁸

372. Annual budgets during the last three FYs were adopted by Parliament before the start of the budget year. Score A.

Performance change since a previous PEFA assessment

373. The 2018 PEFA found that Parliament approved the budget before the start of 2016, 2017, and 2018. The 2025 PEFA found no change to this procedure. The A score for this dimension is unchanged.

Dimension 18.4. Rules for budget adjustments by the executive

374. Dimension 18.4 assesses arrangements made to consider in-year (for 2024) budget amendments that do not require legislative approval.

Performance level and evidence for scoring

375. The Budget Code defines detailed procedures for budget amendments, including the roles and responsibilities of government agencies and Parliament.²¹⁹ The government allows reallocation of funds from one line ministry (first-tier budget agency)

²¹⁶ Law on the Republican Budget for 2023–2025, No. 163-VII 3PK, dated December 1, 2022. <http://10.61.42.188/rus/docs/Z2200000163>

²¹⁷ Law on the Republican Budget for 2024–2026, No. 43-VIII 3PK, dated December 5, 2023. <http://10.61.42.188/rus/docs/Z2300000043>

²¹⁸ Law on the Republican Budget for 2025–2027, No. 3PK141-VIII dated December 6, 2024. <http://10.61.42.188/rus/docs/Z2400000141>

²¹⁹ Budget Code Articles 106, 107, 110, and 111

to another within 10 percent of their budgets. Reallocations exceeding 10 percent (15 percent since January 2025) require an amendment of the budget to be approved by Parliament. Budget adjustments requiring Parliament ex-ante approval undergo the same procedures as defined for budget approval.

376. The government has no authority to spend more than allocated amounts without amending the annual budget (i.e. Parliament ex-ante approval is required).

Only properly authorized amendments in budget appropriations are reflected in the e-treasury system, preventing any unauthorized spending or bypassing of the rules. The 2024 annual budget was amended by Parliament following the established procedure.²²⁰ Rules are adhered to in all cases. The Supreme Audit Chamber and Parliament Budget Committee raised no concerns about the process. **Score A.**

Performance change since a previous PEFA assessment

377. The 2018 PEFA identified that there were clear rules which limited the extent and nature of the adjustments the government could make to the budget, which were adhered to. The 2025 PEFA finds no change. The A score for this dimension is unchanged.

2.5. Pillar Five: Predictability and control in budget execution

378. Pillar V measures that the budget is implemented within a system of effective standards, processes, and internal controls, ensuring that resources are obtained and used as intended.

379. The assessment methodology and approach for Pillar V involved meetings with key government bodies, including the State Revenue Committee, State Treasury, Committee on Internal State Audit, Ministry of Finance, and with the Office of Commissioner for the Protection of Entrepreneurs' Rights. Authorities provided completed questionnaires and detailed information on IT systems, human resource management, pensions, risk management, and audit implementation. Relevant data on internal audits—including scope, standards, execution, and follow-up—was also supplied by social insurance and health insurance funds. All requested information was provided, supporting a comprehensive evaluation of controls and procedures.

Overall performance: Analysis of key strengths and weaknesses

380. The strengths in Pillar V are founded on two key elements: the establishment of robust business practices encompassing all aspects of budget execution, and

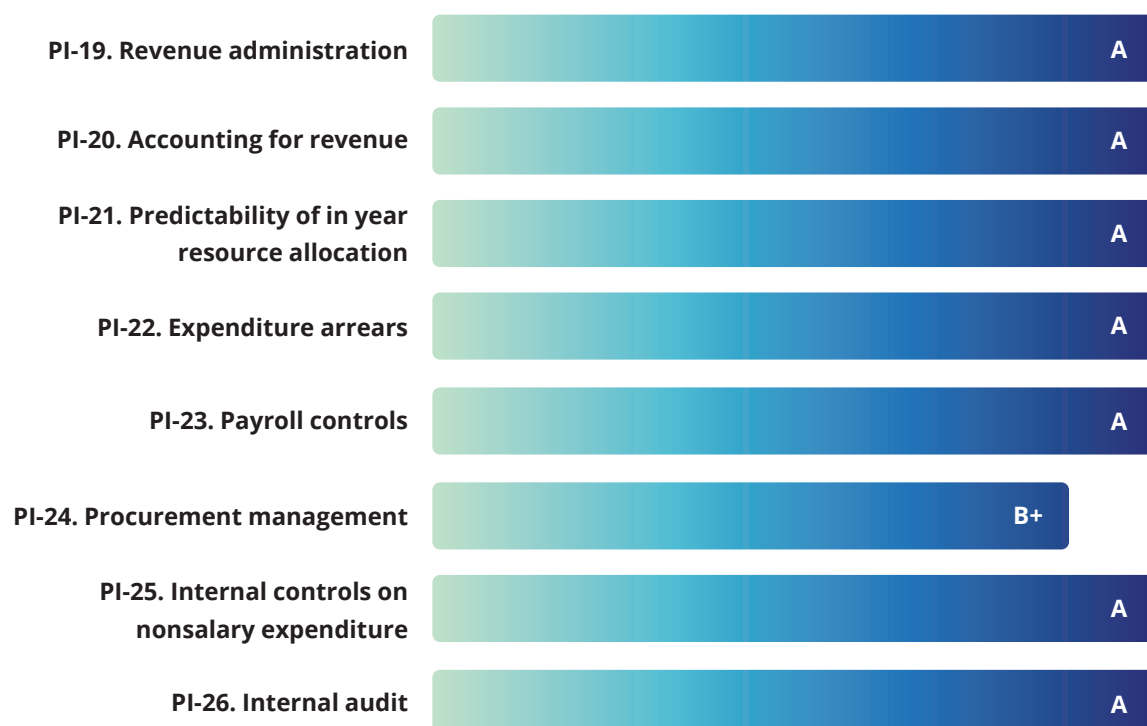
²²⁰ Decision #143-VIII 3PK of December 13, 2024, and Government decrees #244, #353, #515, #620, #701, #777, #911, #1011, #1073, #1111

the development of software processes that accurately reflect these practices through a real-time IT system. An integrated set of systems records the annual budget as approved by Parliament, facilitating its phased implementation with effective commitment controls and a payment system that manages procurement, related invoices, and payroll. This is reflected in expenditure outcomes. Similarly, tax administration benefits from this integration, enabling efficient tax management and minimizing arrears and this is reflected in aggregate revenue outturns. Procurement is administered through an accessible portal open to all potential suppliers; however, the procurement process is undermined by a high incidence of single-source purchases. All operations related to the execution of the BCG, as well as those of certain state funds serviced through the treasury, are processed through the TSA opened at the Central Bank.

381. The system has an effective control structure, initially employing risk analysis at all levels for audit selection of both expenditures and taxation. Internal audits are conducted by dedicated units, supported by the Committee on Internal State Audit for expenditures and the audit unit within the State Revenue Committee for revenues. Additionally, the system's built-in audit trail prevents unauthorized access and monitors actions taken by authorized operators. An oversight function exists above the operational entities, ensuring accountability. Finally, the Supreme Audit Chamber performs external audits in accordance with international standards.

382. The indicator scores for the pillar are very high, with both a median and mode score of A.

Figure 2.5. Pillar Five: Predictability and Control in Budget Execution



PI-19. Revenue administration

383. PI-19 covers the administration of all types of tax and non-tax revenue for central government. It assesses the procedures used to collect and monitor central government revenues. Coverage is central government at time of assessment for PI-19.1 and 19.2 and for the last completed FY (2024) for PI-19.3 and 19.4. This indicator uses M2 (AV) method for aggregating dimension scores.

Methodological notes

384. Meetings were held with the State Revenue Committee and information was supplied through the data/information questionnaire with follow-up clarification requests. A meeting was held with the Office of Commissioner for the Protection of Entrepreneurs' Rights.

Indicator/ Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-19. Revenue administration (M2)		A	B+
19.1. Rights and obligations for revenue measures	Tax Code is comprehensive in the coverage of the obligations and rights of tax authorities and payers with an appeals process. There are regular meetings with companies and videos and messaging on social media as well as TV and radio are used.	A	A
19.2. Revenue risk management	Detailed risk factors relating to taxpayers are set out in the Tax Code. Risk analysis software is used by the Revenue Committee. All taxpayers have a Tax Identification Number. Taxpayers are segmented by size.	A	A
19.3. Revenue audit and investigation	Audits are carried out based on risk of taxpayers identified by risk assessment software used by the State Revenue Committee. All planned audits are completed.	A	C
19.4. Revenue arrears monitoring	Arrears on taxes collected by the Tax Committee are 2.5% of total collections in 2024, with arrears older than 12 months 1.7% of total collections.	A	B

Detailed description of the PFM system for the assessed performance indicator

385. The State Revenue Committee²²¹ collects all taxes and revenues listed in Table 2.34. It performs regulatory, implementation, and control functions in the field

²²¹ <https://www.gov.kz/memleket/entities/kgd?lang=en>

of customs and all other taxes to ensure the completeness and timeliness of taxes, customs, and other obligatory payments to the budget, calculations, deductions, transfer of social security payments, and state regulation of production established by the Tax Code. Revenue collected by the State Revenue Committee amounts to more than 95 per cent of total revenue collected.

386. Revenues collected are paid directly into the TSA, apart from the revenues of the NFRK which are collected with other taxes by the State Revenue Committee but which go to the Fund, not to the Treasury. All revenue from the exploitation of hydrocarbons goes to the NFRK, from which a transfer is made annually to BCG.

Table 2.36. Collected revenues by entity and category of revenue (2024)

2024	KZT billion	Comments
Taxes on income, profits and capital gains	3,653.2	BCG ****
Taxes on goods and services	6,430.5	BCG ****
Taxes on international trade and transactions	2,217.5	BCG ****
Other taxes	6.6	BCG ****
Sale of goods and services	6.8	BCG ****
Fines, penalties and forfeits	46.1	BCG ****
Transfers from NFRK*	3,839.9	The amount of tax and non-tax revenues (excluding investment income) received by the NFRK
	2,000.0	Guaranteed transfers allocated from the NFRK to the BCG
	3,600.0	Targeted transfers allocated from the NFRK to the BCG
Other income off-budget institutions **	868.7	Fees and charges for government services collected by government entities, such as universities, Citizen service entity, sports clubs, and others
Social Insurance Funds ***	4,877.4	The revenues through contributions from employers and employees, administered by the State Revenue Committee

* The revenues of the NFRK are collected together with other taxes by the State Revenue Committee: the only difference is that these funds go to the Fund, not to the Treasury. All revenues from the exploitation of hydrocarbons go to the NFRK, from which an annual transfer is made to BCG.

** Off-budget institutions comprise SOEs under operating management and NPJSEs; also three non-budgetary funds: the Victims Compensation Fund, the Education Infrastructure Support Fund, and Special State Fund.

*** Data from the social insurance funds include the Pension Fund, the State Social Insurance Fund, and the Social Health Insurance Fund. Funds revenues are formed from: Employers contribute 10% of their employees' salaries to the Pension Fund, another 5% to the State Social Insurance Fund, and 2% to the Social Health Insurance Fund. The data do not include transfers from the republican budget and income from deposit management.

**** Receipts of the BCG

Recent or ongoing reform activities

387. The following measures have been implemented by state revenue authorities to improve conditions for business entities during tax audits:

- in 2018, the grounds for conducting unscheduled inspections were reduced by 62 percent (from 32 to 12) and, using good international practices of OECD countries, the procedure for conducting counter-inspections was simplified, providing only for sending a request to third parties without drawing up an inspection report.
- in 2019, the grounds for covering tax audits by business entities based on initiative applications was expanded (when conducting tax audits, the period previously covered by tax audits is not covered).
- in 2020, a moratorium was introduced on tax audits of small and micro businesses to create favorable conditions for business.²²²
- in 2021, a simplified procedure for liquidation of legal entities and individual entrepreneurs was introduced for value added taxpayers who did not carry out financial and economic activities.
- in 2022, thematic inspections (express, targeted, without full coverage of the period) of counterparties were introduced, when law enforcement agencies are conducting a pre-trial investigation.
- in 2023, a Register of Mandatory Requirements in the Field of Entrepreneurship for State Control was defined within the framework of the “clean slate” bill, (in the absence of a requirement in the Register, business entities are exempt from tax audits).

388. In 2024-2025, as part of the adoption of the new Tax Code and with the participation of the business community,²²³ the following innovations were proposed to simplify tax administration:

1. Exclusion of types of tax audits.
2. Generalization and reduction of the grounds for tax audit.
3. Extension of the limitation period until completion of the tax audit.
4. Exclusion of suspension of a tax audit during the period of appeal of the order by the taxpayer.
5. Separation of provisions regulating the specifics and deadlines for issuing a tax authority’s request for the provision of documents into a separate article—delivery of a request no more than twice (except for medium and large non-profit partnerships), reduction of the deadline for fulfilling a request to 10 working days.
6. Regulation of the delivery of documents during a tax audit electronically from the moment of familiarization in the user’s personal account on the electronic government web portal.

²²² Presidential Decree No. 229, dated December 26, 2019.

²²³ Although the Commissioner for the Protection of Entrepreneurs’ Rights expressed reservations relating to advance payment of taxes, rigid thresholds, impact on micro and small business and liquidated companies.

Dimension 19.1. Rights and obligations for revenue measures

389. Dimension 19.1 assesses at the time of assessment the extent to which individuals and enterprises have access to information about their rights and obligations.

It considers whether administrative procedures and processes allow redress, such as a fair and independent body outside of the general legal system (ideally a tax court) that is able to consider appeals.

Performance level and evidence for scoring

Table 2.37. Rights and obligations for revenue measures (At time of assessment)

Collecting entity	Category of revenue (see detail of % in Table 2.34)	Information available to payers on revenue rights and obligations				
		Revenue obligations (Y/N)	Redress processes and procedures (Y/N)	Comprehensive (Y/N)	Up-to-date (Y/N)	Source of information
State Revenue Committee	Tax (taxes and payments for which personal accounts are maintained)	Yes	Yes	Yes	Yes	Data from centralized unified personal account information system. Personal accounts of the Taxpayer's Office

Source: State Revenue Committee

390. The State Revenue Committee operates at both regional and district level.

Taxpayer registration is carried out at the local level. The Tax Code comprehensively defines the obligations and rights of authorities and taxpayers and details individual taxes. There is an Appeals Committee in the Ministry of Finance with further recourse to the court system should the initial appeals step fail to reach a conclusion. In addition to legal provisions, the State Revenue Committee educates taxpayers through meetings, press conferences, social media, as well as television and radio. There is a call center for taxpayers to make enquiries. Taxpayers can access personal information held in their taxpayer's account (tax reporting forms filled out using the centralized unified personal account information system, accrual registers, and customs payment data) through the Astana-1 information system. **Score A.**

Performance change since a previous PEFA assessment

391. The 2018 PEFA identified that entities collecting the major types of revenue provided payers with access to comprehensive and up-to-date information on revenue obligations and rights, including redress processes and procedures. The 2025 PEFA finds that individuals and enterprises have access to information about their rights and obligations. The A score for this dimension is unchanged.

Dimension 19.2. Revenue risk management

392. Dimension 19.2 assesses at the time of assessment the extent to which a comprehensive, structured, and systematic approach is used within the revenue entities for assessing and prioritizing compliance risks.

Performance level and evidence for scoring

393. The Tax Code details the risk management system,²²⁴ including risk relating to taxpayers categorized by high and lower risk factors. Risk analysis software is used which automatically selects taxpayers for audit and inspection. Information that determines the risk factors is updated regularly. Taxpayers are segmented by size and there are divisions in the administration that focus on large and medium-sized taxpayers.

394. Each taxpayer has a tax identification number. A tax clearance certificate is not issued but the procurement process ensures that an organization must be up to date on tax payments due.

Table 2.38. Revenue risk management (At time of assessment)

Collecting organization	Income category (see % breakdown in table 2.34)	Approaches to assessing and prioritizing compliance risks		Coverage		Source of information
		In the complex (Not really)	Structured and systematic (Yes/Partly/No)	Large Income Payers (Yes/No)	Middle Income Payers (Yes/No)	
State Revenue Committee	Tax (taxes and payments for which personal accounts are maintained)	Yes	Yes	Yes	Yes	Risk management Information system data

Source: State Revenue Committee

395. A structured and systematic approach is used to assess and prioritize compliance risks. Score A.

Performance change since a previous PEFA assessment

396. The 2018 PEFA identified that State Revenue Service entities used a structured and systematic approach for assessing compliance risks for tax revenues. The 2025 PEFA finds no change. The A score for this dimension is unchanged.

Dimension 19.3. Revenue audit and investigation

397. Dimension 19.3 assesses whether sufficient controls were in place in 2024 to deter evasion and ensure that instances of noncompliance are revealed.

Performance level and evidence for scoring

398. The Tax Code regulates tax audits.²²⁵ Tax audit is defined as an audit realized by tax bodies that execute Kazakhstan tax legislation. Participants of tax audits are official persons of tax bodies indicated in the regulations, as well as other persons involved in conducting audit according to the Tax Code relating to the taxpayer. Tax audits are based on delivering compliance of the taxpayers with their legal obligations which are based on the assessments and resulting planned actions. As a result of an audit a compliance plan is agreed with the audited entity, if deemed to be necessary. An audit report includes inspection results as well as information on previous inspections and measures taken to eliminate identified violations of the tax legislation (during execution of comprehensive/topic-specific inspections) where applicable.²²⁶

399. There are different types of audit/inspection in place, which are determined by risk assessment. A tax audit involves a thorough review of an individual's or organization's tax returns by the State Revenue Committee deductions. Audits help ensure compliance with tax laws and minimize discrepancies in tax reporting. Complex audits (comprehensive audits or field audits) are conducted at the taxpayer's location, such as their home or business. These audits are comprehensive and involve a detailed examination of financial records. This type of audit is normally planned. Correspondence audits are conducted through communication where the taxpayer receives a request for additional information or clarification regarding specific items on their tax return. Such an interaction is chiefly triggered by a desk audit (counterchecks) examining tax returns using the audit software. As well as these general types of audits there are thematic audits with a specific focus for investigation as well as surveys.²²⁷

400. Risk analysis software is used to select taxpayers for audit and type of inspection based on the taxpayer data and risk factors.²²⁸ The selection of taxpayers for planned comprehensive audits is carried out in both the first and second half of the FY. The tax authority issues a notice at least 30 days in advance of the start of the audit. In cases where audits scheduled for the second half of the year involve extended audit periods, they may be carried over into the next FY and beyond depending on the complexity of the audit. All planned audits are implemented and are eventually completed. Data for 2024 (see Table 2.39) shows there were 1,190 planned audits, all were initiated, 536 were completed with others ongoing (343 were completed by end August 2025 and 311 remained ongoing), depending on the complexity and start date.

²²⁵ Tax Code Chapter 18

²²⁶ https://egov.kz/cms/en/articles/tax_report/2Fnalog_proverki

²²⁷ Table 2.40 presents the different types by number carried out with those that take less time to undertake more numerous.

²²⁸ A similar approach is adopted relating to imports which use risk analysis software to determine whether an import is subject to physical and document inspection

Table 2.39. Planned revenue audits (2024)

Period	Revenue
Planned 2024	
Total	1,190
From January to June	760
From July to December	430
Completed in 2024	
Total	536
in January to June	24
in July to December	512
Completed in 2025 (end of August)	
Total	343
From January to June	281
From July to December	62
Ongoing	311

Table 2.40. Revenue audit and investigation (2024)

Collecting entity	Category of revenue (see detail of % in Table 2.34)	Audit and fraud investigations undertaken (Y/N)	In accordance with compliance improvement plan (Y/N)	Compliance improvement plan documented (Y/N)	Completion rate of planned audits and investigations (in 2024)		
					Completed	Planned	Completed/Planned as a percentage
State Revenue Committee	All	Yes	Yes	Yes	Yes	Yes	100

401. Other types of audits are carried out in addition to planned comprehensive audits. In 2024, there were 32,778 audits (see Table 2.41), which assessed an additional K TZ 376.2 billion (including K TZ 29.6 billion from planned audits.)

402. Audits are carried out based on risk on taxpayers as identified by the risk assessment software used by the State Revenue Committee. All planned audits are completed. **Score A.**

Table 2.41. Actual Tax Audits by Type

Inspection Type	2024
Complex incl.	3,061
Planned (including carried over from previous years)	926
Unscheduled	2,135
Thematic	6,324
Thematic on individual issues	10,951
Counter checks	11,304
Time-based surveys	1,138
Total	32,778

Source: State Revenue Committee

Performance change since a previous PEFA assessment

403. The 2018 PEFA identified that less than 90 percent of planned tax audits were completed. The 2025 PEFA finds overall improvements in the audit system based on risk analysis software which selects taxpayers for audit/inspection depending on risk characteristics. This dimension shows an improvement from the previous PEFA assessment and accordingly the C score has been increased to A.

Dimension 19.4. Revenue arrears monitoring

404. Dimension 19.4 assesses the extent of proper management of arrears for 2024 within the revenue entities by focusing on the level and age of revenue arrears.

Performance level and evidence for scoring

405. Arrears on taxes collected by the State Revenue Committee were 2.5 percent of annual collections in 2024, with arrears older than 12 months at 1.7 percent. The Tax Code deals with fulfillment of tax obligation. It addresses arrears and taxpayer obligations with respect to arrears. There is a Collection Division that deals with arrears. Uncollectable arrears due to bankruptcy and death of an individual are written off.

406. Arrears on taxes collected by the State Revenue Committee were 2.5 percent of total collections in 2024 with arrears older than 12 months 1.7 percent of total collections. Score A.

Table 2.42. Revenue arrears monitoring (Last completed FY)

Category of revenue (See detail of % in Table 2.34)	Total KZT billion	Stock of arrears (in 2024)			
		Total amount of arrears (in KZT million)	Arrears % of annual collections (%)	Amount of arrears older than 12 months (in KZT million)	Arrears older than 12 months % of annual collections
Taxes and Social Security	22,514.1	564.1	2.5	376.5	1.7

Performance change since a previous PEFA assessment

407. The 2018 PEFA identified that total tax arrears at the end of 2017 were less than 10 percent of collections during the year, over 40 percent of tax arrears at the end of 2016 were still outstanding at the end of 2017. The 2025 PEFA finds that arrears aged over 12 months have declined significantly. This dimension shows an improvement from the previous PEFA assessment and accordingly the B score has been increased to A.

PI-20. Accounting for revenue

408. PI-20 assesses procedures for recording and reporting revenue collections, consolidating revenues collected, and reconciling tax revenue accounts. It covers both tax and non-tax revenues collected by the central government. Coverage is central government at time of assessment. This indicator uses M1 (WL) for aggregating dimension scores.

Methodological notes

409. Meetings were held with the State Revenue Committee and the data/information questionnaire was completed.

Indicator/ Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-20. Accounting for revenue (M1)		A	A
20.1. Information on revenue collections	The Ministry of Finance receives data on all revenue collected broken down by type and consolidated in a monthly report.	A	A

Indicator/ Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
20.2. Transfer of revenue collections	All tax payments are made on a daily basis directly into the subaccount attributable to the collecting agencies in the TSA.	A	A
20.3. Revenue accounts reconciliation	The system allows immediate reconciliation of revenue accounts payments to the Treasury and also on taxpayer accounts when a tax has been paid or is due to be paid.	A	A

▮ Detailed description of the PFM system for the assessed performance indicator

410. Information on revenue collections to be submitted includes data on the following types of receipts²²⁹ and summarized in a report:²³⁰ tax receipts, non-tax receipts, receipts from the sale of fixed capital, receipts from transfers, amounts of repayment of budget loans, receipts from the sale of state financial assets, loans, receipts to the NFRK, the Victims' Compensation Fund, the Education Infrastructure Support Fund, and the Special State Fund.

411. The central authorized body for budget execution accepts daily electronic payment documents for budget receipts from second-tier banks or organizations carrying out certain types of banking operations through the payment systems of the National Payment Corporation of the National Bank in the manner prescribed by law.²³¹ Budget revenues in national currency are credited according to the receipt classification codes of the Unified Budget Classification of the Republic of Kazakhstan to the TSA.²³²

Recent or ongoing reform activities

412. See PI-19 Revenue administration.

▮ Dimension 20.1. Information on revenue collections

413. Dimension 20.1 assesses the extent to which a central ministry, i.e. the Ministry of Finance or a body with similar responsibilities, coordinates revenue admin-

²²⁹ In accordance with Minister of Finance Order on Some Issues of the Unified Budget Classification, No. 403, September 18, 2014.

²³⁰ Minister of Finance Order on Approval of the Lists of Reports and Information Submitted by Structural Divisions within the Ministry of Finance, as well as to Higher and Other State Bodies and Organizations, No. 421 dated August 19, 2010.

²³¹ In accordance with subparagraph 1) of paragraph 141 of section 1 of chapter 5 of the Rules for budget execution and its cash servicing, approved by Minister of Finance Order No. 540, dated December 4, 2014.

²³² In accordance with the Rules for Budget Execution and its Cash Servicing, chapter 5, section 1, clause 139, paragraph 1, approved by Minister of Finance Order No. 540, dated December 4, 2014; the Budget Code; the Tax Code; the Code on Administrative Offenses; the Law on the Republican Budget and Decisions of Maslikhats on Approval of Local Budgets for the Relevant FY; and other legislative acts.

istration activities and collects, accounts for, and reports timely information on collected revenue covered in PI-19.

Performance level and evidence for scoring

414. A monthly statement of budget receipts is produced by the Treasury and signed by the Chairman of the Treasury Committee and the Head of the Revenue Department.²³³ It covers all revenues (including loans) broken down by the 6 digit budget classification code that classifies revenues by type based on the classification code.²³⁴ It presents revenue for both the consolidated and republican budgets, with reporting on a monthly and year-to-date basis.

Table 2.43. Information on revenue collections (At time of assessment)

Evidence for scoring and performance level: Collecting entity	Category of revenue (See detail of % in Table 2.34)	Collection of revenue information by a central agency (Y/N)	Frequency of data transfer to the central agency	Transferred data characteristics (Y/N)		
				Broken down by revenue type	Consolidated into a report	Consolidated
State Revenue Committee and Treasury Committee	All	Yes	Monthly report	Yes	Yes	Yes

Data source: Treasury Committee

415. Timely information on collected revenue is accounted for and reported on. Score A.

Performance change since a previous PEFA assessment

416. The 2018 PEFA identified that daily information was circulated. The 2025 PEFA finds timely information is available on collected revenue. The A score for this dimension is unchanged.

Dimension 20.2. Transfer of revenue collections

417. Dimension 20.2 assesses the promptness of transfers to Treasury from other designated agencies of revenue collected at the time of the assessment.

²³³ In accordance with Minister of Finance Order on Approval of the Lists of Reports and Information Submitted by Structural Divisions within the Ministry of Finance, as well as to Higher and Other State Bodies and Organizations, No. 421, dated August 19, 2010. Form 2-07 "Monthly statement of budget receipts as of date" - according to budget receipt classification codes; Form 2-09 "Monthly statement of budget receipts as of date" - broken down by region according to budget receipt classification codes; Form 2-01 "Control statement of receipts as of date (in KZT)" - for the month and from the beginning of the year by region.

²³⁴ Form 2-07 example: 1: Tax revenues 1.01 Income tax 1.01.1 Corporate Income Tax 101105 Corporate income tax for legal entities-organizations in the oil sector. There are eight groups at the first level.

Performance level and evidence for scoring

418. All tax payments are made directly into the TSA subaccount of the State Revenue Committee, which is responsible for collecting all revenues, on a daily basis. Score A.

Table 2.44. Transfer of revenue collections (At time of assessment)

Collecting entity	Category of revenue (See detail of % in Table 2.34)	Frequency of revenue collections transfer directly into accounts controlled by the Treasury
State Revenue Committee	All	Daily

Data source: State Revenue Committee

Performance change since a previous PEFA assessment

419. The 2018 PEFA identified that there was a daily transfer to the TSA. The 2025 PEFA finds continued prompt transfers of collected revenue. The A score for this dimension is unchanged.

Dimension 20.3. Revenue accounts reconciliation

420. Dimension 20.3 assesses the extent to which aggregate amounts related to assessments/charges, collections, arrears, and transfers to (and receipts by) finance or designated other agencies take place regularly and are reconciled in a timely manner at the time of assessment.

Performance level and evidence for scoring

Table 2.45. Revenue accounts reconciliation (At time of assessment)

Collecting entity	Category of revenue (See detail of % in Table 2.34)	Frequency of reconciliation	Time-line of reconciliation	Type of reconciled data (Y/N)			
				Assessments	Collections	Arrears	Transfers to Treasury/ other agencies
State Revenue Committee	Tax (taxes and payments for which personal accounts are maintained)	Daily	Daily	Yes	Yes	Yes	Yes

421. The Treasury Committee sends the State Revenue Committee daily information on budget receipts from second-tier banks and registered organizations carrying out certain types of banking operations for the previous (working) day via a centralized accounts system. The State Revenue Committee reconciles this information with taxpayer payments in its TSA subaccount. The system allows immediate reconciliation of revenue payments to the Treasury and on taxpayer accounts when a tax has been paid or is due to be paid.

422. There is an electronic file for each taxpayer identified by the Tax Identification Number. Filing is done electronically online. The centralized accounts system assigns information on paid (credited/refunded) taxes, payments to the budget, and penalties and fines to taxpayer personal accounts. Payment information includes the date and time of receipt, processing status, and quantity and amount of payments. The system performs a check on the number of payments contained in the register. The taxpayer file is updated based on payment made against payment assessed and due in real time with a reconciliation report available immediately. **Score A.**

Performance change since a previous PEFA assessment

423. The 2018 PEFA identified daily reconciliation procedures. The 2025 PEFA finds continued timely reconciliation. The A score for this dimension is unchanged.

PI-21. Predictability of in-year resource allocation

424. PI-21 assesses the extent to which the central Ministry of Finance is able to forecast cash commitments and requirements and to provide reliable information on the availability of funds to budgetary units for service delivery. Coverage is BCG at time of assessment for PI-21.1 and for last completed FY (2024) for PI-21.2, 21.3, and 21.4. This indicator uses the M2 (AV) method for aggregating dimension scores.

Methodological notes

425. Meetings were held with the State Treasury who provided detailed answers to the information questionnaire requests.

Indicator/ Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-21. Predictability of in-year resource allocation (M2)		A	A
21.1. Consolidation of cash balances	All bank and cash flow balances are consolidated daily.	A	A

Indicator/ Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
21.2. Cash forecasting and monitoring	Cash flow forecasts are made for the whole year covering both expenditures and revenues and are updated based on actual inflows monthly cash flow.	A	A
21.3. Information on commitment ceilings	Budgetary institutions may plan and undertake commitments for expenditures in accordance with the financing plan for commitments and payments.	A	A
21.4. Significance of in-year budget adjustments	In 2024, the legislature approved one revision of the previously adopted budget	A	A

▮ Detailed description of the PFM system for the assessed performance indicator

426. Revenues are included in the budget, detailing estimates by type. Expenditures are included in the annual budget after it is passed, broken down into administrative and economic categories. These budgeted allocations form the basis for cash flow monitoring and forecasting, which determines the timeliness of spending during the year. This data is entered into the software system that is used to manage the budget. There is a TSA in place.

Recent or ongoing reform activities

427. Since 2018, the Treasury has assumed responsibility for the following services: disbursement of funds from government external loans or related grants; provision of Treasury support for public procurement related to new facility construction; administration of the Health Insurance Fund (from January 1, 2018 to January 1, 2024); management of the Victims' Compensation Fund; allocation of resources from non-state loans guaranteed by the state; crediting budgetary funds and their subsequent utilization for the implementation of financial and/or non-financial support within state programs; administration of the Education Infrastructure Support Fund; oversight of the Directorate for the Implementation of the Pilot National Project in the Field of Education (until January 1, 2026); and management of the Special State Fund as stipulated by legislation regarding the recovery of illegally acquired assets to the state.

428. In addition, the new Budget Code authorizes the State Revenue Committee to conduct operations related to the enrollment and expenditure of transfers to legal entities. Transfers to legal entities established by the state, with the exception of state institutions, are designated as targeted transfers from the BCG to autonomous educational organizations, the Social Health Insurance Fund, and the administration of the Astana International Financial Center, in accordance with the legislation.

429. Liquidity Management will be handled as part of the treasury's budget execution.²³⁵ This involves managing TSA balances, forecasting cash flows for timely payments, and investing surplus funds. If a cash deficit is expected in the BCG control account, the Treasury can cover it through borrowing, adjusting the consolidated plan, or accessing temporarily free funds from local budgets and quasi-public entities. When a surplus is forecasted, the Treasury determines how much of the budget's funds are temporarily available. These funds are deposited with the National Bank, National Postal Operator, or second-tier banks.

Dimension 21.1. Consolidation of cash balances

430. Dimension 21.1 assesses the extent to which the Ministry of Finance can identify and consolidate cash balances as a basis for informing the release of funds at the time of assessment.

Performance level and evidence for scoring

431. A TSA is established for the Treasury at the National Bank in the national currency to facilitate centralized transfer transactions and associated accounting processes. This account is used for budget execution in accordance with the procedure stipulated by the banking legislation.

432. The TSA includes the balances of cash control accounts. The Treasury maintains cash control accounts established by the Budget Code, which are designed to record transactions related to the receipt and disbursement of funds from both budgetary and extra-budgetary sources. Cash control accounts record transactions carried out by government agencies, including quasi-public sector entities, using funds received from the budget. Quasi-public sector entities may access budgetary resources when implementing budget investment projects through the replenishment of authorized capital, or when executing state assignments. Cash control accounts are subject to periodic updates and amendments.

433. All bank and cash flow balances are consolidated on a daily basis. Score A.

Performance change since a previous PEFA assessment

Table 2.46. Consolidation of cash balances (At time of assessment)

Bank and cash – Category of accounts	Frequency of consolidation (Daily, Weekly, Monthly)
TSA which has linked subaccounts in local and foreign currencies	Daily

Data source: State Treasury

434. The 2018 PEFA identified that all cash balances were consolidated daily in the TSA. The 2025 PEFA finds this practice continues. The A score for this dimension is unchanged.

▮ Dimension 21.2. Cash forecasting and monitoring

435. Dimension 21.2 assesses the extent to which budgetary unit commitments and cash flows were forecasted and monitored by the Ministry of Finance in 2024.

Performance level and evidence for scoring

436. Cash flow forecasts are made for the whole year covering both expenditure and revenue. Inputs are based on the actual budget and the forecasts of the timing of revenue flows and the seasonal requirements for spending. The forecasts are updated based on actual monthly cash flow. **Score A.**

Performance change since a previous PEFA assessment

437. The 2018 PEFA identified that the cash flow plan was prepared at the beginning of the year and thereafter updated monthly. The 2025 PEFA finds this practice continues. The A score for this dimension is unchanged.

▮ Dimension 21.3. Information on commitment ceilings

438. Dimension 21.3 assesses the reliability of in-year information available to budgetary units on ceilings for expenditure commitment for specific periods for 2024.

Performance level and evidence for scoring

439. A consolidated plan of financing and revenues is prepared annually, which can be amended based on changes in circumstances, for example in emergency situations such as COVID-19. This ensures units may plan and undertake commitments for expenditures in accordance with the financing plan. **Score A.**

Performance change since a previous PEFA assessment

440. The 2018 PEFA identified that budgetary units could plan and commit expenditure for the relevant FY without constraints for cash/commitment releases. The 2025 PEFA finds this continues. The A score for this dimension is unchanged.

Dimension 21.4. Significance of in-year budget adjustments

441. Dimension 21.4 assesses the frequency and transparency of adjustments to budget allocations in 2024. Governments may need to make in-year adjustments to allocations in light of unanticipated events that affect revenues or expenditures.

Performance level and evidence for scoring

442. There was one budget revision in 2024, which is covered in this dimension.²³⁶ When budgetary reallocation exceeds 10 percent, an amendment of the budget is required to be approved by Parliament²³⁷ If there is a need for additional expenditure beyond the original budget, the approved budget must be revised accordingly.

Table 2.47. Amendments to the 2024 budget

Budget	Total revenues, KZT billion	Total expenses, KZT billion
Initial budget 2024 (Budget Law No. 43- VIII ZRK, December 5, 2023) ²³⁸	20,449.1	23,983.9
1st amendment (approved No. 143- VIII, December 13, 2024)	20,449.1	24,120.0

443. The single budget revision is presented to and approved by the Legislature and follows its procedures. Score A.

Performance change since a previous PEFA assessment

444. The 2018 PEFA identified that significant in-year budget adjustments (clarifications requiring parliamentary approval) were limited to two in a year. The 2025 PEFA finds the frequency and transparency of adjustments to budget allocations was appropriate in 2024. The A score for this dimension is unchanged.

PI-22. Expenditure arrears

445. PI-22 measures the extent to which there is a stock of arrears, and the extent to which a systemic problem in this regard is being addressed and brought under control. Coverage is BCG for the last completed FY (2024) for PI-22.1 and at time of assessment for PI-22.2. This indicator uses the M1 (WL) method for aggregating dimensions' scores.

²³⁶ Virement which is covered in PI-18.4 assesses budget adjustments that do not require a supplementary budget covering reallocation of funds from one line ministry (first-tier budget agency) to another within 10 percent of their budget.

²³⁷ 15 percent since January 2025

²³⁸ <https://adilet.zan.kz/rus/docs/Z2300000043/history>

Methodological notes

446. Meetings were held with the State Treasury and information on arrears was provided.

Indicator/ Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-22. Expenditure arrears (M1)		A	B+
22.1. Stock of expenditure arrears	Payments due are made in accordance with contract agreements and executed accordingly. There are no expenditure arrears.	A	A
22.2. Expenditure arrears monitoring	Payments due are generated within the accounting system, which ensures that they are processed and made in line with contractual agreements.	A	B

Detailed description of the PFM system for the assessed performance indicator

447. Arrears in Kazakhstan are avoided through the payment due and contracts system in place.

Recent or ongoing reform activities

448. The new Budget Code, effective from January 1, 2025.

Dimension 22.1. Stock of expenditure arrears

449. Dimension 22.1 assesses the extent to which there is a stock of arrears in 2022, 2023, and 2024.

Performance level and evidence for scoring

450. Payments due are made in accordance with contract agreements and executed accordingly in line with PI-25.3 Compliance with payment rules and procedures are adhered to. There are no expenditure arrears, confirmed by the absence of such information on arrears in the consolidated finance statement.²³⁹ **Score A.**

²³⁹ The 2024 budget execution report Table 18 Information on the reasons for the formation of accounts payable at the expense of budgetary funds shows accounts payable information and the reasons behind it. Out of bln 431.2 tenge only bln 10.8 tenge are overdue because of unspecified reasons. Others were legitimately withheld. Only this bln 10.8 tenge might be titled as arrears and if so, arrears would represent 0.047% of total budget expenditures (bln. 23106.7). However, the Ministry of Finance states there are no arrears which is supported by the Consolidated Financial Statements.

Performance change since a previous PEFA assessment

451. The 2018 PEFA identified that total payables, including any overdue payments, at the end of 2015, 2016, and 2017 were 0.36 percent, 0.63 percent, and 0.17 percent respectively of total expenditure during these years. The 2025 PEFA finds no expenditure arrears. The A score for this dimension is unchanged.

Dimension 22.2. Expenditure arrears monitoring

452. Dimension 22.2 assesses the extent to which any expenditure arrears are identified and monitored at the time of the assessment.

Performance level and evidence for scoring

453. Payments due are generated within the accounting system, which ensures that they are processed and made in line with contractual agreements. The accounting system does not allow any deviations that would result in expenditures arrears. The commitment and payment control systems are complete and functional, and that reliable and complete information is available to suggest that the amount of arrears is nil. **Score A.**

Table 2.48. Expenditure arrears monitoring (at time of assessment)

Data generated (Y/N)			Frequency of reports	Timeline
Stock	Age profile	Composition		
Yes	Yes	Yes	Daily	Daily

Data source: Treasury Committee

Performance change since a previous PEFA assessment

454. The 2018 PEFA identified that there was a system in place for monitoring overdue payments but some of the quarterly reports were not due until 7 weeks after the end of the period. The 2025 PEFA finds that the payments system does not permit arrears. This dimension shows an improvement from the previous PEFA assessment and accordingly the B score has been increased to A.

PI-23. Payroll controls

455. PI-23 is concerned with the payroll for public servants only: how it is managed, how changes are handled, and how consistency with personnel records management is achieved. Wages for casual labor and discretionary allowances that do not form

part of the payroll system are included in the assessment of non-salary internal controls, PI-25. Coverage is central government at time of assessment for PI-23.1, 23.2, and 23.3 and for last three completed FYs, 2022, 2023, and 2024 for PI-23.4. This indicator uses the M1 (WL) method for aggregating dimension scores.

Methodological notes

456. Meetings were held with the State Treasury, the Committee on Internal State Audit and departments of the Ministry of Finance. The authorities presented the IT system in use which includes human resources management and pensions. Meetings were held with ministries responsible for healthcare and education. The PEFA Questionnaire was completed.

Indicator/ Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-23. Payroll controls (M1)		A	C+
23.1. Integration of payroll and personnel records	Hiring of staff follows a defined process. There is a unified automated personnel database for civil servants. The staffing table defines the organizational structure, the human resources database reflects the actual personnel, and the payroll fund accounts for financial expenditure on staff.	A	A
23.2. Management of payroll changes	Retroactive adjustments are generally not allowed. However, in exceptional cases (such as technical error corrections), adjustments are made in payroll sheets and accounting only upon error detection.	A	A
23.3. Internal control of payroll	Only the finance department is authorized to amend data. All changes must comply with regulations, be approved by management, and be formally documented. There is an audit trail based on what has been done and who has carried it out in the system.	A	A
23.4. Payroll audit	Payroll audits are carried out every year for all budget organizations as part of the annual internal audit process based on risk analysis. External audit of financial statements also examines payroll.	A	C

▮ Detailed description of the PFM system for the assessed performance indicator

457. In alignment with the action plan for implementing the ISO 20022 international standard within Kazakhstan's payment systems, a comprehensive regulatory framework has been established to support the migration of national payment systems to the ISO 20022 standard and the cessation of electronic messaging in the

previous MT-102 format.²⁴⁰ The regulations governing budget execution and related cash services now specify the use of the MT-003 payment format for disbursements such as employee salaries and other monetary payments by state institutions, as well as scholarships and similar transfers to individuals' current or savings accounts held at banks.

458. The procedural standard for internal state audit and compliance control requires auditors to review the adherence of salary accruals and incentive payments to existing legal requirements during audits.²⁴¹ This process includes examination of internal legal documents and verification,²⁴² in accordance with rules for budget execution and its cash services.

459. Recalculation to verify arithmetic accuracy of records and documentation, including wage settlements and reserves for unused vacation time, is required in accordance with the procedural standard of audit of financial statements.²⁴³

460. The online budget monitoring module uses risk profiles to target the illegal transfer of budget funds for wages in the education sector (e.g., multiple transfers to the same account, disbursements to a single card account on behalf of multiple recipients, transactions from different classifications of expenditure, and more than three payments per month to one card account).

Recent or ongoing reform activities

461. At the start of 2024, the Internal State Audit Committee launched the Online Budget Monitoring module to shift from post-audit to preventive audit methods. By integrating Treasury data, 11 risk profiles were created to detect illegal wage fund transfers in the education sector, such as multiple payments to one account or suspiciously large transactions. By the end of 2024, the system had identified 965 high-risk payroll cases and led to payment revision notifications totaling KZT 4.1 billion, with KZT 1.5 billion confirmed by year-end.

462. The new Budget Code, effective from January 1, 2025.

Dimension 23.1. Integration of payroll and personnel records

463. Dimension 23.1 assesses the degree of integration between personnel, payroll, and budget data at the time of assessment.

²⁴⁰ Order of the Minister of Finance dated December 4, 2014, No. 540 On Approval of the Rules for Budget Execution and Treasury Servicing

²⁴¹ Approved by Minister of Finance Order No. 113, dated February 1, 2022.

²⁴² Against Form 5-15a: Statement on payments made to the corresponding accounts of recipients of money. Approved by Minister of Finance Order No. 540, dated December 4, 2014.

²⁴³ Approved by Minister of Finance Order No. 272, dated April 24, 2017.

Performance level and evidence for scoring

464. Hiring of staff follows a defined process. The Agency for Civil Service Affairs coordinates the development of a unified automated personnel database (E-Kyzmet system) for civil servants. The staffing table defines the organizational structure, the human resource database reflects the actual personnel, and the payroll fund accounts for financial expenditure on staff. Changes in one of these elements require corresponding adjustments in the others. Staff records include a digital photo for security purposes. The salary calculation is done automatically based on staff plan, salary, and days worked.

465. Staffing schedules and approvals and human resource-related actions are entered into the human resource management subsystem of the e-Minfin information system and consequent payroll payments and tax deductions are produced.²⁴⁴ While the staffing table, human resource database, and payroll fund are key management tools, they do not ensure full budget control. However, they influence the budget process and help monitor and manage personnel-related expenditures. Since such changes affect payroll calculations and reporting, payroll sheets must include accrual and payment dates, which are essential for accounting, taxation, and expenditure confirmation.

466. Hiring of staff follows a defined process. There is a unified automated personnel database for civil servants. The staffing table defines the organizational structure, the human resource database reflects the actual personnel, and the payroll fund accounts for financial expenditures on staff. These are reconciled on a monthly basis. **Score A.**

Performance change since a previous PEFA assessment

467. The 2018 PEFA identified strong links between the approved budget, personnel records, and payroll records. The 2025 PEFA finds no change. The A score for this dimension is unchanged.

Dimension 23.2. Management of payroll changes

468. Dimension 23.2 assesses the timeliness of changes to personnel and payroll data at the time of assessment.

Performance level and evidence for scoring

469. As noted, the Agency for Civil Service Affairs coordinates the development of a unified automated personnel database (E-Kyzmet system) for civil servants. Staffing schedules and approvals and human resource-related actions are entered into the human resource management subsystem of the e-Minfin information system and

²⁴⁴ Annex 1 to Executive Secretary of the Ministry of Finance Order No. 1085 dated December 14, 2018 specifies the Regulations on the Interaction of Regional Departments of the Ministry of Finance within the Framework of Centralization of Planning and Accounting of Salaries and Travel Expenses.

consequent payroll payments and tax deductions are produced. This is carried out when there are personnel changes (hiring, firing, and promotion) to be made and are updated so that salary payments are made in that month (depending on timing) or in the month following.

470. Retroactive adjustments are generally not allowed.²⁴⁵ However, in exceptional cases (such as technical error corrections), upon error detection adjustments are made in payroll sheets and accounting. These are minimal and part of the overall reconciliation process and carried out within the month before the next pay schedule. They are documented through appropriate accounting entries, additional payments, or recalculations.

Score A.

Performance change since a previous PEFA assessment

471. The 2018 PEFA identified that payroll changes were authorized and prompt. The 2025 PEFA finds no change. The A score for this dimension is unchanged.

Dimension 23.3. Internal control of payroll

472. Dimension 23.3 assesses the controls that are applied to the making of changes to personnel and payroll data at the time of assessment.

Performance level and evidence for scoring

473. Modifications are restricted and regulated by legal acts, institutional policies, and internal control systems. Only the finance department is authorized to amend data. All changes must comply with regulations, be approved by management, and be formally documented. There is an audit trail based on what has been done and who has carried it out in the system. Discrepancies in payroll records may trigger an audit. **Score A.**

Performance change since a previous PEFA assessment

474. The 2018 PEFA identified that there was close and effective control of payroll. The 2025 PEFA finds no change. The A score for this dimension is unchanged.

Dimension 23.4. Payroll audit

475. Dimension 23.4 assesses the degree of integrity of the payroll covering 2022, 2023, and 2024.

²⁴⁵ Based on information provided by Treasury and Budget Department and corroborated by Health and Education

Performance level and evidence for scoring

476. Payroll audits are carried out as part of the annual internal audit process based on risk analysis that is carried out by the internal audit services (see PI-26).

Payroll audits are conducted every year for budget organizations with internal audit services, which covers virtually all of central government. The payroll audit covers review and verification of correct salary calculation, personal income tax charges and social security contributions, and actual salary payment.

477. As noted above, the online budget monitoring tool has made it possible to significantly increase the effectiveness of budgetary control, placing an emphasis on preventive response measures.

In general, these risk profiles make it possible to identify unjustified entry of personal data and abnormally inflated payment amounts. In addition, when conducting an audit of financial statements there is a check of the accuracy of documents or records, including checking wage settlements or reserves for unused vacations.

478. A strong system of annual payroll audits exists to expose control weaknesses and identify ghost workers. Score A.

Performance change since a previous PEFA assessment

479. The 2018 PEFA identified some audit testing of payroll had been undertaken by the Supreme Audit Chamber, Internal Audit, and the Committee on Internal State Audit. The 2025 PEFA finds increased coverage of internal audits, which includes payroll audits as part of its annual activities. As this dimension shows improvement from the previous PEFA assessment, the previous C score has been increased to A.

PI-24. Procurement

480. PI-24 examines key aspects of procurement management. It focuses on transparency of arrangements, emphasis on open and competitive procedures, monitoring of procurement results, and access to appeal and redress arrangements. Coverage is central government for the last completed FY (2024). This indicator uses the M2 (AV) method for aggregating dimension scores.

Methodological notes

481. Meetings were held with the Department of Public Procurement Legislation and Procurement of the quasi-public sector in the Ministry of Finance who had filled in the data questionnaire.

Indicator/Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-24. Procurement (M2)		B+	C+
24.1. Procurement monitoring	The database on all procurement includes what has been procured, the value of procurement, and who has been awarded the contract.	A	A
24.2. Procurement methods	Most public procurement is single source in nature. The percentage conducted by open competition is 7.4% of the value of contracts.	D	D
24.3. Public access to procurement information	All six key elements of the procurement information are made available to the public.	A	B
24.4. Procurement complaints management	All six elements relating to procurement complaints are met.	A	D

▮ Detailed description of the PFM system for the assessed performance indicator

482. Public procurement refers to customers acquiring goods, works, or services (in whole or in part) using budgeted funds, Education Infrastructure Support Fund allocations, or their income, in accordance with relevant legislation. The Law on Public Procurement²⁴⁶ governs these acquisitions for necessary operations and state functions, with specific exceptions outlined in related laws for health, education, subsoil use, and certain quasi-public sector entities.

483. The procurement process is regulated by approved rules²⁴⁷ and conducted online through the public procurement web portal.²⁴⁸ Several exceptions exist, including provisions for health-related purchases, student meals, subsoil user operations for mineral extraction, and goods or services provided by certain quasi-public sector entities like Samruk-Kazyna. These carve-outs are specified in relevant articles of sector-specific laws.

484. Automation has ensured transparency, moving all procedures to an electronic format and enabling online audits. Law enforcement also has full access to the portal. Measures such as supplier financial stability requirements, thresholds to avoid unrealistically low bids, and exclusion of problematic firms have been introduced to enhance quality and competitiveness in public procurement.

²⁴⁶ <https://adilet.zan.kz/eng/docs/Z1500000434>

²⁴⁷ Ministry of Finance Order No. 687, dated October 9, 2024.

²⁴⁸ www.goszakup.gov.kz https://egov.kz/cms/en/articles/procurement_portal

485. According to the previous Law on Public Procurement,²⁴⁹ the thresholds of the amounts of public procurement by means of their implementation were as follows:

Table 2.49. Thresholds of the amounts of public procurement by means of their implementation

#	Method	Subject of purchase	Monthly Estimated Rate (MER) threshold ²⁵⁰	Threshold in KZT
1	Competition	Goods, work, service	-	-
2	Auction	Commodity	-	-
3	Request for Quotations	Goods, work, service	Purchases up to 8,000 MER	29,536,000
4	E-shop	Commodity	Purchases up to 4,000 MER	14,768,000
5	One source	Goods, work, service	-	-

Recent or ongoing reform activities

486. Significant changes have recently been introduced to the public procurement process, aiming to enhance the quality of purchased goods, works, and services, simplify procedures, and further automate operations.²⁵¹ Public monitoring mechanisms are now in place, the appeals process for procurement outcomes has been updated, and supplier accountability has been strengthened. Under the new procurement rules, timelines and procedures for tenders have been streamlined. Notably, a competition is deemed valid if there is at least one application that fulfills the qualification requirements. To expedite procurement and avoid unnecessary delays, complaints are now reviewed by the procurement organizer directly, and legal challenges will no longer halt procurement procedures. There are also provisions to allow the purchase of goods, works, and services essential for emergency prevention. Guaranteed purchasing through off-take contracts has been implemented, allowing certain goods to be sourced from a single provider. Additionally, a unified procurement platform, JSC The Center for Electronic Finance, has been established by integrating multiple electronic procurement systems, providing a centralized hub for all public procurement activities.

Dimension 24.1. Procurement monitoring

487. Dimension 24.1 assesses the extent to which prudent monitoring and reporting systems are in place within government for ensuring value for money and for promoting fiduciary integrity.

²⁴⁹ Dated December 4, 2015, No. 434-V ZRC, expired on January 1, 2025

²⁵⁰ Monthly estimated rate is approved annually by the Law on the Republican Budget. It was KZT 3,692 for 2024 (Article 9 On the Republican Budget for 2024-2026). Law dated December 5, 2023, No 43-VIII ZRK <https://adilet.zan.kz/rus/docs/Z2300000043>

²⁵¹ Law on Public Procurement, January 1, 2025, <https://adilet.zan.kz/eng/docs/Z2400000106>

Performance level and evidence for scoring

488. Public procurement procedures are carried out on a web portal, which is an information system of the agency that provides a single point of access to electronic public procurement services and covers the whole process. The entire procurement process, from planning to the fulfillment of contractual obligations, is automated providing transparency and accessibility of public procurement.²⁵² The database includes what has been procured, the value of procurement, and who has been awarded the contract. **Score A.**

Table 2.50. Procurement monitoring 2024

Procurement method		Coverage (from Table 24.2)	Databases/records contain information about (Yes/No)			The data is accurate and complete
			What was purchased	Purchase cost	Who got the contract?	
With competition	Competition	Yes	Yes	Yes	Yes	Yes
	Auction	Yes	Yes	Yes	Yes	Yes
	Price quotation	Yes	Yes	Yes	Yes	Yes
	E-shop	Yes	Yes	Yes	Yes	Yes
No competition	Single source	Yes	Yes	Yes	Yes	Yes

Source: Ministry of Finance

Performance change since a previous PEFA assessment

489. The 2018 PEFA identified that complete and accurate records were kept for most procurement. The 2025 PEFA finds no change. The A score for this dimension is unchanged.

Dimension 24.2 Procurement methods

490. Dimension 24.2 analyzes the percentage of the total value of contracts awarded with and without competition.

Performance level and evidence for scoring

491. Single source tendering the main procurement system. The amount of competitive tendering is just 7.8 percent of total procurement.

²⁵² <https://www.goszakup.gov.kz>

Table 2.51. Procurement monitoring 2024

Procurement method (% of total)		KZT	Coverage
1. With competition/ Above the threshold	Open competition	20,707,585,422.13	7.08
	Auction	4,580,325.0	0.00
	Price quotation	1,356,681,256.44	0.46
	E-shop	710,863,952.76	0.24
Subtotal		22,779,710,956.33	7.8
2. No competition/ Below threshold	Single source (Initially procurement by competitive methods)	4,623,269,244.39	1.58
	Single source	264,935,676,632.61	90.63
Subtotal		269,558,945,877.0	92.2
Total Contract Value/Coverage		292,338,656,833.33	100

Source: Ministry of Finance

492. Most public procurement is single source in nature. The percentage conducted by open competition is 7.4 percent of the value of contracts. **Score D.**

Performance change since a previous PEFA assessment

493. The 2018 PEFA identified that the percentage value of procurement by competition was well below 65 percent. The 2025 PEFA finds the D score for this dimension is unchanged.

Dimension 24.3. Public access to procurement information

494. Dimension 24.3 reviews the level of public access to complete, reliable, and timely procurement information.

Performance level and evidence for scoring

495. Key procurement information to be made available to the public is in Table 2.52:

Table 2.52. Public access to procurement information 2024

Element/ Requirements	Met (Y/N)	Evidence used/Comments
(1) Legal and regulatory framework for procurement	Yes	Old law, ²⁵³ new law, ²⁵⁴ new regulations ²⁵⁵

²⁵³ <https://adilet.zan.kz/eng/docs/Z1500000434>

²⁵⁴ <https://adilet.zan.kz/rus/docs/Z2400000106#z518>

²⁵⁵ <https://adilet.zan.kz/rus/docs/V2400035238#z3432>

Element/ Requirements	Met (Y/N)	Evidence used/Comments
(2) Government procurement plans	Yes	All information is publicly available without authorization on the public procurement portal at the registry of plans ²⁵⁶
(3) Bidding opportunities	Yes	Bidding opportunities are presented on the public procurement portal announcements section with listings, timelines, values and status. ²⁵⁷ This covers 23 categories of bidding opportunities and is freely accessible.
(4) Contract awards (purpose, contractor and value)	Yes	All information is publicly available without authorization on the public procurement portal (goal, amount, ²⁵⁸ contractor ^{259,260})
(5) Data on resolution of procurement complaints	Yes	All complaints information is publicly available without authorization on the public procurement portal. ²⁶¹
(6) Annual procurement statistics	Yes	https://v3bl.goszakup.gov.kz/ru/rep/rep/m001 , https://zakup.gov.kz/home/analytics

Source: Ministry of Finance

496. All six key elements of the procurement information are made available to the public. Score A.

Performance change since a previous PEFA assessment

497. The 2018 PEFA identified that five of six items were available to the public on the goszakup.kz website. The one item that was missing was annual procurement statistics. The 2025 PEFA finds that data on annual procurement is now provided. As this dimension shows an improvement from the previous PEFA assessment, the previous B score has been increased to A.

Dimension 24.4. Procurement complaints management

498. Dimension 24.4 assesses the existence and effectiveness of an independent, administrative complaint resolution mechanism.

Performance level and evidence for scoring

499. In 2024, 290 complaints were reviewed by the Committee on Internal State Audit with different and legitimate outcomes.

²⁵⁶ <https://goszakup.gov.kz/ru/registry/plan>

²⁵⁷ <https://goszakup.gov.kz/ru/search/announce>

²⁵⁸ <https://goszakup.gov.kz/ru/announce/index/14352160?tab=lots>

²⁵⁹ <https://goszakup.gov.kz/ru/announce/index/14352160?tab=protocols>

²⁶⁰ <https://goszakup.gov.kz/ru/announce/index/14352160?tab=winners>

²⁶¹ <https://goszakup.gov.kz/ru/registry/complaint>

Table 2.53. Procurement Complaints Cases in 2024 (Reviewed by The Commission for Considering Complaints in the Field of Public Procurement)

Total	Satisfied		Not Satisfied		Partially Satisfied		Considered Inadmissible		Complaint Dismissed	
	No	%	No	%	No	%	No	%	No	%
290	41	14.14	206	71.03	43	14.83	-		-	

Source <https://goszakup.gov.kz/ru/registry/complaint>

500. The elements of the complaints management assessed following the PEFA guidelines show some discrepancy between the elements in place during the PEFA assessment and those introduced by the new Law on Public Procurement,²⁶² effective from January 1, 2025. Element 1 must be met to score higher than D. Under the old law the appeals process was outside of the procurement instigator so was independent. The new Law allows the procurement instigator to consider appeals.

Table 2.54. Procurement complaint management 2024 (Complaints are reviewed by a body that)

Element/ Requirements	2024		From 1 January 2025	
	Met (Y/N)	Evidence used/ Comments	Met (Y/N)	Evidence used/Comments
(1) is not involved in any capacity in procurement transactions or in the process leading to contract award decisions	Yes	Appeals are considered by the Committee on Internal State Audit	No	Ministry of Finance Order No. 687 dated October 9, 2024, Chapter 4 articles 23 and 24 (appeals procedures), Clause 590 (rules for the implementation of public procurement). Appeals are considered by the procuring organization.
(2) does not charge fees that prohibit access by concerned parties	Yes	Procurement Law applicable in 2024 is silent on fees.	Yes	Law on Public Procurement dated July 1, 2024, Clause 1 of Article 25
(3) follows processes for submission and resolution of complaints that are clearly defined and publicly available	Yes	Article 48 Procurement Law applicable in 2024 ²⁶³	Yes	Chapter 19 of the rules for the implementation of public procurement
(4) exercises the authority to suspend the procurement process	Yes	Article 47 Procurement Law applicable in 2024	No	Law on Public Procurement dated July 1, 2024, Clause 3 of Article 25

²⁶² Law on Public Procurement dated July 1, 2024

²⁶³ <https://adilet.zan.kz/eng/docs/Z1500000434>

Element/ Requirements	2024		From 1 January 2025	
	Met (Y/N)	Evidence used/ Comments	Met (Y/N)	Evidence used/Comments
(5) issues decisions within the timeframe specified in the rules/ regulations	Yes	Article 47 Procurement Law applicable in 2024	Yes	Chapter 19 of the rules for the implementation of public procurement
(6) issues decisions that are binding on every party (without precluding subsequent access to an external higher authority)	Yes	Article 47 Procurement Law applicable in 2024	Yes	Clause 590 of the rules for the implementation of public procurement.

Source: Ministry of Finance

501. Element 1 must be met to score higher than D. Under the old law the appeals process was outside of the procurement instigator so was independent. The new Law allows the procurement instigator to consider appeals. As the PEFA is being applied to 2024 before the new law came in to force the score is A, but would be D effective from January 1, 2025. **Score A.**

Performance change since a previous PEFA assessment

502. The 2018 PEFA identified that there was no independent complaints mechanism. The 2025 PEFA finds that in 2024 complaints were considered by the State Committee on Internal Public Audit, considered independent of the procurement system. From 2025, the procurement instigator can be involved. The score is based on a judgment of the independence of the State Committee on Internal Public Audit at the time of assessment in 2024 and therefore reflects a change from the previous D score. However, the score will revert to D under the new law that came into force on January 1, 2025.

PI-25. Internal controls on non-salary expenditure

503. PI-25 measures the effectiveness of general internal controls for non-salary expenditures. Specific expenditure controls on public service salaries are considered in PI-23. Coverage is central government at time of assessment. This indicator uses the M2 (AV) method for aggregating dimension scores.

Methodological notes

504. The Treasury Committee discussed and demonstrated all aspects of the IT and software systems.

Indicator/ Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-25. Internal controls on non-salary expenditure (M2)		A	A
25.1. Segregation of duties	The integrity of the Treasury system is protected by restricting access to individuals authorized for specific purposes; the system records who has entered it and for what purpose with a clear audit trail. Risk management control systems pay particular attention to the segregation of duties.	A	A
25.2. Effectiveness of expenditure commitment controls	The Treasury software system has a commitment control module where commitments are entered based on cash forecasts. Once a commitment has been made, this is entered into the database and the available commitment for that period is reduced accordingly.	A	A
25.3. Compliance with payment rules and procedures	Current control is carried out in the context of business processes. When implementing control activities, Treasury bodies take preventive measures to ensure the efficient use of budget funds. Financial documents with signs of violation are returned without execution.	A	A

▮ Detailed description of the PFM system for the assessed performance indicator

505. The Treasury Committee of the Ministry of Finance manages execution of the BCG and servicing of the execution of local budgets, the NFRK, and the Victims Compensation Fund through the IIST.²⁶⁴ The Treasury Client information system used by the Treasury Committee and its territorial authorities is an electronic document management system that automates the treasury functions of receiving, processing documents, and generating reports.

Recent or ongoing reform activities

506. In 2024, seminars and meetings on preventing corruption in state budget execution and enhancing public finance management were held at Treasury Departments in cooperation with the Agency for Combating Corruption and the Committee on Internal State Audit. These events involved administrators of budget programs, government agencies, and quasi-public sector entities, with participation from 6,115 organizations.

²⁶⁴ In accordance with the Regulation on the Treasury Committee of the Ministry of Finance, approved by First Deputy Prime Minister - Minister of Finance Order No. 1431, dated December 27, 2019.

Dimension 25.1. Segregation of duties

507. Dimension 25.1 assesses the existence of the segregation of duties, which is a fundamental element of internal control to prevent an employee or group of employees from being in a position to perpetrate and to conceal errors or fraud in the normal course of their duties.

Performance level and evidence for scoring

508. The rules for budget execution and its cash servicing,²⁶⁵ determine the procedure for the execution of the republican and local budgets, their cash servicing, the procedure for the actions of state institutions and authorized state bodies to implement a set of measures to ensure budget revenues, implement budget programs, and finance the budget deficit (use of surplus). The control environment separates responsibilities for different stages of a transaction being initiated, approved, authorized, and executed. This covers the authorization and recording of payments, the custody of assets and reconciliation, and audit of financial statements. These elements are assessed in their respective indicators with a score of either A or B+.

509. The integrity of the Treasury system is protected by restricting access to individuals authorized for specific purposes; the system records who has entered it and for what purpose with a clear audit trail. Risk management control systems pay particular attention to the segregation of duties. **Score A.**

Performance change since a previous PEFA assessment

510. The 2018 PEFA identified strong and clear separation of duties. The 2025 PEFA finds no change. The A score for this dimension is unchanged.

Dimension 25.2 Effectiveness of expenditure commitment controls

511. Dimension 25.2 assesses the effectiveness of expenditure commitment controls.

Performance level and evidence for scoring

512. The Treasury software system has a commitment control module where expenditure commitments are entered for the period based on cash flow projections (see PI-21). Once an expenditure commitment has been made, this is entered into the database and the available expenditure commitment for that period is reduced accordingly. Commitments for expenditure in excess of what is available cannot be entered as the system will not accept an entry and rejects it automatically. **Score A.**

Performance change since a previous PEFA assessment

513. The 2018 PEFA identified found strong effective control of commitments to budgetary limit of allocations and cash availability. The 2025 PEFA finds no change. The A score for this dimension is unchanged.

Dimension 25.3. Compliance with payment rules and procedures

514. Dimension 25.3 assesses the extent of compliance with the payment control rules and procedures based on available evidence.

Performance level and evidence for scoring

515. The territorial division of the central authorized body for budget execution carries out current control during the execution of payments, which consists of checking the invoices for payment for compliance with:

- individual financing plan for payments.
- registered civil law transactions.
- united budget classifications.
- requirements of the budget legislation regarding the completeness and correctness of filling out the form.

516. This process ensures that exceptions are rare and cannot be authorized without prior justification. When making a payment relating to all transactions, the territorial division of the central authorized body for budget execution checks the availability of a copy of the invoice or consignment note on the delivery of goods or an act of work performed, services rendered, or another type of document established by the legislation. Thus, the territorial treasury bodies carry out current control over the compliance of financial documents submitted by state institutions/quasi-public sector entities with the current budget legislation. This way, compliance with budget norms and standards, as well as the targeted use of budget funds, is monitored.²⁶⁶

517. The results of internal audit 360 audit and desk control on the execution of the BCG for 2024 show violations were found in 1.2 per cent of expenditure audited, of which violations of legislation in accounting, budgetary records, and preparation of financial and budgetary reports amounted to 0.3 per cent.²⁶⁷ Most violations related to the quasi-public sector, amounting to 0.7 per cent. In 2024, Treasury authorities returned 78,359 financial documents worth KZT 9.3 trillion under the State Fiscal Service, and 280,474 financial documents worth KZT 19.8 trillion under accounts payable.

²⁶⁶ The Supreme Audit Organization carries out compliance audits, but these tend to be related to joint-stock companies and SOEs and their interaction with the receipts they receive from the budget.

²⁶⁷ 2024 Budget Execution Report Section 3.2.

518. Current control is carried out in the context of business processes, starting with financing plans, applications for registration of civil transactions, and ending with payments. When implementing control activities, treasury bodies take preventive measures to ensure the efficient use of budget funds. The treasury preventive control is that in the process of budget execution, financial documents with signs of violation are returned without execution, thereby ensuring financial discipline in the use of budget money. The processes and procedures and the evidence of internal audit and the return of incorrect documents shows compliance is effective for all transactions. Score A.

Performance change since a previous PEFA assessment

519. The 2018 PEFA identified a high level of compliance with rules and procedures. The 2025 PEFA finds no change. The A score for this dimension is unchanged.

PI-26. Internal audit

520. PI-26 assesses the standards and procedures applied in internal audit. Coverage is central government at time of assessment for PI-26.1 and 26.2; for the last completed FY (2024) for PI-26.3 and PI-26.4; and 2022, 2023, and 2024 for audit reports that should have been issued in the last three FYs. This indicator uses the M1 (WL) method for aggregating dimension score.

Methodological notes

521. Meetings were held with the Committee on Internal State Audit who demonstrated the information system on risk and implementation record as well as audit reports and follow up. All data relating to the indicator was supplied, covering number of internal audits, nature of audits and standards applied, implementation of planned audits, and recommendations implemented.

Indicator/ Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-26. Internal audit (M1)		A	B+
26.1. Coverage of internal audit	The coverage of central government internal audit is almost 100% of total expenditure.	A	A
26.2. Nature of audits and standards applied	Internal audits are focused on the adequacy and effectiveness of internal controls with an effective quality assurance process in place that meets professional standards and a focus on risk.	A	B
26.3. Implementation of internal audits and reporting	Annual audit programs exist. In 2024, 98% of planned audits were completed with an additional 26 unplanned audits. Audit reports are distributed to the appropriate parties.	A	A

Indicator/ Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
26.4. Response to internal audits	Over 2022-2024, 96% of recommendations made have been acted upon (reduced to 92% when weighted by expenditure).	A	NA

▮ Detailed description of the PFM system for the assessed performance indicator

522. The purpose of state audit is defined as being to improve the efficiency of management and use of budget funds, state assets, and entities of the quasi-public sector.²⁶⁸ General standards of governmental audit and financial control have been developed by the Supreme Audit Chamber and approved by the President based on international standards. They include fundamental requirements for the activities of governmental audit and financial control bodies.²⁶⁹ Procedural standards of internal state audit and financial control are developed and approved by the Committee on Internal State Audit in coordination with the Supreme Audit Chamber in conjunction with the Department of Accounting, Auditing and Valuation Methodology in the Ministry of Finance.

523. State audit is divided²⁷⁰ into external, for the analysis, assessment, and verification of the effective and legal management of national resources (financial, natural, production, human resources, information), and internal, for the analysis, assessment, and verification of the achievement of the results stipulated in the documents of the state planning system; the reliability and accuracy of financial and management information; the effectiveness of internal processes for organizing state audit; the quality of public services rendered; and the safety of state assets and entities of the quasi-public sector. There are established procedures and standards for efficiency audits.²⁷¹

524. The Committee on Internal State Audit under the Ministry of Finance and internal audit services are the authorized bodies for internal state audit and financial control,²⁷² with defined competences.²⁷³

525. Internal audit services are established and function under approved regulations by government or regional leaders.²⁷⁴ Regulations on the training and professional

²⁶⁸ Law on State Audit and Financial Control Article 3- "Adilet" LIS as amended <https://adilet.zan.kz/eng/docs/Z1500000392#:~:text=The%20Law%20of%20the%20Republic%20of%20Kazakhstan%20dated,governmental%20audit%20and%20financial%20control%20bodies.%20Chapter%201>

²⁶⁹ Ibid. Article 8.

²⁷⁰ Ibid. Article 3.

²⁷¹ Law on Approval of the Procedural Standard for Internal State Audit and Financial Control over the Performance of the Efficiency Audit by Internal Audit Services Order of the Minister of Finance № 873, dated October 2, 2018. Registered with the Ministry of Justice № 17690 on November 5, 2018. <https://adilet.zan.kz/eng/docs/V1800017690>

²⁷² Law on State Audit and Financial Control Article 10(2)

²⁷³ Law on State Audit and Financial Control Articles 14 and 15

²⁷⁴ Law on State Audit and Financial Control Chapter 11

development of state audit and financial control personnel define training principles such as systematic learning, continuity, self-education integration, and practical application of new knowledge.²⁷⁵

Recent or ongoing reform activities

526. The electronic state audit procedure now applies to internal audit services,²⁷⁶ with a dedicated module in the E-Minfin system developed in 2022.²⁷⁷ This module supports electronic internal audits, with 197 user accounts created for ISA staff. Training has been provided, and since June 1, 2023, selected units have started conducting audits electronically, improving coverage and reducing travel costs.

527. Internal audit materials that meet state audit and financial control standards and pass quality control are now officially recognized.²⁷⁸ These reforms enhance internal audit efficiency, strengthen its role in the state audit system, increase auditor accountability, minimize corruption risks, improve oversight of audit justifications, and uphold mutual recognition principles in state audit.

Dimension 26.1. Coverage of internal audit

528. Dimension 26.1 assesses the extent to which government entities are subject to internal audit at the time of assessment.

Performance level and evidence for scoring

529. Internal audit services have existed since 2015. As of 2025, 30 central government agencies have internal audit services with 165 employees covering extra-budgetary units under their jurisdiction. Some units are outside their jurisdiction (State Social Insurance Fund, Pension Fund, and Social Health Insurance Fund) but these have internal audit units. 20 local executive bodies employ 68 internal auditors. 20 territorial units of central government bodies employ 37 internal auditors.

Table 2.55. Coverage of internal audit 2024

Ministries with Internal Audit Functioning	(KZT billion)
Ministry of Healthcare	2,440.52
Ministry of Agriculture	575.12

²⁷⁵ Joint Normative Resolution of the Accounts Committee (No. 19-HK) and the Order of the Minister of Finance (No. 602), both dated November 30, 2015

²⁷⁶ Order of the Deputy Prime Minister – Minister of Finance dated February 2, 2023, No. 111 (registered with the Ministry of Justice under No. 31840 on February 4, 2023), and amendments to Order of the Minister of Finance dated March 28, 2018, No. 413 on the Approval of the Rules for Electronic Internal State Audit.

²⁷⁷ E-Minfin is an integrated automated information system of the Ministry of Finance. The internal state audit module has 61 risk elements embedded.

²⁷⁸ State Audit Law, Article 19

Ministries with Internal Audit Functioning	(KZT billion)
Ministry of Foreign Affairs	113.45
Ministry of Digital Development, Innovation and Aerospace Industry	237.34
Ministry of Justice	44.67
Ministry of Education and Science	661.52
Ministry of Energy	188.13
Ministry of Education	1,067.47
Ministry of Culture and Information	167.18
Ministry of National Economy	481.54
Ministry of Transport	882.06
Ministry of Finance	7,668.08
Ministry of Labor and Social Protection of the Population	5,359.95
Ministry of Internal Affairs	623.07
Ministry of Industry and Construction	1,037.32
Ministry of Tourism and Sports	221.50
Ministry of Water Resources and Irrigation	121.74
Ministry of Defense	573.56
Ministry of Emergency Situations	225.70
Ministry of Trade and Integration	19.19
Ministry of Ecology and Natural Resources	85.86
Agency for Protection and Development of Competition	3.97
Agency for Strategic Planning and Reforms	22.80
Agency for Civil Service Affairs	7.82
Agency for Financial Monitoring	24.70
Supreme Court	95.52
General Prosecutor's Office	66.53
National Guard Command	50.36
Presidential Administration	18.36
Total	23,085.02

Ministries with Internal Audit Functioning	(KZT billion)
State Social Insurance Fund	724.4
Social Health Insurance Fund	3,147.3
Pension Fund	1,323.9
Grand total	28,280.6

Source: Committee on Internal State Audit

530. The coverage of Central Government Internal Audit is 97.1% of total expenditure.²⁷⁹ Score A.

Performance change since a previous PEFA assessment

531. The 2018 PEFA identified that internal audit was active in almost all government agencies. The 2025 PEFA finds no change. The A score for this dimension is unchanged.

Dimension 26.2. Nature of audits and standards applied

532. Dimension 26.2 assesses the nature of audits performed and the extent of adherence to professional standards at the time of assessment.

Performance level and evidence for scoring

533. Internal audit services of ministries and agencies conduct compliance audits and performance audits, as well as participate in the audit of the financial statements of government bodies.²⁸⁰ The Committee on Internal State Audit conducts compliance audits, financial statement audits, and risk-based audits, as well as unscheduled audits initiated on request from individuals and legal entities.²⁸¹ Procedural standards for the audit of financial statements are set out in relevant legislation.²⁸² Almost all audits relate to compliance focused on evaluations of the adequacy and effectiveness of internal controls with limited performance audits as PI-8.4 and PI-25.3 indicate.

534. The basic principles of public audit and financial control are:

1. Independence - prevention of interference encroaching on the independence of public audit and financial control bodies in the conduct of public audit and financial control.

²⁷⁹ Total expenditure taken from Table 3.

²⁸⁰ Law on State Audit and Financial Control No. 392-V ZRK dated November 12, 2015, Article 15

²⁸¹ Law on State Audit and Financial Control No. 392-V ZRK dated November 12, 2015, Article 14

²⁸² Minister of Finance Order No. 272, dated April 24, 2017; Minister of Finance Order No. 873, dated October 2, 2018; Minister of Finance Order No. 113, dated February 1, 2022. KVGA MF RK website: www.gov.kz Procedural standards: adilet.zan.kz

2. Objectivity - carrying out the state audit and financial control in accordance with the legislation, standards of the state audit and financial control, application by bodies of the state audit and financial control of an objective approach, and exclusion of conflict of interests.
3. Professional competence - availability of public auditors with the necessary knowledge and skills to ensure qualified and quality public audit and financial control, compliance with the standards of public audit and financial control, rules of professional ethics, as well as fulfilment of professional duty.
4. Confidentiality – the obligation of state audit and financial control bodies to safeguard documents received or compiled by them during the state audit and financial control, without the right to transfer them to third parties or orally disclose information contained in them, except for cases provided for by legislation.
5. Reliability - confirmation of the results of the state audit by audit evidence.
6. Transparency - clarity of presentation of the results of public audit and financial control.
7. Publicity - publication in the mass media of the results of public audit and financial control, considering the secrecy regime of official, commercial, or other secrets protected by law.
8. Mutual recognition of the results of public audit - recognition by public audit and financial control bodies of the results of public audit of these bodies subject to compliance with the standards of public audit and financial control.

535. The Committee on Internal State Audit is responsible for quality assurance and is independent of the internal audit service units in all ministries. It has established an assessment and reporting format for conducting all internal audits by type. While the Committee is in the Ministry of Finance, its operations are in line with international internal audit standards and it works closely with the Supreme Audit Chamber in regulating and maintaining quality assurance. Overall, the national standards for internal audit are in line with international standards based on international professional standards of internal audit developed by the International Institute of Internal Auditors. The procedure for ensuring the quality of internal audit services is provided by national internal standards based on these international standards. The Committee on Internal State Audit participates in PEMPAL's Internal Audit Community of Practice which offers support in establishing a modern and effective internal audit system that meets international standards and best practices.

536. Internal audits are focused on the adequacy and effectiveness of internal controls with an effective quality assurance process in place that meets professional standards based on international standards and a focus on risk. Score A.

Performance change since a previous PEFA assessment

537. The 2018 PEFA identified that attention was paid to the effectiveness of control systems. The 2025 PEFA finds that the scope of internal audit has been extended beyond

financial audit. As this dimension shows an improvement from the previous PEFA assessment, the previous B score has been increased to A.

Dimension 26.3. Implementation of internal audits and reporting

538. Dimension 26.3 assesses specific evidence of an effective internal audit (or systems monitoring) function as shown by the preparation of annual audit programs and their actual implementation including the availability of internal audit reports in 2024.

Performance level and evidence for scoring

539. Internal audit services create an annual plan, based on risk analysis and internal audit guidelines, covering all relevant state audit entities. It uses risk analysis to conduct an internal audit which includes quantitative and qualitative performance indicators of state audit entities. These indicators determine the risk classification of an entity, ensuring maximum coverage through state audit. The list of state audit objects is approved by the head of each state body and coordinated with other audit bodies. Audits are conducted as planned unless changes are required for objective reasons, such as reorganizations. Ministries and agencies track audit plan completion and report to their heads.

540. Following each audit, in accordance with national internal audit standards,²⁸³ reports are sent to agency heads, the Supreme Audit Chamber, and the Committee on Internal State Audit, with copies retained and added to the Unified Database of Conducted Audit Activities. These reports, published on ministry websites, include findings, analyses, recommendations, and implementation plans, along with comments from audited entities.

541. Annual audit programs are in place. In 2024, 98 percent of planned audits by ministries under the Committee on Internal Audit were completed with an additional 26 unplanned audits. Audit reports are distributed to the appropriate parties. Pension Fund, State Social Insurance Fund, and Social Health Insurance Fund audits were fully completed, with one extra audit each at the Board of Directors' request.

Table 2.56. Implementation of internal audits and reporting (2024)

Ministry, Department, or Agency Covered	Responsible Internal Audit Unit	Annual Program Availability (Yes/No)	Completed Audits as a Share of Planned Audits	Audit Report Completed and Sent to Relevant Parties (Yes/No)
Ministry of Healthcare	IAS	Yes	100% (9/9)	Yes

²⁸³ According to Minister of Finance Order No. 392 dated March 19, 2018, registered with the Ministry of Justice No. 16689 on March 30, 2018.

Ministry, Department, or Agency Covered	Responsible Internal Audit Unit	Annual Program Availability (Yes/No)	Completed Audits as a Share of Planned Audits	Audit Report Completed and Sent to Relevant Parties (Yes/No)
Ministry of Agriculture	IAS	Yes	100% (16/16)	Yes
Ministry of Foreign Affairs	IAS	Yes	100% (21/21)	Yes
Ministry of Digital Development, Innovation and Aerospace Industry	IAS	Yes	100% (6/6)	Yes
Ministry of Justice	IAS	Yes	100% (6/6)	Yes
Ministry of Science and Higher Education	IAS	Yes	100% (7/7)	Yes
Ministry of Energy	IAS	Yes	100% (5/5)	Yes
Ministry of Education	IAS	Yes	100% (8/8)	Yes
Ministry of Culture and Information	IAS	Yes	100% (10/10)	Yes
Ministry of National Economy	IAS	Yes	100% (6/6)	Yes
Ministry of Transport	IAS	Yes	100% (7/7)	Yes
Ministry of Finance	IAS	Yes	100% (9/9)	Yes
Ministry of Labor and Social Protection of the Population	IAS	Yes	54.5% (11/6)	Yes
Ministry of Internal Affairs	IAS	Yes	97.2% (36/35)	Yes
Ministry of Industry and Construction	IAS	Yes	100% (8/8)	Yes
Ministry of Tourism and Sports	IAS	Yes	100% (14/14)	Yes
Ministry of Water Resources	IAS	Yes	100% (7/7)	Yes
Ministry of Defense	IAS	Yes	100% (46/46)	Yes
Agency for Civil Service Affairs	IAS	Yes	100% (4/4)	Yes
Agency for Financial Monitoring	IAS	Yes	100% (5/5)	Yes
Agency for Strategic Planning and Reforms	IAS	Yes	100% (5/5)	Yes

Ministry, Department, or Agency Covered	Responsible Internal Audit Unit	Annual Program Availability (Yes/No)	Completed Audits as a Share of Planned Audits	Audit Report Completed and Sent to Relevant Parties (Yes/No)
Agency for Protection and Development of Competition	IAS	Yes	100% (5/5)	Yes
General Prosecutor's Office	IAS	Yes	100% (13/13)	Yes
National Guard	IAS	Yes	100% (8/8)	Yes
Judicial Administration	IAS	Yes	100% (7/7)	Yes
Administrative Office of the President	IAS	Yes	100% (7/7)	Yes
State Social Insurance Fund	SSIF	Yes	100% (6/6)	Yes
Social Health Insurance Fund	SHIF	Yes	100% (6/6)	Yes
Pension Fund	UAPF	Yes	100 (12/12)	
Total			97.7% (294/301)	

Note: IAS=Internal Audit Service, SSIF=State Social Insurance Fund, SHIF=State Health Insurance Fund UAPF= Unified Accumulative Pension Fund

Source: Committee on Internal State Audit and Funds

542. All Annual audit programs were implemented in 2024. Score A.

Performance change since a previous PEFA assessment

543. The 2018 PEFA identified that audit plans were produced and a high percentage of planned audits were completed. The 2025 PEFA finds no change. The A score for this dimension is unchanged.

Dimension 26.4. Response to internal audits

544. Dimension 26.4 assesses the extent to which action is taken by management on internal audit findings from audits reports issued in 2022, 2023, and 2024.

Performance level and evidence for scoring

545. Based on national internal audit standards, the internal audit service makes proposals and recommendations aimed at improving the financial performance of the audited entity. The extent to which action is taken by management is measured by the number of recommendations that are implemented. The audited entity is required to approve an action plan for the implementation of these proposals and recommendations including actions, timing, and person responsible. The action plan is attached to

the audit report. The internal audit service monitors the implementation of the action plan, with the audited entity providing quarterly updates. With respect to the State Social Insurance Fund, reports are reviewed quarterly by the Audit Committee under the Board of Directors and sent to the Ministry of Labor and Social Protection of the Population as shareholder. State Health Insurance Fund reports go to the Board of Directors. With respect to the Pension Fund, the audit report on the results of the audit is sent to the auditees as well as to supervising managers for information, and to the Audit Committee of the Board of Directors and the Board of Directors for consideration in the work of risk management and anti-corruption compliance units. Some of the recommendations are implemented in the following year, which amounted to 14 percent of total recommendations for the 2022 to 2024 period.

Table 2.57. Implementation of proposals and recommendations made as a result of internal audit measures based on the annual plan

Ministries				
Year	Recommendations	Implemented	Expenditure	Implemented weighted by expenditure
2022	2,171	2,085	2,709	2,660
	(Of which implemented in 2023)	163		
		96%		98%
2023	2,171	2,109	2,136	2,064
	(Of which implemented in 2024)	148		
		97%		97%
2024	2,146	2,085	4,660	4,588
	(Of which implemented by May 2025)	564		
		97%		98%
Total	6,488	6,279	9,506	9,312
		97%		98%
State Social Insurance Fund				
2022	10	7	946.9	
	(Of which implemented in 2023)	3		
		100%		100%

Ministries				
Year	Recommendations	Implemented	Expenditure	Implemented weighted by expenditure
2023	40	37	652.5	
	(Of which implemented in 2024)	3		
		100%		100%
2024	27	21	724.4	
	(Of which implemented by May 2025)	6		
		100%		100%
Total	77	77	2,323.8	2,323.8
		100%		100%
Social Health Insurance Fund				
2022	185	67	2,454.5	
	(Of which implemented in 2023)	109		
		95%		95%
2023	104	30	2,987.1	
	(Of which implemented in 2024)	61		
		88%		88%
2024	150	50	3,147.3	
	(Of which implemented by May 2025)	42		
		59%		59%
Pension Fund				
2022	114	56	1,650.0	100%
	(Of which implemented in 2023)	58		
		100%		100%

Ministries				
Year	Recommendations	Implemented	Expenditure	Implemented weighted by expenditure
2023	193	102	223.9	
	(Of which implemented in 2024)	91		
		100%		100%
2024	123	72	56.1	
	(Of which implemented by May 2025)	31		
		85%		85%
Total	428	410	1,930	
		96%		96%
Grand Total	7,431	7,127	22,172.7	
		96%		93%

546. Table 2.57 shows that over 2022-2024, 96 per cent of recommendations were implemented. This is reduced to 93% when weighted by expenditure. **Score A.**

Performance change since a previous PEFA assessment

547. The 2018 PEFA did not score this dimension as it was too early in the process for suitable information to be available. The 2025 PEFA finds that over 2022-2024, 96 per cent of recommendations were implemented. This is reduced to 92% when weighted by expenditure. This is the first time this dimension has been scored.

2.6. Pillar Six: Accounting and reporting

548. Pillar VI measures to see that accurate and reliable records are maintained, and information is produced and disseminated at appropriate times to meet decision-making, management, and reporting needs.

549. The assessment methodology and approach for Pillar VI included observing demonstrations of the IIST system, reviewing related documentation, analyzing the government's report on execution of the republican budget, and evaluating sample

annual financial reports. Meetings were conducted with the Ministry of Finance, the Treasury Committee, and budgetary organizations. Additional information was provided via pre-meeting questionnaires.

Overall performance: Analysis of key strengths and weaknesses

550. Pillar VI encapsulates the strengths of Pillar V in terms of integrity embodied in the processes and procedures that have been developed for linking the budget that has been passed to its execution for all categories of classification which ensures monthly and annual reporting. Bank account reconciliation reflects the adoption of the TSA. The clearance of suspense and advance accounts, as well as the overall financial data integrity processes, reflect the comprehensive coverage of the IT system. The adoption of international accounting standards in translating the expenditure and revenue data into the financial statements is being implemented with the majority of international standards incorporated into national standards. Variations between international and national standards are disclosed and gaps are explained.

Figure 2.6. Pillar Six: Accounting and Reporting



551. Overall, the indicator score for the pillar has a median score of B+ as shown in the chart.

PI-27. Financial data integrity

552. PI-27 assesses the extent to which treasury bank accounts, suspense accounts, and advance accounts are regularly reconciled and how the processes in place support the integrity of financial data. The first dimension of this indicator evaluates the reconciliation of bank accounts belonging to central government entities. These organizations administer BCG programs, alongside certain other state institutions and SOEs (see PI-6). While the accounts managed by administrators of BCG programs are included within the TSA, other government entities maintain accounts with commercial banks. Therefore, Dimension 27.1 encompasses an assessment of both TSA and non-TSA organization accounts. Coverage is central government for PI-27.1 and BCG for PI-27.2, 27.3, and 27.4. Time period is at time of assessment for all four dimensions, specifically

covering the preceding FY (2024) for PI-27.1, 27.2, and 27.3. This indicator uses the M2 (AV) method for aggregating dimension scores.

Methodological notes

553. The IIST was observed during a demonstration of its working process, documentation was assessed, and meetings were held with the Ministry of Finance, the Treasury Committee, and budgetary organizations.

Indicator/ Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-27. Financial data integrity (M2)		A	B+
27.1. Bank account reconciliation	Reconciliation of bank accounts of central government units whose operations constitute more than 90% of the total central government operations is carried out at least once a month, no later than 4 weeks after the end of the month.	B	D
27.2. Suspense accounts	Within 7 days, all uncleared amounts from the Clarified Account (902) are either returned to the depositor or, after clarification, are transferred to the intended purpose.	A	A
27.3. Advance accounts	Reconciliation of advance payments is made at least once a month at the end of each month. All advance accounts are controlled and paid on time.	A	A
27.4. Financial data integrity processes	Access to the IIST is limited, and making changes is recorded; employees act following the assigned status. All actions in the system leave an audit trail and can be tracked.	A	A

Detailed description of the PFM system for the assessed performance indicator

554. There are defined procedures for budget execution and cash servicing and actions of state institutions on implementation of the budget.²⁸⁴ The Treasury Committee operates strictly in accordance with these rules in the process of managing bank account reconciliation, suspense accounts, and advance accounts.

555. The operational and technical management of the IIST is carried out by the Center for Electronic Finance, a specialized institution supporting information systems relevant to the government budget process. The Ministry of Finance enters

²⁸⁴ Minister of Finance Order No. 540 dated December 4, 2014, <https://adilet.zan.kz/rus/docs/V14E0009934>

into annual contracts with the Center for Electronic Finance for public procurement of services pertaining to the support and administration of the IIST system.

Recent or ongoing reform activities

556. New report forms have been developed in the IIST for daily automatic reconciliation (control) of cash balances on all (over 16,000) cash control accounts with the balance of funds on the TSA.

557. Since January 2025, the Treasury Committee has switched to the international standard ISO 20022.

Dimension 27.1. Bank account reconciliation

558. Dimension 27.1 assesses the regularity of bank reconciliation at the time of assessment (covering 2024).

Performance level and evidence for scoring

559. The Treasury Committee reconciles all accounts within the TSA daily. Reconciliation of bank accounts of those central government units that have accounts in commercial banks is carried out partially. Reconciliation of bank accounts of central government units whose operations constitute more than 90 percent of the total central government operations is carried out at least once a month, no later than four weeks after the end of the month. The State Social Insurance Fund and Social Health Insurance Fund accounts are checked once a month, and their reporting is reflected in the monthly state budget execution report prepared by the Ministry of Finance.

560. The accounts of the Pension Fund, NPJSEs, and SOEs under operating management are not reconciled, but their volume does not exceed 10 percent of total central government operations (Table 6.1 of PI-6).

561. Reconciliation of bank accounts of central government units whose operations constitute more than 90 percent of the total central government operations is carried out at least once a month, no later than four weeks after the end of the month. Score B.

Performance change since a previous PEFA assessment

562. The 2018 PEFA identified that reconciliation of bank accounts was undertaken on a daily basis for TSA but information was not available about reconciliation procedures for other bank accounts under central government control. The 2025 PEFA finds that the State Social Insurance Fund and Social Health Insurance Fund are

now presented in the monthly budget execution reports, as well as in the annual BCG execution reports. The bank accounts of these funds are reconciled monthly. This dimension shows an improvement from the previous PEFA assessment and accordingly the D score has been increased to B.

Dimension 27.2 Suspense accounts

563. Dimension 27.2 assesses the extent to which suspense accounts, including sundry deposits/liabilities, are reconciled on a regular basis and cleared in a timely way at the time of assessment (covering 2024).

Performance level and evidence for scoring

564. In accordance with the rules, Account 902: Amounts calculated by mutual calculations until clarified operates under the TSA.²⁸⁵ All outstanding amounts are credited to this account and it is used to credit refunds of current-year payments with incorrectly specified details or payments from previous years.

565. The Treasury Committee Department ensures that the reasons for crediting amounts to Account 902 are clarified within seven working days from the date of their crediting; in the case of erroneously transferred payments, the amounts are returned to the sender of the money. Amounts credited for receipts to the TSA in the absence of or incorrectly specified details are credited to the recipient of the money by the Treasury based on a letter from a government agency, upon clarification of the details.

566. Therefore, within a maximum of seven days, all uncleared amounts from Account 902 are either returned to the depositor or, after clarification, are transferred to the intended purpose. Score A.

Performance change since a previous PEFA assessment

567. The 2018 PEFA identified that suspense accounts were cleared promptly. The 2025 PEFA finds all uncleared amounts from Account 902 are either returned to the depositor or, after clarification, are transferred to the intended purpose within a maximum of seven days. The A score for this dimension is unchanged.

Dimension 27.3. Advance accounts

568. Dimension 27.3 assesses the extent to which advance accounts are reconciled and cleared at the time of assessment covering 2024.

Performance level and evidence for scoring

569. Under government contracts related to construction, reconstruction, major repairs, and current expenses, with some exceptions, the advance payment issued is retained by the government agency proportionally from each amount of goods (works, services) received.²⁸⁶

570. For contracts that extend beyond the FY and for which an advance payment has already been issued, subsequent advances may only be provided in the new FY once the prior year's advance has been fully repaid. It is standard practice to settle advances under contracts no later than the end of the FY.

571. Advances for business trips and other purposes are issued by order of the agency head only to employees of that government agency.²⁸⁷ Before issuing an advance, the accounting department checks the employee has no outstanding debts for previous advances.

572. Accountable persons submit a report on the expenditure of advances, accompanied by documents confirming the expenses incurred. The unused balance of the advance is returned no later than three working days. New advances may be issued to the accountable person, subject to the repayment of previously issued advances.

573. The accounting department verifies the expenditure report on the advances, then it is approved by the head of the organization or their authorized representative. If the advance payment report is not submitted within the deadline, or the unused balance is not returned, the state institution is required to recover the outstanding amount from the individual's salary.

574. According to the accounts receivable report as of January 1, 2025, advance payments for business trips and other accounts receivable of employees under the BCG amounted to KZT 1.2 billion, short-term advances under contracts amounted to KZT 86.1 billion. The total amount of advances as of January 1, 2025, was KZT 87.3 billion, within 0.4 percent of budget expenditures.

Table 2.58. Advance accounts (At time of assessment, covering the preceding FY)

Type of advance account	Frequency of reconciliation	Timeframe for reconciliation	Timeframe for clearance
Advances to employees (business trips and other)	Upon completion of business trips	Within 5 days after the end of the business trip	Within 5 days after the end of the business trip

²⁸⁶ Regulation of such advances is carried out by Article 172 of the Rules for Budget Execution and Cash Management (Ministry of Finance Order No. 540).

²⁸⁷ Regulated in accordance with the Rules for Accounting in Government Agencies, approved by Minister of Finance Order No. 393 of August 3, 2010, https://adilet.zan.kz/rus/docs/V100006443_

Type of advance account	Frequency of reconciliation	Timeframe for reconciliation	Timeframe for clearance
Advances on contracts (goods and services)	At least once a month	No later than the 15th of the following month	Usually no later than the end of the FY

Data source: Information provided by the Ministry of Finance. Assessment Team Research

575. Based on the available information, the reconciliation of advance payments is made at least once a month at the end of each month. All advance accounts are checked and paid on time. **Score A.**

Performance change since a previous PEFA assessment

576. The 2018 PEFA identified that advances accounted for only a small percentage of BCG expenditure and cleared promptly. Evidence confirmed that reconciliation was undertaken monthly. The 2025 PEFA finds that advance payments are reconciled at least once a month and all advance accounts are checked and paid on time. The A score for this dimension is unchanged.

Dimension 27.4. Financial data integrity processes

577. Dimension 27.4 assesses the extent to which processes support the delivery of financial information and focuses on data integrity defined as accuracy and completeness of data (ISO/IEC, International Standard) at the time of assessment.

Performance level and evidence for scoring

578. Ensuring data integrity is a priority in the administration of information systems of the IIST. The Ministry of Finance enters into an annual agreement with the Center for Electronic Finance for provision of the following services: i) Maintenance of the IIST, including user consultation, error correction, and resolution of issues; ii) Administration and monitoring of software and database management systems to ensure continuous (24/7) availability; iii) Assurance of information security measures.

579. The IIST support team includes employees from the following divisions of the Center for Electronic Finance: i) Department of Digital Treasury – 11 people; ii) Department of Technical Administration – 4 people; iii) Department of Information Security – 3 people; iv) Department of Testing, Monitoring and Management of Incidents – 3 people.

580. Access to IIST is restricted and based on the authority level granted to Treasury Committee employees.²⁸⁸ Changes within the IIST are recorded; with employee actions governed by their designated status. Every activity performed in the system generates an audit trail, ensuring full traceability. **Score A.**

Performance change since a previous PEFA assessment

581. The 2018 PEFA identified effective financial data integrity processes with clear audit trail. The 2025 PEFA finds this continues. The A score for this dimension is unchanged.

PI-28. In-year budget reports

582. PI-28 assesses the comprehensiveness, accuracy, and timeliness of information on budget execution. In-year budget reports must be consistent with budget coverage and classifications to allow monitoring of budget performance and, if necessary, timely use of corrective measures. Coverage is BCG for the last completed FY (2024). This indicator uses the M1 (WL) method for aggregating dimension scores.

Methodological notes

583. The government's report on execution of the republican budget was examined. Meetings were held with representatives of the Ministry of Finance and the Treasury Committee. Information was supplied in the pre-meeting questionnaire.

Indicator/ Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-28. In-year budget reports (M1)		B+	A
28.1. Coverage and comparability of reports	The structure of the budget execution report is consistent with the original approved budget. Information includes all items of budget estimates.	A	A
28.2. Timing of in-year budget reports	Budget execution reports are prepared monthly, available on the third or fourth week after the end of the month.	B	A
28.3. Accuracy of in-year budget reports	Budget execution reports present analysis of the budget execution, data on expenditure is covered at both commitment and payment stages. There are no material concerns regarding data accuracy.	A	A

²⁸⁸ Granted by Order on the Appointment of the Employee, Job Description and Signing of the Obligation to Non-Disclosure of Information with Limited Access. Authority is assigned to employees in accordance with the instructions on users and their authority, approved by Treasury Committee Chair Order No. 459 dated February 21, 2024.

▮ Detailed description of the PFM system for the assessed performance indicator

584. Budget execution reporting follows established procedures determined by the Ministry of Finance,²⁸⁹ ensuring that report structures align with the approved budget and include all items of budget estimates. The Ministry of Finance submits regular reports on the execution of state, consolidated, republican, and local budgets to the government and the Ministry of National Economy, and quarterly to the Presidential Administration and the Supreme Audit Chamber. Monthly reports on the BCG are published on the state unified Internet resource platform - www.gov.kz. Both revenues and expenditures are fully captured in the TSA, with the Treasury Committee handling accounting and expenditure services for budgetary organizations through the IIST.

Recent or ongoing reform activities

585. Since 2023, the monthly state budget execution reports have reflected planned and actual figures of revenues and expenditures according to the third level of budget classification.

▮ Dimension 28.1. Coverage and comparability of reports

586. Dimension 28.1 assesses the extent to which information is presented in in-year reports and in a form that is easily comparable to the original budget.

Performance level and evidence for scoring

587. The BCG execution report reflects approved, revised, and adjusted budget plans, as well as assumed (including unpaid) obligations, and the actual implementation of revenues and expenditures. The budget execution structure includes revenues, expenditures, net budget lending, net financial assets, budget deficit/surplus, non-oil deficit, deficit financing, and reference section "remains of budget funds".

588. All BCG organizations are serviced through the TSA. No transfers are made to de-concentrated units.

589. The structure of the budget execution report is consistent with the original approved budget. Information includes all items of budget estimates. **Score A.**

Performance change since a previous PEFA assessment

590. The 2018 PEFA identified that monthly reports by administrative, functional, program, and economic classification were published. The 2025 PEFA finds no change. The A score for this dimension is unchanged.

²⁸⁹ Budget Code, Section 6 and Minister of Finance Order, No. 630, of December 2, 2016.

Dimension 28.2. Timing of in-year budget reports

591. Dimension 28.2 assesses whether this information is submitted in a timely manner and accompanied by an analysis and commentary on budget execution.

Performance level and evidence for scoring

592. The Ministry of Finance submits reports on the execution of the state, consolidated, republican, and local budgets: monthly to the government and the Ministry of National Economy, and quarterly to the Presidential Administration and the Supreme Audit Chamber.

593. The Ministry of Finance publishes budget implementation in various formats on the third or fourth week after the end of the month, including: BCG implementation, state budget implementation report, consolidated budget implementation report, NFRK control account flow chart, priority budget investment implementation report, local budget implementation report. All reports are posted on the Unified Platform of Internet Resources of State Bodies.²⁹⁰

594. Budget execution reports are prepared monthly, available on the third or fourth week after the end of the month. Budget execution reports are presented in tables and figures. They do not include narrative and relevant explanations. **Score B.**

Performance change since a previous PEFA assessment

595. The 2018 PEFA identified that monthly reports were produced within two weeks of the end of month. The 2025 PEFA finds that since 2018 the reports are published on the Unified Platform of Internet Resources of State Bodies no later than the 25th of the following month (the deadline specified in the Budget Code), which is three to four weeks after the end of the month. The previous A score for this dimension is reduced to B.

Dimension 28.3. Accuracy of in-year budget reports

596. Dimension 28.3 assesses the accuracy of the information submitted, including whether expenditure for both the commitment and the payment stage is provided.

Performance level and evidence for scoring

597. The Treasury Committee provides accounting for budget revenues and services for expenditures of budgetary organizations using the IIST. Budget reporting follows administrative and functional classifications. No concerns have been raised regarding

²⁹⁰ <https://www.gov.kz/memleket/entities/minfin/documents/1?directions=2482&lang=ru>

the accuracy of the data by the Supreme Audit Chamber, internal audit services, or other participating budgetary units. Budget execution reports include analysis of expenditures at both commitment and payment stages. **Score A.**

Performance change since a previous PEFA assessment

598. The 2018 PEFA identified that reports were accurate and included commitments. The 2025 PEFA finds no change. The A score for this dimension is unchanged.

PI-29. Annual financial reports

599. PI-29 assesses the extent to which annual financial statements are complete, timely, and consistent with generally accepted accounting principles and standards. This is crucial for accountability and transparency in the PFM system. Coverage is BCG for the last completed FY (2024) for PI-29.1, the last annual financial report submitted for audit for PI-29.2, and the last three years' financial reports for PI-29.3. The indicator uses the M1 (WL) method for aggregating dimension scores.

Methodological notes

600. The documentation was examined; sample annual financial reports were assessed. Meetings were held with the Ministry of Finance and the Treasury Committee.

Indicator/ Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-29. Annual financial reports (M1)		C+	C+
29.1. Completeness of annual financial reports	Annual financial report contains information on revenues, expenses, financial assets, tangible assets, liabilities, guarantees, and obligations. The report corresponds to the reconciled cash flow statement.	A	C
29.2. Submission of reports for external audit	The annual report on the execution of the republican budget for 2024 was submitted to the Supreme Audit Chamber on March 31, 2025 (within 3 months of the end of the FY).	A	A
29.3. Accounting standards	The majority of international standards have been incorporated into national standards, and the standards applied in the preparation of annual financial reports are disclosed. However, differences between international and national standards are not identified, nor are any gaps explained.	C	C

▮ Detailed description of the PFM system for the assessed performance indicator

601. The scope, form, periodicity, timing, order of preparation, and presentation of budget reporting is clearly established.²⁹¹ The process for preparing budget statements involves submitting an annual report on the BCG's execution to the government and state audit bodies by April 1 of the following year.²⁹² The government must then submit this report to Parliament and the Supreme Audit Chamber by April 20 for assessment.

602. Since 2013, Kazakhstan has transitioned state institutions from cash accounting to an accrual-based system for financial reporting. The methodological basis (accounting policy, rules of accounting, plan of accounts, forms of financial reporting, rules of consolidation) for state institutions is national standards developed based on IPSAS.

Recent or ongoing reform activities

603. Since 2020, the Annual Report on the Execution of the Republican Budget has included consolidated financial statements with a balance sheet for each fiscal year, in line with IPSAS requirements.²⁹³ The Concept of Public Finance Management until 2030,²⁹⁴ outlines a gradual shift toward consolidated reporting for both state and quasi-public sectors at all levels. Under the new Budget Code, from 2027 budget program administrators must prepare annual consolidated statements, incorporating financial reports from subordinate quasi-public entities according to Ministry of Finance guidelines. Work is also underway to update accounting and reporting methods in line with recent IPSAS amendments.

▮ Dimension 29.1. Completeness of annual financial reports

604. Dimension 29.1 assesses the completeness of the 2024 annual financial reports in terms of their coverage.

Performance level and evidence for scoring

605. The government prepares the budget execution report annually. Budget execution figures are compared with budget plans. Planned figures include both original and

²⁹¹ Budget Code, Section 5. Minister of Finance Order on approval of the Chart of Accounts for Accounting of Government Agencies, No. 281, dated June 15, 2010 <http://adilet.zan.kz/rus/docs/V100006314>; Minister of Finance Order on approval of the Rules for Maintaining Accounting Records in Government Agencies, No. 393, dated August 3, 2010, <http://adilet.zan.kz/rus/docs/V100006443>; Minister of Finance Order on Approval of Accounting Policies, No. 444, dated September 7, 2010, <http://adilet.zan.kz/rus/docs/V100006505>; Minister of Finance Order on approval of the Album of Forms of Accounting Documentation for Government Agencies, No. 390, dated August 2, 2011, <http://adilet.zan.kz/rus/docs/V1100007126>

²⁹² Budget Code, Section 6. Minister of Finance Order on the Approval of the Rules of Compilation and Reporting of the Budget, No. 630, of December 2, 2016. <https://adilet.zan.kz/rus/docs/V1600014613>

²⁹³ Budget Code, Articles 120-1 and 127

²⁹⁴ <https://adilet.zan.kz/rus/docs/U2200001005>

revised plans. The report contains information on revenues, expenses, financial assets, tangible assets, liabilities, guarantees, and obligations. It corresponds to the reconciled cash flow statement.

606. The annual report on the execution of the republican budget for 2024 consists of: a) an explanatory note; b) report on the execution of the BCG for the reported FY; c) an analytical report on the execution of the BCG in terms of revenues and expenditures; and d) annual consolidated financial statements. This report becomes public after its approval by Parliament. At the time of the PEFA assessment, the government's report on the 2024 republican budget had not been published.

607. Annual financial reports have good coverage. Score A.

Table 2.59. Completeness of annual financial reports (Last completed FY)

Financial reports prepared annually (Y/N)	Comparable with approved budget (Y/N)	Content of annual financial reports (Y/N):						Reconciled cash flow statement (Y/N)
		Revenue	Expenditure	Financial assets	Tangible assets	Liabilities	Guarantees and long-term obligations	
Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Data source: Ministry of Finance; 2024 consolidated financial report

Performance change since a previous PEFA assessment

608. The 2018 PEFA identified that the government's budget execution report, the focus of audit work, covered only revenue and expenditure, and movements in public debt. The 2025 PEFA finds that the financial report is part of the annual execution report of the republican budget. The report includes financial assets, tangible assets, liabilities, and cash flows, among other data. This dimension shows an improvement from the previous PEFA assessment and accordingly the C score has been increased to A.

Dimension 29.2. Submission of reports for external audit

609. Dimension 29.2 assesses the timeliness of submission of the last reconciled year-end financial reports for external audit as a key indicator of the effectiveness of the accounting and financial reporting system.

Performance level and evidence for scoring

610. The Ministry of Finance submitted the annual report on the execution of the republican budget for 2024 to the Supreme Audit Chamber on March 31, 2025.²⁹⁵

Financial reports for BCG are submitted for external audit within three months of the end of the FY. **Score A.**

Performance change since a previous PEFA assessment

611. The 2018 PEFA identified that the government's annual report on budget execution was presented to the Accounts Committee by March 25 (within three months of end of FY). The 2025 PEFA finds no change. The A score for this dimension is unchanged.

Dimension 29.3. Accounting standards

612. Dimension 29.3 assesses the extent to which annual financial reports for 2022, 2023, and 2024 are understandable to the intended users and contribute to accountability and transparency.

Performance level and evidence for scoring

613. Kazakhstan has been gradually adopting IPSAS in the public sector since the 2010s, integrating elements into its national accounting system for government agencies. Annual financial statements follow national standards based on IPSAS. The Ministry of Finance oversees standard harmonization, with plans for further IPSAS adoption. Currently, 11 IPSAS standards are fully implemented and 24 are partially applied—meaning only certain provisions are in use or adjusted for local needs, sometimes resulting in incomplete asset or liability reporting. Most IPSAS standards have been incorporated into national standards and are at least partly in effect, but the differences between international and national standards are not identified, nor are any gaps explained. The standards applied in the preparation of annual financial reports are disclosed and all financial statements comply with national legislation.

614. The majority of international standards have been incorporated into national standards, and the standards applied in the preparation of annual financial reports are disclosed. However, the differences between international and national standards are not identified, nor are any existing gaps explained. **Score C.**

Table 2.60. Accounting standards applied to all financial reports (last three years' financial reports)

Type of standard (International Standards/Country framework)	Consistency (Most/Majority/Consistent reporting over time)	Disclosure of standards (Y/N)	Disclosure on variations (Y/N)	Gaps explained (Y/N)
National standards developed based on IPSAS	Majority	Yes	No	No

Data source: Ministry of Finance and the Treasury Committee

Performance change since a previous PEFA assessment

615. The 2018 PEFA identified that consolidated budget execution reports were consistent from one year to the next, and the accounting definitions were explained, but much of the information needed to comply with IPSAS was not included. The 2025 PEFA finds that the C score remains unchanged.

2.7. Pillar Seven: External scrutiny and audit

616. Pillar VII measures that public finances are independently reviewed and there is external follow-up on the implementation of recommendations for improvement by the executive.

617. The assessment methodology and approach for Pillar VII involved the review of reports, legislative frameworks, and supporting documents. Meetings were held with representatives from the Supreme Audit Chamber and audited institutions, as well as members of Parliament. The process also included an examination of legislative references, official websites, and social media channels, all of which informed the overall evaluation.

Overall performance: Analysis of key strengths and weaknesses

618. Pillar VII relates to two separate but connected organizations with respect to external audit and scrutiny: the Supreme Audit Chamber and the legislature. The Supreme Audit Chamber is responsible for conducting the external audit of the government's financial reports, which it receives in a timely manner with the majority of IPSAS standards adopted. It can also conduct other types of audits such as performance audits, which are relevant to KPIs and expenditures relating to service delivery, and compliance audits, that are important for control in budget execution. However, as noted in Pillar II, performance audits are few. The Supreme Audit Chamber applies international standards to its work and follows up on its recommendations. It has complete independence in the performance of its activities. The Supreme Audit Chamber carries out its financial audit in a timely manner and submits its report to the Parliament, which in turn scrutinizes the report in a timely manner. The legislature conducts hearings, which are open to the public, and issues recommendations separate from those of the Supreme Audit Chamber although the number of audit reports reviewed was not high.

Figure 2.7. Pillar Seven: External Scrutiny and Audit



619. While some dimensions score A, the overall performance of the pillar scores B+.

PI-30. External audit

620. PI-30 examines the characteristics of external audit. Coverage is of the central government for the last three completed FYs, 2022, 2023, and 2024 for PI-30.1, 30.2, 30.3 and at time of assessment for PI-30.4. This indicator uses the M1 (WL) method for aggregating dimension scores.

Methodological notes

621. Relevant reports, legislation, and other documentation were examined. Meetings were held with representatives of the Supreme Audit Chamber and selected audited institutions.

Indicator/ Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-30. External audit (M1)		B+	D+
30.1. Audit coverage and standards	The Supreme Audit Chamber mandate covers revenues, expenditures, assets, and liabilities of all central government institutions. National standards based on the International Standards for Supreme Audit Institutions (ISSAI) are used. Audit reveals relevant material issues and systematic and control risks. Actual coverage was 95% during last three FYs.	A	B
30.2. Submission of audit reports to the legislature	Audit reports were submitted to Parliament within three months from receipt of financial reports by the Supreme Audit Chamber for the last three completed FYs.	A	A
30.3. External audit follow-up	Supreme Audit Chamber effectively follows up on audit findings and implementation of the recommendations during last three years.	A	A
30.4. Supreme Audit Institution independence	Independence of the Supreme Audit Chamber from the executive is ensured by law. There is effective independence in procedures of appointment and dismissal of the institution's head, planning of audit engagements, and planning and execution of its budget. The Supreme Audit Chamber executes power to publish only summaries of audit reports. It has unrestricted and timely access to records, documentation, and information for all audited entities.	B	D

▮ Detailed description of the PFM system for the assessed performance indicator

622. The Supreme Audit Chamber is the highest audit body of Kazakhstan, directly subordinate and accountable to the President and accountable to Parliament. Initially established in 1996 as the Accounts Committee for Control over the Execution of the Republican Budget, amendments to the Constitution in 2022 raised its status and renamed it the Supreme Audit Chamber.

623. The objectives of external audit are the analysis, assessment, and verification of the effective and legal management of national resources (financial, natural, production, human resources, information) to ensure dynamic growth in the quality of living conditions of the population and the national security of the country.

Recent or ongoing reform activities

624. Reforms to the state audit and financial control system are ongoing. Since 2023, constitutional amendments require the Majilis to hear biannual reports from the Supreme Audit Chamber on economic priorities and public issues, with quarterly updates to the President and Parliament.

625. The Budget Code now requires consideration of the Supreme Audit Chamber's budget in the draft BCG, supporting its financial independence.

626. In 2023, the Supreme Audit Chamber gained authority to audit local budgets and review all state audit bodies' results and will monitor NFRK use in 2024. Staff numbers and salaries increased, auditors receive international certification, and from 2025, the Chamber will conduct unified examinations for state auditor candidates to strengthen human resources.

▮ Dimension 30.1. Audit coverage and standards

627. Dimension 30.1 assesses key elements of external audit in terms of the scope and coverage of audit, as well as adherence to auditing standards in 2022, 2023, 2024.

Performance level and evidence for scoring

628. The mandate of the Supreme Audit Chamber covers all revenues, expenditures, assets, and liabilities of all central government institutions. Audits identify relevant material issues and systematic and control risks. The Supreme Audit Chamber conducts financial audits of the BCG level annual financial statements, with results published and submitted to Parliament. The NFRK, State Social Insurance Fund, Social Health Insurance Fund, and Pension Fund are key extra-budgetary units of central government. Their respective annual financial statements are audited annually by private international audit companies and audit reports are published on their official websites.

629. Kazakhstan applies an adapted model of state audit: national standards based on international standards, including ISSAI and other requirements of the International Organization of Supreme Audit Institutions (INTOSAI), but in line with the national legal system. The ISSAI are used as a methodological basis. The legal framework defines the legal basis for state audit, its goals, objects, methods, and principles;²⁹⁶ sets the fundamental requirements for the activities of state audit bodies to ensure the effectiveness, consistency, and objectivity of state audit;²⁹⁷ and regulates the methodological aspects of conducting audits by type, including the collection of audit evidence, risk assessment, and preparation of reports.²⁹⁸

630. According to international standards and the basic principles of the INTOSAI, supreme audit institutions must conduct peer review of their activities every five years. Peer review, conducted by the Supreme Audit Institution of Estonia in 2018, assessed the Supreme Audit Chamber's activities as generally compliant with international audit standards. Recommendations, including to expand its independence, which was limited by many legal provisions requiring the coordination of activities and expenditures with executive authorities; transfer some functions to the government or other state control bodies; increase allocated resources; reduce the duplication of functions in other institutions implementing state control; and significantly increase the number of personnel in departments that carry out core activities and their independence, responsibility, and rights in organizing their work, were all implemented. Further reviews by the supreme audit institutions of Lithuania, Portugal, and Turkey have noted the timely and effective work of the Supreme Audit Chamber, the professionalism and efficiency of the body, structural autonomy and flexibility, motivated and dedicated managers, as well as the efforts made to improve quality.

631. Overall, at least 95 percent of central government operations were audited during last three FYs. Score A.

Performance change since a previous PEFA assessment

632. The 2018 PEFA identified that about 75 percent of the BCG was covered by Accounts Committee audits 2015-17. Audits were directed at efficiency of spending as well as compliance with laws and included reviews of Ministries' annual financial statements. Audits were conducted in accordance with INTOSAI standards. The 2025 PEFA finds that audit coverage has increased. This dimension shows an improvement from the previous PEFA assessment and accordingly the B score has been increased to A.

Dimension 30.2 Submission of audit reports to the legislature

633. Dimension 30.2 assesses the timeliness of submission of the audit reports in 2022, 2023, and 2024 on budget execution to the legislature, or those charged with

²⁹⁶ The Law on State Audit and Financial Control No. 392-V 3PK dated November 15, 2015

²⁹⁷ Presidential Decree on General Standards of State Audit and Financial Control No. 167, dated January 11, 2016

²⁹⁸ Regulatory Resolution on Procedural Standards of External Government Audit and Financial Control No. 5-NK dated March 31, 2016

governance of the audited entity, as a key element in ensuring timely accountability of the executive to the legislature and the public.

Performance level and evidence for scoring

634. Audit reports were submitted to Parliament within three months from receipt of the financial reports by the Supreme Audit Chamber for the last three completed FYs. Score A.

Table 2.61. Submission of audit reports to the legislature (Last three completed FYs)

Last three completed FYs	Fiscal year covered by the report	Dates of receipt of the financial reports by the audit office ²⁹⁹	Dates of submission of the financial audit reports to the legislature
2022	2021	April 11, 2022	May 6, 2022
2023	2022	April 15, 2023	May 12, 2023
2024	2023	April 18, 2024	May 14, 2024

Data source: Supreme Audit Chamber, Ministry of Finance

Performance change since a previous PEFA assessment

635. The 2018 PEFA identified that a report had been delivered on time for each of the years 2015-17 within about 6 weeks of receipt of the budget execution report. Reports on budget execution were submitted to Parliament within 5 months of year end for each of the years 2015-17. The 2025 PEFA finds continued timely submission of audit reports. The A score for this dimension is unchanged.

Dimension 30.3. External audit follow-up

636. Dimension 30.3 assesses the extent to which effective and timely follow-up on external audit recommendations or observations is undertaken by the executive or audited entity for 2022, 2023, and 2024.

Performance level and evidence for scoring

637. After an external state audit, the government and the audited entity receive a report with recommendations.³⁰⁰ These recommendations, along with a consolidated register, are sent to the heads of relevant state bodies and organizations, who

²⁹⁹ The Ministry of Finance submits the annual budget execution report to the government and Supreme Audit Chamber before April 1, (Budget Code article 127.1). Then the report is submitted to the Parliament and Supreme Audit Chamber before April 20 (Budget Code article 127.4). Therefore, the Supreme Audit Chamber receives the same report twice, first from the Ministry of Finance and then from the Government. Dates in this table represent government submission to the Supreme Audit Chamber, while indicator 29.2 information shows submission by the Ministry of Finance to the Supreme Audit Chamber. In both cases, audit period is within three months.

³⁰⁰ Accounts Committee for Control over the Execution of the Republican Budget Regulatory Resolution on Rules for Conducting External State Audit and Financial Control No. 6-HK dated July 30, 2020, paragraph 109

are required to review them within set timeframes.³⁰¹ The audited entity must provide information on the results of their review and on the implementation of the recommendations, supported by relevant documents within a specified timeframe.³⁰²

638. The structural unit responsible for quality control, together with the members of the Supreme Audit Chamber, monitor and analyze how promptly and thoroughly the audited entities consider and address recommendations. They also track the implementation process, reviewing any supporting materials provided.³⁰³ The monitoring applies to budgetary and extra-budgetary organizations.

639. Decisions about ending control of recommendations or extending the deadlines for their implementation are made by the leadership of the Supreme Audit Chamber and the audited entity is informed. In cases where instructions have not been followed or not properly fulfilled, officials in the audited entity can be held responsible according to established procedures.³⁰⁴

Table 2.62. Recommendations and follow-up

	2022	2023	2024
Number of recommendations due	391	377	182
Number of implemented recommendations	388	357	165
Number of partly implemented recommendations	-	-	-
Implementation rate of recommendations %	99.2%	94.7%	90.7%
Implementation rate of partly implemented recommendations %	-	-	-

Data source: Supreme Audit Chamber

640. The Supreme Audit Chamber effectively follows up on audit findings and implementation of the recommendations during last three years. Score A.

Performance change since a previous PEFA assessment

641. The 2018 PEFA identified that audit recommendations and instructions were generally followed by auditees, as was shown by the large proportion of irregular expenditure recovered. The 2025 PEFA finds no change. The A score for this dimension is unchanged.

³⁰¹ Ibid, Clause 127

³⁰² Ibid, Clause 166

³⁰³ Ibid, Clause 167

³⁰⁴ Ibid, Clauses 173 and 156

Dimension 30.4. Supreme Audit Institution independence

642. Dimension 30.4 assesses the independence of the supreme audit institution from the executive at the time of assessment. Independence is essential for an effective and credible system of financial accountability and should be laid down in the constitution or comparable legal framework.

Performance level and evidence for scoring

643. The independence of the Supreme Audit Chamber from the executive branch is established in law. This independence applies to the processes for appointing and dismissing the Head of the Supreme Audit Chamber, planning audit activities, and managing its budget. The Supreme Audit Chamber has direct and timely access to records, documents, and data for all entities subject to audit. Previously, the Supreme Audit Chamber published individual audit reports. However, since August 2022, following the implementation of non-disclosure policies concerning personal and commercially sensitive information, it has only published the financial audit report on the government's annual consolidated financial statements. The authority to release information is now limited to summaries of audit reports. The official website of the Supreme Audit Chamber is regularly updated and contains all relevant information on the government agency's activities. It publishes annual and annual reports, as well as the Supreme Audit Chamber's conclusion to the Government's Report on the Execution of the Republican Budget, which contains the results of the state audit for all audits conducted during the year. In addition, the Supreme Audit Chamber regularly maintains a Telegram channel and publishes press releases and analytical materials.

644. The Supreme Audit Chamber is independent of the executive. Score B.

Table 2.63. Supreme Audit Institution independence (At time of assessment)

Element/ Requirements	Met (Y/N)	Evidence used/Comments
1. The supreme audit institution operates independently from the executive with respect to:		
<ul style="list-style-type: none"> procedures for appointment and removal of the head of the supreme audit institutionz 	Yes	According to articles 64 and 67 of the Constitution, the head of the executive is the Prime Minister. The Prime Minister does not have the authority to appoint or dismiss the chair of the Supreme Audit Chamber. The President of Kazakhstan has the authority to appoint the chair according to article 44 of the Constitution. The President is not part of the executive, he/she is the Head of State according to article 40 of the Constitution.

Element/ Requirements	Met (Y/N)	Evidence used/Comments
<ul style="list-style-type: none"> the planning of audit engagements 	Yes	Regulated by the Rules for Conducting External State Audit and Financial Control, ³⁰⁵ 100, 200, 300 Procedural Standards of External State Audit and Financial Control
<ul style="list-style-type: none"> arrangements for publicizing reports 	No	The Supreme Audit Chamber is authorized to publish only summaries of audit reports. This power is utilized. The only published audit report is the report on government annual financial statements. ³⁰⁶
<ul style="list-style-type: none"> the approval and execution of the supreme audit institution's budget. 	Yes	The Supreme Audit Chamber's budget request is reviewed by the central authority for budget planning, which issues a conclusion and includes it unchanged in the draft BCG. The request is then forwarded to Parliament, following established procedures. ³⁰⁷
2. This independence is assured by law.	Yes	The Constitution (Article 44), The Law on State Audit and Financial Control (Articles 6, 42).
3. The supreme audit institution has unrestricted and timely access to records, documentation, and information for:	Yes	The authority is executed without restrictions. ³⁰⁸
<ul style="list-style-type: none"> all audited entities 		
<ul style="list-style-type: none"> most audited entities 		
<ul style="list-style-type: none"> the majority of requested records 		

Data source: Constitution ; the Law on State Audit and Financial Control; Budget Code; Rules for Conducting External State Audit and Financial Control; Supreme Audit Chamber

Performance change since a previous PEFA assessment

645. The 2018 PEFA found that the chair was appointed, and may be dismissed, by the President. Staff numbers were controlled by the President, and financial resources were determined by the government, not the Parliament. The 2025 PEFA finds that since 2018 the Supreme Audit Chamber has authority to independently plan and execute its own budget.³⁰⁹ This dimension shows an improvement from the previous PEFA assessment and accordingly the D score has been increased to B.

³⁰⁵ Accounts Committee Regulatory Resolution on the Rules of External State Audit and State Control, No.6-NK dated July 30, 2020

³⁰⁶ Ibid, Chapter 6

³⁰⁷ Budget Code, Article 68

³⁰⁸ The Law on State Audit and Financial Control, Articles 36, 37.

³⁰⁹ Budget Code, article 68

PI-31. Legislative scrutiny of audit reports

646. PI-31 focuses on legislative scrutiny of the audited financial reports of the central government, including institutional units, to the extent that either (a) they are required by law to submit audit reports to the legislature or (b) their parent or controlling unit must answer questions and take action on their behalf. Coverage is of the central government for the last three completed FYs, 2022, 2023, and 2024. This dimension uses the M2 (AV) method for aggregating dimension scores.

Methodological notes

647. Relevant legislative documents and information, websites, and social media were examined. Meetings were held with representatives of Parliament and the Supreme Audit Chamber.

Indicator/ Dimension	Assessment of performance	Score current PEFA	Score previous PEFA
PI-31. Legislative scrutiny of audit reports (M2)		B+	B+
31.1. Timing of audit report scrutiny	Financial audit reports on annual budget execution were reviewed by Parliament within two months after receipt of the reports during the last three years.	A	A
31.2. Hearings on audit findings	In-depth hearings of audit reports take place occasionally, these covered few audited entities during the last three completed years.	C	C
31.3. Recommendations on audit by legislature	Parliament issues recommendations in relation to the audit reports of the Supreme Audit Chamber and follows up on their implementation.	B	A
31.4. Transparency of legislative scrutiny of audit reports	Parliamentary committee and plenary sessions (except sessions related to national security issues) are transmitted online. Committee reports are provided to the plenary session. Reports are published on the Parliament website.	A	A

Detailed description of the PFM system for the assessed performance indicator

648. Parliamentary functions and responsibilities regarding the budget system are regulated.³¹⁰ The government submits an annual budget execution report to Parliament

³¹⁰ Budget Code adopted on December 4, 2008, Articles 74, 77, 106, 107, 127, 128; Majilis regulation, Chapters 3 and 4, Senate regulation, Chapter 5.

and the Supreme Audit Chamber by April 20. The Supreme Audit Chamber submits its report on budget execution to Parliament by May 15. After committee hearings, the report is presented for approval at the joint session of both chambers of Parliament.

Recent or ongoing reform activities

649. The new Budget Code, effective January 1, 2025. Provisions on the review and approval of the annual budget execution report (Articles 121-123) are unchanged.

Dimension 31.1. Timing of audit report scrutiny

650. Dimension 31.1 assesses the timeliness of the legislature's scrutiny, which is a key factor in the effectiveness of the accountability function.

Performance level and evidence for scoring

651. Financial audit reports on annual budget execution were reviewed by Parliament within a two-month period after receiving the reports. Score A.

Table 2.64. Timing of audit report scrutiny (Last three completed FYs)

Last three completed FYs	Fiscal years covered	Dates of receipt of the financial audit reports	Dates of scrutiny by the legislature
2022	2021	May 6, 2022	June 20, 2022
2023	2022	May 12, 2023	June 20, 2023
2024	2023	May 14, 2024	June 24, 2024

Data source: Supreme Audit Chamber; Parliament

Performance change since a previous PEFA assessment

652. The 2018 PEFA identified that the Accounts Committee's report on the previous year's budget execution was delivered to Parliament alongside the government's budget execution report by 15 May. Both houses carried out an intensive examination of these documents, which was completed by the end of June. Scrutiny of the annual audit report on budget execution was completed within six weeks of its submission to Parliament. The 2025 PEFA finds no change in the timeliness of scrutiny. The A score for this dimension is unchanged.

Dimension 31.2 Hearings on audit findings

653. Dimension 31.2 assesses the extent to which hearings on key findings of the Supreme Audit Chamber take place.

Performance level and evidence for scoring

654. Parliament reviews the annual budget execution report along with the audit report by the Supreme Audit Chamber. Since 2023, Parliament receives an annual report presentation by the chair of the Supreme Audit Chamber. Other individual audit reports are occasionally sent to Parliament. Four audit reports were submitted to Parliament and reviewed by Parliamentary committees during the last three completed years. Representatives of the Supreme Audit Chamber, line ministries, and the Ministry of Finance took part in the hearings. Based on committee hearings, the recommendations were submitted to the government for consideration. **Score C.**

Performance change since a previous PEFA assessment

655. The 2018 PEFA identified that hearings were held with representatives of ministries and the Accounts Committee to discuss the government's and the Accounts Committee's reports on budget execution. Audit reports were not necessarily the focus of these hearings and they were not tied to audit opinions. The 2025 PEFA finds no change. The C score for this dimension is unchanged.

Dimension 31.3. Recommendations on audit by legislature

656. Dimension 31.3 assesses the extent to which the legislature issues recommendations and follows up on their implementation.

Performance level and evidence for scoring

657. Since 2023, Parliament receives an annual report presentation by the chair of the Supreme Audit Chamber. Other individual audit reports are occasionally sent to Parliament. Four individual audit reports were submitted to Parliament for review during the last three years. The four audit reports were reviewed by parliamentary committees in 2024. Parliament issues recommendations and follows them in relation to the Supreme Audit Chamber audit reports. Based on these reports, 21 recommendations were issued; seven were implemented with 14 in progress. **Score B.**

Performance change since a previous PEFA assessment

658. The 2018 PEFA report identified that Parliament drew on the Accounts Committee's recommendations in its conclusions and recommendations on budget execution which were formally addressed to the government. Parliament systematically followed up the government's response in its consideration of the budget proposals for the following year. The 2025 PEFA finds no evidence available on the systematic follow-up of the implementation of parliamentary recommendations, the score from the previous PEFA assessment has been downgraded from A to B.

Dimension 31.4. Transparency of legislative scrutiny of audit reports

659. Dimension 31.4 assesses the transparency of the scrutiny function in terms of public access.

Performance level and evidence for scoring

660. Audit reports on annual budget implementation, encompassing all revenues and expenditures, are reviewed by the full chamber of Parliament together with the government's report on budget execution. While individual reports may not be deliberated separately due to considerations of materiality, all audit reports are ultimately discussed in plenary session. Legislation ensures appropriate arrangements for public disclosure.³¹¹ Parliamentary sessions remain open to the public, except when addressing matters of national security, and are broadcast live. These live sessions are accessible via the official Parliament website.³¹² Parliament has a dedicated video channel on YouTube.³¹³ This provides both live streaming and archival footage of previous sessions, all of which are open to public commentary. Typically, individual session videos receive several hundred to 4,000 views, though certain topics have attracted over 100,000 views. In addition, Parliament has channels on Telegram, Instagram, Facebook, and Twitter.³¹⁴ Printed materials and video content are regularly published on Parliament's website.³¹⁵
Score A.

Performance change since a previous PEFA assessment

661. The 2018 PEFA identified that committee hearings and plenary sessions of both Houses of Parliament were open to the public, and the report addressed to the government was published on parliamentary websites. The 2025 PEFA finds no change. The A score for this dimension is unchanged.

³¹¹ Majilis Regulation, articles 2, 10, 12, 30, 100, 116; Senate Regulation, articles 1, 17, 96, 100, 117

³¹² <https://mazhilis.parlam.kz/ru/majilis-live>

³¹³ https://www.youtube.com/@mazhilis_kz

³¹⁴ Telegram https://t.me/mazhilis_kz; Instagram: / mazhilis.kz; Facebook: / mazhilis.kz; Twitter: / mazhilis_kz

³¹⁵ <https://mazhilis.parlam.kz/kk/home>



3.

OVERALL ANALYSIS OF PFM SYSTEMS

3.1. PFM strengths and weaknesses

662. An overriding feature of PFM during the assessment period, covering the years 2022 to 2024, has been the further development of strong processes, assisted by the adoption of IT solutions and appropriate software. However, weak points are noticeable in the lack of publicly available budget documentation and information on public sector investment activities. Not including economic classification at the budget preparation stage hinders the process, as does neglecting the recurrent cost implications of investments.

663. IT has been integrated into budget execution (including commitment control and cash management), personnel and payroll, revenue services, and procurement. While most IPSAS standards have been adopted, implementation is ongoing. The use of IT for decision-making, combined with trained staff and proper controls, has strengthened PFM. Ongoing IT integration and skills training have improved PFM effectiveness and efficiency, enhancing accountability and transparency throughout the budget cycle. Notable progress has been made in budget execution, personnel, payroll, revenue, and procurement, despite ongoing weaknesses like high single-source procurement. Risk assessment has improved through enhanced monitoring of SOEs and targeted audits, and a comprehensive fiscal risk report is produced annually. Budget and TSA coverage has expanded, though not all non-BCG revenue and expenditure are fully included.

664. This positive assessment can be further enhanced by greater availability of information on investment and debt strategies in the public domain, which is being addressed with the new Budget Code.

Aggregate Fiscal Discipline

665. Revenue and expenditure outturns have not deviated significantly from that forecast, although the composition of revenue has deviated from the expected.

Strong revenue administration ensured that revenues were efficiently collected. Treasury operations and cash management enabled expenditures to be managed within the available resources. Control of contractual commitments was effective, and the timeliness of payments ensured no expenditure arrears.

666. The strong internal and external audit functions have enhanced fiscal discipline. In-year data is available to manage in-year spending, supported by built-in instruments of control with good audit trails. The procedures to be able to access and use IT systems by management, as well as the overall integrity of the processes, have also contributed to sound fiscal discipline. PFM reforms established targets for aggregate fiscal discipline in terms of overall debt and deficit to GDP levels. There is a significant focus on the monitoring and mitigation of fiscal risks through the fiscal risk report.

Strategic Allocation of Resources

667. While the chart of accounts caters to a multi-dimensional analysis of expenditure, the absence of economic classification at the budget preparation stage is a hindrance. However, there is linkage between the medium-term perspective in expenditure budgeting and strategic plans. The program budget approach to achieving results consistent with a strategic allocation of resources is evident from the adoption of KPIs across service delivery ministries. There is an emphasis on the overall fiscal strategy which lays the foundations for the budget.

668. Selection of investments is based on achieving strategic outcomes and uses economic analysis to generate the best return. Monitoring of the implementation of projects has ensured that what was planned is being delivered, although published reporting provides only limited understanding of achievements. The recurrent cost implications of investments in the medium term are not factored into the budget process.

669. Overall, most key tools for the strategic allocation of resources (fiscal strategy, regular in-year reports on expenditure according to policy priorities, and regularized budget amendments and virement procedures) are in place. These cover planning and subsequent monitoring and control of implementation.

670. The ability of line ministries to articulate medium-term programs and indicators is strong. Ministries have performance indicators which are linked to the budget processes through development plans.

671. Budget predictability for individual deconcentrated/territorial administrative units is weak, hindering efforts to link their budgets and service delivery performance.

Efficient Use of Resources for Service Delivery

672. Accountability mechanisms, supported by internal and external audits, are effective as counter checks on inefficient use of resources. Limited competitive bidding in the procurement system may affect efficiency. Targets for performance and outcomes support the efficient use of resources by service delivery units. Revenue operations are efficient, with effective tax collection and low levels of arrears, reflecting credible tax assessments and fair treatment of taxpayers.

673. Figures 3.1, 3.2, and 3.3, and Table 3.1.1 provide a summary presentation of the three outcomes in terms of the indicators that impact on them. All are basic and above, except PIs-4 and 5. There are a good number of sound and high indicator scores in all three outcomes.

Figure 3.1. Aggregate fiscal discipline

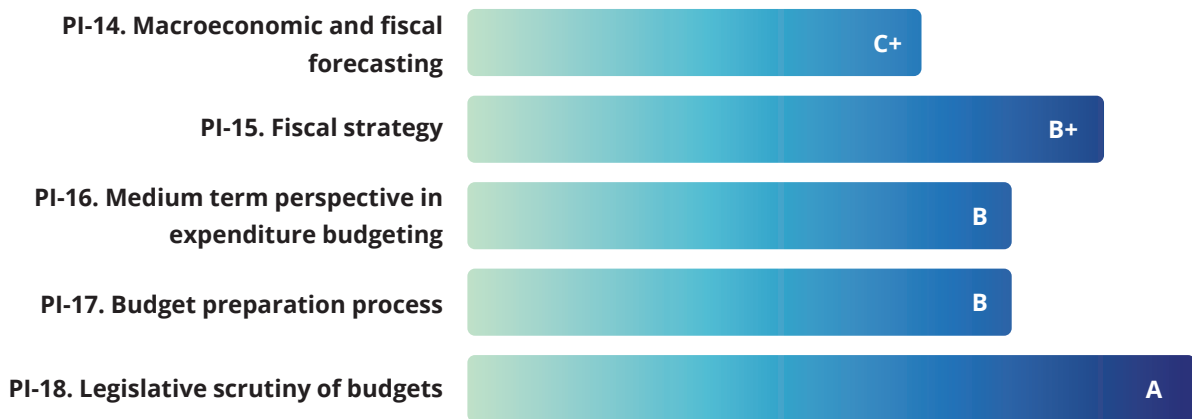
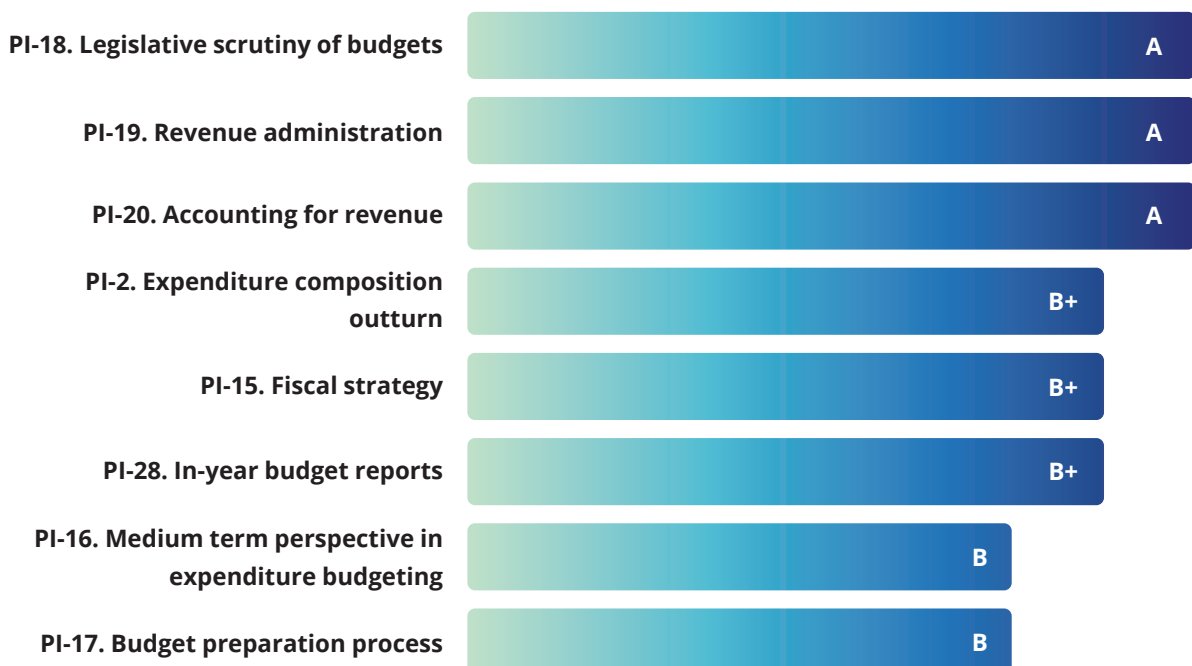


Figure 3.2. Strategic allocation of resources



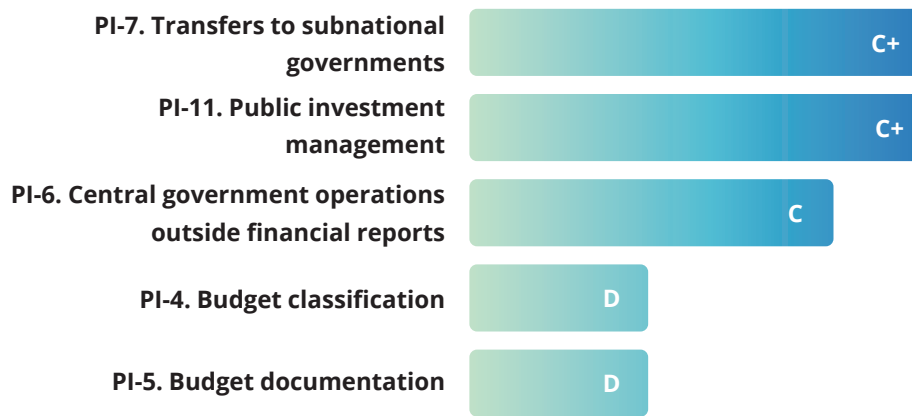


Figure 3.3. Strategic allocation of resources

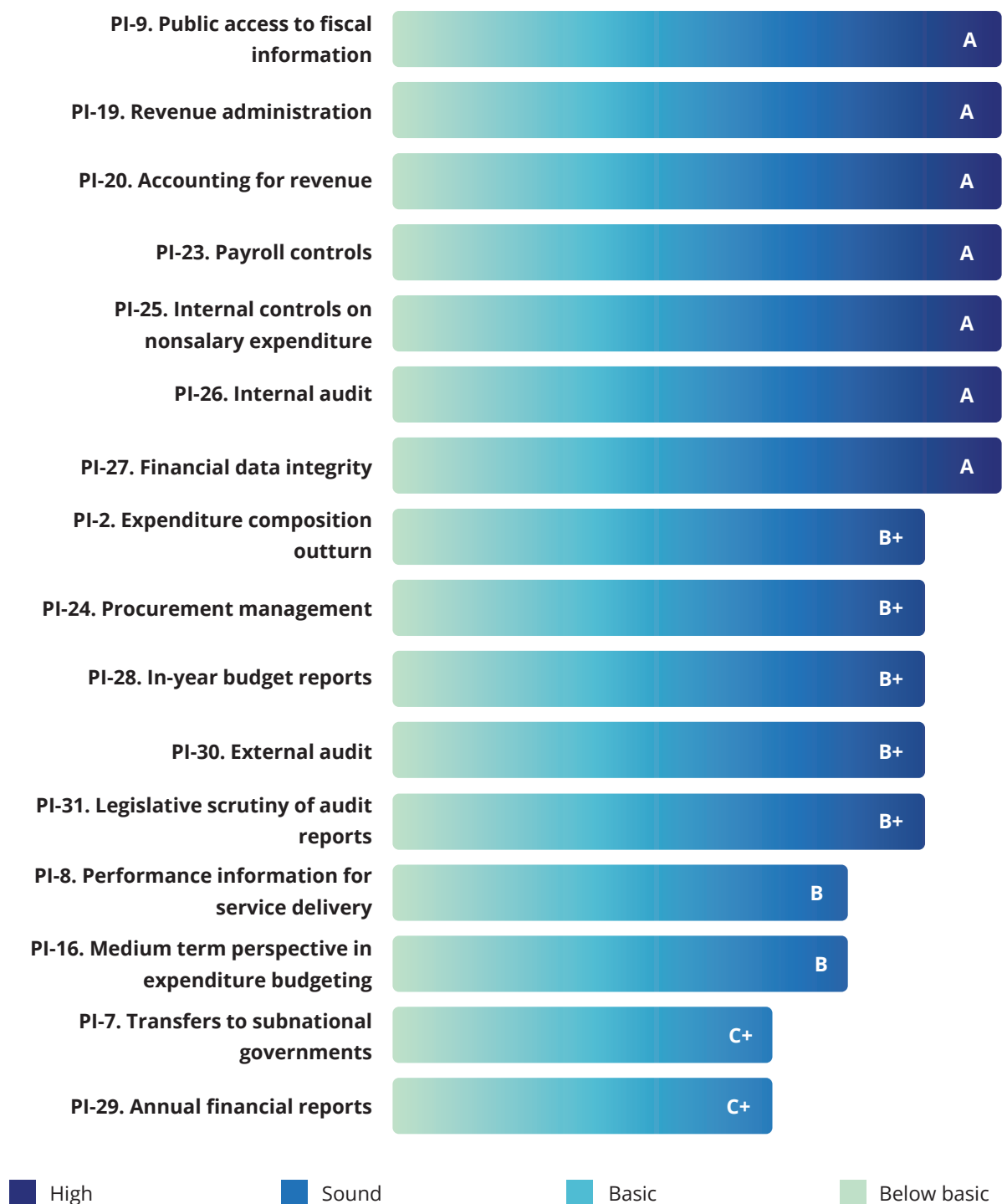


Table 3.1. PEFA performance indicators and the three budgetary outcomes

Indicator/dimension	Aggregate fiscal discipline	Strategic allocation of resources	Efficient service delivery
PILLAR ONE. BUDGET RELIABILITY			
The government budget is realistic and is implemented as intended. This is measured by comparing actual revenues and expenditure (the immediate results of the PFM system) with the original approved budget.			
PI-1. Aggregate expenditure outturn	A Aggregate expenditure outturns are close to the approved budget with A scores in the relevant dimensions. This overall fiscal discipline demonstrates the ability of the government to control the total budget.		
PI-2. Expenditure composition outturn	B+	Expenditure allocations by both economic categories and functional classification did not significantly deviate from planned. This signifies that the allocation of resources to strategic policy priorities is predictable and therefore effective.	Significant variability in expenditure by functional or economic classification can affect planned service delivery. Any variability seen was not significant.
PI-3. Revenue outturn	C Aggregate revenue outturns are close to the approved budget with C scores in the relevant dimensions. This overall fiscal discipline demonstrates the ability of the government to control the total budget.		
PILLAR TWO. TRANSPARENCY OF PUBLIC FINANCES.			
Information on PFM is comprehensive, consistent, and accessible to users. This is achieved through comprehensive budget classification, transparency of all government revenue and expenditure including intergovernmental transfers, published information on service delivery performance, and ready access to fiscal and budget documentation.			

Indicator/dimension	Aggregate fiscal discipline		Strategic allocation of resources		Efficient service delivery	
PI-4. Budget classification		D	Insufficiently comprehensive or well-structured budget classification impacts on the initial budget formulation			
PI-5. Budget documentation		D	Lack of transparency and comprehensiveness relating to budget management and information.			
PI-6. Central government operations outside financial reports	C	C	The near comprehensiveness relating to fiscal information ensures that most resources are factored into decisions.			
PI-7. Transfers to SNG		C+	Transfers to lower levels of government are mostly based on a formula.		C+	The information and mechanism for subnational transfers allows less than four weeks for inclusion in local budgets.
PI-8. Performance information for service delivery					B	Information on service delivery KPIs is work in progress although the coverage is very good. Improvements will enable government and communities to better monitor the efficiency of service delivery.
PI-9. Public access to fiscal information					A	There is transparent information on the structure of the budget including a citizens' budget.

Indicator/dimension	Aggregate fiscal discipline	Strategic allocation of resources	Efficient service delivery
<p align="center">PILLAR THREE. MANAGEMENT OF ASSETS AND LIABILITIES.</p> <p>Effective management of assets and liabilities ensures that public investments provide value for money, assets are recorded and managed, fiscal risks are identified, and debts and guarantees are prudently planned, approved, and monitored.</p>			
PI-10. Fiscal risk reporting	<p align="center">B</p> <p>Management and understanding of fiscal risks are good.</p>		
PI-11. Public investment management	<p align="center">C+</p> <p>The management of public investment resources is impeded by a lack of publication, though the inherent processes and procedures are strong.</p>	<p align="center">C+</p> <p>The effectiveness and efficiency of public investment is impaired by not including full lifetime costs in the budget over years. This could potentially impair a project from getting all the resources required to maximize its impact and help support the government's social and economic development objectives. Monitoring of project implementation is carried out quarterly but is not publicly available.</p>	<p align="center">C+</p> <p>Public investment management is implemented effectively but assessments that are carried out are not published nor independently reviewed.</p>
PI-12. Public asset management	<p align="center">A</p> <p>Public asset management is very good, allowing decisions to be made based on sound information.</p>		<p align="center">A</p> <p>There is an active privatization process and transparent disposal program of all assets.</p>
PI-13. Debt management	<p align="center">B</p> <p>There is not yet a published debt strategy, though the inherent debt management processes and procedures are strong.</p>		
<p align="center">PILLAR FOUR. POLICY-BASED FISCAL STRATEGY AND BUDGETING.</p> <p>The fiscal strategy and the budget are prepared with due regard to government fiscal policies, strategic plans, and adequate macroeconomic and fiscal projections.</p>			

Indicator/dimension	Aggregate fiscal discipline		Strategic allocation of resources		Efficient service delivery	
PI-14. Macroeconomic and fiscal forecasting	C+	The macroeconomic and fiscal projections that are essential to support the development of a predictable and sustainable fiscal strategy are not fully comprehensive				
PI-15. Fiscal strategy	B+	The fiscal strategy supports aggregate fiscal discipline, is sound, and adhered to.	B+	The macroeconomic and fiscal forecasts along with the fiscal strategy have set clear fiscal policy objectives.		
PI-16. Medium-term perspective in expenditure budgeting	B	There is a medium-term budgeting process in place.	B	Medium-term budgeting is enabling the planned budget to be more effective in allocating resources in accordance with priorities.	Medium-term budgeting is providing greater predictability in budget allocations and supporting budget units to plan resource use more efficiently.	
PI-17. Budget preparation process	B		B	An orderly budget process is in place but was impeded by delays in 2024.		
PI-18. Legislative scrutiny of budgets	A		A	Legislative scrutiny is sound and enables the government to be held accountable for its budget policy decisions.	Legislative scrutiny covers the medium-term priorities.	
PILLAR FIVE. PREDICTABILITY AND CONTROL IN BUDGET EXECUTION.						
The budget is implemented within a system of effective standards, processes, and internal controls, ensuring that resources are obtained and used as intended.						
PI-19. Revenue administration	A	There is efficient administration and accurate recording and reporting of tax and nontax revenue collections. This ensures that all revenue is collected in accordance with relevant laws to support the government's budget framework.	A	There is a predictable revenue base that helps ensure that priorities are implemented.		
PI-20. Accounting for revenues	A		A			

Indicator/dimension	Aggregate fiscal discipline		Strategic allocation of resources		Efficient service delivery	
PI-21. Predictability of in-year resource allocation	A	Allocation for commitments is in place. Payments are made when obligations are due.	A	The flow of resources to budget units helps ensure that priorities are implemented.	A	In-year adjustments through a supplementary budget are minimal and do not impede efficient delivery of services.
PI-22. Expenditure arrears	A	Payments are made when obligations are due.			A	The absence of arrears ensures that budget allocations are sufficient to meet the service levels expected.
PI-23. Payroll controls			A	Payroll controls are strong and effective so that allocative efficiency is not compromised by the expansion of payroll costs (crowding out expenditures on other priorities) or unmet obligations to employees.	A	The strong payroll controls have ensured that higher wage bills than planned do not result in higher costs per output.
PI-24. Procurement					B+	The procurement system is well-functioning and improves the efficiency of service delivery by ensuring better value for money of government purchases, but there is a very high share of non-competitive bidding.
PI-25. Internal controls on non-salary expenditure	A	Fiscal discipline and control of commitments are in place.			A	The internal control framework aligns with international standards and ensures compliance with financial regulations.
PI-26. Internal audit			A	Internal audit is comprehensive and effective and provides assurance that systems are operating to achieve government objectives efficiently and effectively	A	The strong internal audit function has helped to identify any weaknesses and inefficiencies in internal control and operations.

Indicator/dimension	Aggregate fiscal discipline	Strategic allocation of resources	Efficient service delivery
<p align="center">PILLAR SIX. ACCOUNTING AND REPORTING.</p> <p>Accurate and reliable records are maintained, and information is produced and disseminated at appropriate times to meet decision-making, management, and reporting needs.</p>			
PI-27. Financial data integrity	A	A	A
PI-28. In-year budget reports	B+	B+	B+
PI-29. Annual financial reports	C+	C+	C+
<p align="center">PILLAR SEVEN. EXTERNAL SCRUTINY AND AUDIT.</p> <p>Public finances are independently reviewed and there is external follow-up on the implementation of recommendations for improvement by the executive.</p>			
PI-30. External audit	B+	B+	B+
PI-31. Legislative scrutiny of audit reports	B+	B+	B+

3.2. Effectiveness of the internal control framework

674. An effective internal control system plays a vital role across every PEFA pillar in addressing risks and providing reasonable assurance that operations meet the control objectives. The objectives of the internal control framework are a budget executed in an orderly, ethical, economical, efficient, and effective manner; accountability for results; compliance with applicable laws and regulations; and safeguarding of resources against loss, misuse, and damage.

675. The effectiveness of the internal control framework in government ministries and their agencies is scrutinized by the Committee on Internal State Audit in the Ministry of Finance and the Supreme Audit Chamber. The Committee on Internal State Audit collects, consolidates, and analyzes the information based on the annual reports prepared by various internal audit units that cover virtually all expenditure including salary and non-salary expenses as well as all revenue. Internal audit standards are aligned with international standards. The Supreme Audit Chamber uses audit standards developed based on the ISSAI and undertakes compliance, financial, and effectiveness (performance) audits. The annual audit program is developed using risk analysis based on adopted risk standards and classification of potential risks (operational risks, system risks, internal audit and control risks) in the audited institution.

676. The role of the State Property and Privatization Committee with respect to SOEs ensures that there is effective oversight, which is supported by an annual external audit of their financial performance.

677. Ensuring data integrity is a priority in the administration of information systems of the IIST. The integrity of IIST data is ensured by the Center for Electronic Finance, which specializes in the IT requirements of government agencies around the budget process. It facilitates ongoing monitoring of fund management and accounting within budget organizations using automated software solutions. These applications support inspections by enabling remote oversight and helping identify inspection targets through modern IT and databases, which may reduce the number of unnecessary inspections. The IIST supports the activities of the Supreme Audit Chamber, Ministry of Finance, Committee on Internal State Audit, and internal audit services of ministries and departments in financial control. Additionally, the Center for Electronic Finance provides independent monitoring of financial data integrity processes

678. The internal control environment, as set out in Annex 2, is generally sound with respect to 1) control environment, 2) risk assessment, 3) control activities, 4) information and communication, and 5) monitoring. The PEFA scores in indicators and dimensions relating to these five components reinforce the notion that controls associated with the day-to-day transactions of the BCG are functioning and result in good data integrity regarding the activities of these entities. The laws and regulations provide the legal framework and allow for specific roles and responsibilities, segregation of duties, and operating processes. The system embeds access controls and audit trails that support the internal control framework.

679. The current compliance-based approach supports continuous improvement in the control environment given the strengths in commitment controls and associated compliance with rules and procedures. The risk-based approach supports a strong internal and external audit and oversight function. Risk assessment is an important part of the control framework that applies to both external and internal audit and analysis as well as revenue management. Similarly, certain activities, such as advance payments and payroll, receive a level of attention in the ex-ante control process. Control activities are generally strong with regards to segregation of duties and reconciliation of accounts.

680. In addition to these controls on financial transactions, the budget execution reporting systems provide information on performance relating to service delivery, which enhances the overall control environment. In addition, the Supreme Audit Chamber and internal audit conduct financial, compliance, and performance audits.

681. Information and communication of internal control awareness is continuously promoted through targeted and cross-cutting training. Monitoring is strong through the processes of internal and external audit, with follow-up embedded in the system. Internal and external auditors have made considerable contributions to assessment of internal control systems at the central level through their individual engagement and annual reporting. The management response to internal audit recommendations in the assessed period shows good performance. Parliamentary scrutiny of external audit reports provides support for the monitoring process.

682. The budget execution reporting system provides information on performance relating to service delivery. While internal and external audits are mainly financial and compliance focused, there has been significant expansion of the auditing process with performance audits which provide independent evaluations and make recommendations on service delivery performance.

3.3. Performance changes since a previous assessment

683. Both the 2018 and this PEFA assessment were performed using the 2016 methodology. Annex 1 provides a summary of both sets of scores as well as changes in scores. Across the 94 individual dimensions compared, there has been an improvement in 29 dimensions, deterioration in 7, and no change in the score in 58 dimensions. This overall improvement in scoring occurred over a relatively high baseline achieved in 2018, which had five A scores and 11 B scores out of the 31 indicators.

684. A comparison of the assessments indicates that the following dimensions deteriorated.

- Fiscal Discipline
 - Revenue composition
 - Budget documentation

- Monitoring of SNG
- Timing of in-year budget reports
- Strategic Allocation of Resources
 - Budget calendar
 - Fiscal strategy
- Efficient use of Resources for Service Delivery
 - Recommendations on audits by the legislature

685. The deterioration in the budget documentation can be explained by an unduly high score in the last assessment: in effect there was no change.

686. An improvement in scores occurred in the following areas:

- Fiscal Discipline
 - Aggregate expenditure outturn
 - Expenditure composition by function
 - Expenditure composition by economic categories
 - Aggregate revenue outturn
 - Expenditures outside of financial reports
 - Contingent liabilities and other fiscal risks
 - Macro-fiscal sensitivity analysis
 - Revenue audit and investigation
 - Revenue arrears monitoring
 - Expenditure arrears monitoring
 - Bank account reconciliation
 - Completeness of annual financial reports
- Strategic Allocation of Resources
 - System for allocating transfers to SNs
 - Performance plans for service delivery
 - Performance achieved for service delivery
 - Public access to fiscal information
 - Investment project costing
 - Financial assets monitoring
 - Nonfinancial assets monitoring
 - Transparency asset disposal
 - Public access to procurement information

687. Procurement complaints management³¹⁶

- Audit coverage and standards
- Efficient use of Resources for Service Delivery
 - Performance evaluation for service delivery
 - Legislative procedures for budget scrutiny
 - Payroll audits
 - Nature of internal audit and standards applied
 - Response to internal audits
 - Supreme Audit Institution independence

688. These improvements can be attributed to continued strong management of the PFM reform program in Kazakhstan.

³¹⁶ There was no difference in circumstances just a difference on interpretation of independence of internal audit in the procurement complaints mechanism

**ANNEX
1.**

PERFORMANCE INDICATOR SUMMARY

Indicator/Dimension	Current assessment (PEFA 2016 framework)		Previous assessment (PEFA 2016 framework)		Explanation of change (including comparability issues)
	Score	Description of requirements met	Score	Description of requirements met	
PILLAR ONE: BUDGET RELIABILITY					
PI-1. Aggregate expenditure out-turn	A		B		
1. Aggregate expenditure out-turn	A	Aggregate expenditure outturn was between 95% and 105% of the approved aggregate expenditure in two of the last three years (FY22 113.7%, FY23 104.7%, and FY24 99.1%)	B	Deviation from original budget exceeded 10% in only one of the last three years 2015-17	This data shows an improvement from the previous PEFA assessment

Indicator/Dimension	Current assessment (PEFA 2016 framework)		Previous assessment (PEFA 2016 framework)		Explanation of change (including comparability issues)
	Score	Description of requirements met	Score	Description of requirements met	
PI-2. Expenditure composition outturn	B+		C+		
1. Expenditure composition outturn by function	A	The variance in expenditure composition by functional classification was less than 5% in two of the last three years (FY22 8.0%, FY23 4.7%, and FY24 4.0%)	C	Variance was less than 15% in two of the last three years 2015-17	This data shows an improvement from the previous PEFA assessment
2. Expenditure composition outturn by economic type	B	The variance in expenditure composition by economic classification was less than 10% in all the last three years (FY23 7.8%, FY23 9.6%, and FY24 5.5%)	C	Variance less than 15% in two of last three years 2015-17	This data shows an improvement from the previous PEFA assessment
3. Expenditure from contingency reserves	A	The actual expenditure charged to a contingency in the last three completed years was less than 3% of the original budget (FY22 2.6%, FY23 1.4%, and FY24 2.4%).	A	No expenditure was charged to contingency in budget execution statements for 2015-17.	There is no change in the score since the previous PEFA.
PI-3. Revenue outturn	C		C		
1. Aggregate revenue outturn	B	Aggregate revenue outturn was between 94% and 112% of the approved aggregate revenue in two of the last three years (FY22 124.2%, FY23 108.5%, and FY24 97.2%).	D	Outturns were between 92% and 116% of original budget in only one of last three years 2015-17.	This data shows an improvement from the previous PEFA assessment.
2. Revenue composition outturn	D	Revenue composition outturn was in two years more than 15% compared to the original approved budget for the last three completed years (FY22 13.2%, FY23 19.0%, and FY24 31.1%).	B	Composition variances were less than 10% in two of the three years 2015-17.	There has been a deterioration as revenue composition outturn was more than 15% in two years compared to the original approved budget for the last three completed years.

Indicator/Dimension	Current assessment (PEFA 2016 framework)		Previous assessment (PEFA 2016 framework)		Explanation of change (including comparability issues)
	Score	Description of requirements met	Score	Description of requirements met	
PILLAR TWO. TRANSPARENCY OF PUBLIC FINANCES					
PI-4. Budget Classification	D		D		
1. Budget classification	D	Although budget execution reports provide information on the basis of functional (administrative) economic classifications, the economic classification is not included at the budget approval stage.	D	Budget proposals lack a breakdown by economic classification.	No change.
PI-5. Budget Documentation	D		B		
1. Budget documentation	D	Two basic and four additional elements are presented in budget documentation.	B	Documentation fulfils three basic elements and five others.	Two basic elements: Information on current and previous year's budgets are not presented in the budget documentation. Officials explained that budget documentation content and composition has not changed since last PEFA. It may be that the last year budget execution report and current year revised budget draft were counted as element requirements that were met. However, they are not part of annual budget documentation. Assessment of these two elements according to the methodology would give the same score in 2018 as 2025.

Indicator/Dimension	Current assessment (PEFA 2016 framework)		Previous assessment (PEFA 2016 framework)		Explanation of change (including comparability issues)
	Score	Description of requirements met	Score	Description of requirements met	
PI-6. Central government operations outside financial reports	C		D+		
1. Expenditure outside financial reports	C	Expenditure of central government organizations outside government financial reports make up 8.4% of BCG expenditure.	D	Expenditure outside financial reports exceeded 10% of the BCG expenditure in 2017.	Compared to the previous assessment, the State Social Insurance Fund and the Social Health Insurance Fund are reflected in the government's annual reports. Accordingly, there was decreased expenditure outside central government financial reports.
2. Revenue outside financial reports	D	Revenue of central government organizations outside government financial reports make up 33.8% of BCG revenue.	D	Revenue outside financial reports exceeded 10% of BCG revenue in 2017	Although the Social Health Insurance Fund and the State Social Insurance Fund are now included in government annual reporting, the score D has not changed, mainly related to the Pension Fund and the increase in its revenues.
3. Financial reports of extra-budgetary units	B	Financial reports of most extra-budgetary funds and state enterprises are submitted to the founding body annually within six months of the end of the FY.	B	Financial reports of most extra-budgetary units are made within 6 months of the end of year.	There is no change in the score.
PI-7. Transfers to SNG	C+		C		

Indicator/Dimension	Current assessment (PEFA 2016 framework)		Previous assessment (PEFA 2016 framework)		Explanation of change (including comparability issues)
	Score	Description of requirements met	Score	Description of requirements met	
1. System for allocating transfers	B	Transfers based on a transparent and rule-based system account for 75.1% of the total transfers in 2024.	C	Less than 60% of transfers are made in accordance with a formula in amounts fixed for 3 years.	The rules and methodology for calculating transfers have not changed since the previous assessment. The increase in the score is associated with an increase in the share of general transfers in total transfers. Its share has increased from 58.6% to 75.1%.
2. Timeliness of information on transfers	C	Information on the annual amount of transfers sent to local authorities does not give them at least four weeks for timely planning of their budget.	C	Information on targeted transfers is made available less than four weeks before the start of the next FY.	There is no change in the score since the previous PEFA.
PI-8. Performance information for service delivery	B		C+		
1. Performance plans for service delivery	B	Ministries prepare information on the performance plan for service delivery that is published annually, covering budget program objectives, outputs and outcomes. Information of the outcomes are not sustainable and often change over time.	C	About 60% of program expenditure was covered by performance targets	The number of budget programs covered by KPIs has increased. Central government ministries that provide services directly to citizens develop and publish information on the services provided. However, the services outlined in ministerial development plans require the formulation of realistic and easily measurable KPIs to effectively assess sustainable outcomes.

Indicator/Dimension	Current assessment (PEFA 2016 framework)		Previous assessment (PEFA 2016 framework)		Explanation of change (including comparability issues)
	Score	Description of requirements met	Score	Description of requirements met	
2. Performance achieved for service delivery	B	Ministries prepare information on the performance achieved in service delivery, which is published annually and includes both planned and actual outputs and outcomes. The information is disaggregated by program. Some outcomes of budget programs are not properly defined.	C	About 60% of program expenditure was the subject of performance reports against targets	The number of programs for which indicators of achieved results are presented has increased.
3. Resources received by service delivery units	A	Information on the resources received from service delivery by at least two large ministries is collected and recorded. The reports considered all resources received by service delivery and were prepared annually.	A	IST tracked the resources received by individual schools and health clinics. Information was provided in annual reports to sponsor Ministries or SNGs where SDUs were established as corporate bodies.	There is no change in the score.
4. Performance evaluation for service delivery	C	The effectiveness and efficiency of service delivery are examined in most central government ministries. The coverage of performance audits conducted is low. Audit reports are not published.	D	The Accounts Committee had undertaken some performance auditing, and the Ministry of Communications had undertaken some opinion surveys of service delivery, but coverage was very limited.	The coverage has increased but is still low.
PI-9. Public access to information	A		D		
1. Public access to information	A	Five basic and three additional elements are available to the public within the specified timeframe.	D	Only three of five basic elements were published.	The score has improved as two more basic and three additional elements were published within specified timeframe.
PILLAR THREE. MANAGEMENT OF ASSETS AND LIABILITIES					
PI-10. Fiscal risk reporting	B		C+		

Indicator/Dimension	Current assessment (PEFA 2016 framework)		Previous assessment (PEFA 2016 framework)		Explanation of change (including comparability issues)
	Score	Description of requirements met	Score	Description of requirements met	
1. Monitoring of public corporations	C	All submit annually to the Depository of Financial Reporting their financial statements by the end of August which meets the legal requirements on reporting. There is a consolidated report produced by the government on financial performance.	C	Most SOEs published audited financial statements by the end of the following August, but no consolidated report was published on the financial performance of the SOE sector.	There is no change in the score relating to the timing of audit but there is a report on financial performance in management of state assets and the quasi-public sector.
2. Monitoring of sub-national government (SNG)	C	All local authorities produce financial statements covering the subnational entity. These are audited. The majority of local authorities published their financial statements representing 54 percent of total subnational expenditures.	A	All SNGs published audited budget execution reports within nine months of year-end, and these were consolidated in the report of the State Budget with the report on republican budget execution. SNG borrowing was very small and fully controlled by the Ministry of Finance.	The score from the previous PEFA has been downgraded from A to D. It is likely there is no change in the system, but the previous PEFA did not accurately apply the scoring criteria.
3. Contingent liabilities and other fiscal risks	A	A comprehensive fiscal risk report is updated and published annually and is submitted to Parliament as part of the budget documentation.	D	No reports had been published on the fiscal risks arising from unguaranteed SOE borrowing. A limit had been set for the total of PPP projects at BCG level, but outstanding amounts had not yet been published.	The score increased from D to A with the production of an annual fiscal risk report.
PI-11. Public investment management	C+		C+		

Indicator/Dimension	Current assessment (PEFA 2016 framework)		Score	Previous assessment (PEFA 2016 framework)		Explanation of change (including comparability issues)
	Score	Description of requirements met		Score	Description of requirements met	
1. Economic analysis of investment proposals	C	There are approved standard criteria for selecting/prioritizing investment which are publicly available. The Investment Department in the Ministry of National Economy reviews the economic analysis justifying a project presented by a sponsoring department. However, the actual analysis that is carried out is not published.	C	Economic analyses of all major investment projects were conducted by the government's PPP Centre in accordance with published criteria, but there was no systematic publication of the results.	There is no change in scoring since the previous PEFA as economic analysis of projects is not published.	
2. Investment project selection	A	The Ministry of National Economy prioritizes all projects submitted for consideration for budget approval prior to their inclusion in the budget of the submitting entity. This is based on the published criteria. There is a clearly defined process in place for projects to be included in the budget.	A	Projects were prioritized in accordance with the government's Socio-Economic Development Forecast which was updated each year, with the priorities set by the President's annual address at the beginning of each year.	The score has not changed since the previous PEFA.	
3. Investment project costing	C	The capital costs of projects are included in the budget for three years but not the associated recurrent costs.	D	Budget documents included the amounts, capital and current, to be spent on each project in each of the next three years, but not the total capital or lifetime costs of each project.	The score has improved since the previous PEFA.	
4. Investment project monitoring	C	Monitoring of cost and physical implementation is conducted but implementation reports are not published.	C	A consolidated report on project execution was prepared annually for submission to the President but not published.	The score has not changed since the previous PEFA.	
PI-12. Public asset management	A		C			

Indicator/Dimension	Current assessment (PEFA 2016 framework)		Previous assessment (PEFA 2016 framework)		Explanation of change (including comparability issues)
	Score	Description of requirements met	Score	Description of requirements met	
1. Financial asset monitoring	B	The financial statement and its notes on financial assets detail financial assets by type held in the government accounts. However, they are not completely in line with full international accounting standards.	B	Full audited financial reports in accordance with IFRS were published annually by the three major holdings which covered most of the government's financial assets other than those held by NFRK and the National Bank.	There is no change in the score.
2. Nonfinancial asset monitoring	A	Financial statements have a note on fixed assets with initial costs and depreciation value at the start and end of the FY covering: buildings, facilities, machinery and equipment, other fixed assets.	D	The Register of state-owned non-financial assets was kept by the SOE Information Registration Centre under the Ministry of Finance, with access to elements of information through the web portal. But information about all elements of state property was not generally available, and a consultancy study found the Register to be incomplete.	There is an improvement in the score as information is now prepared and published.
3. Transparency of asset disposal	A	There are clear procedures relating to disposal of both financial and non-financial assets. The financial statements report on the movement of non-financial assets. The CSPP Management Agency reports on the sale of SOEs. These reports are submitted to the legislature.	C	Disposals were managed by the CSPP under the Ministry of Finance in accordance with the Law on State Property. Prices were published but not the identity of purchasers.	The score has improved as the disposal system is now transparent.
PI-13. Debt management	B		B		

Indicator/Dimension	Current assessment (PEFA 2016 framework)		Previous assessment (PEFA 2016 framework)		Explanation of change (including comparability issues)
	Score	Description of requirements met	Score	Description of requirements met	
1. Recording and reporting of debt and guarantees	A	The Ministry of Finance prepares a quarterly statistical report on debt status and servicing and publishes a quarterly public debt report. Debt reconciliation is conducted monthly along with debt data.	A	The Ministry of Finance and National Bank maintained complete records of debt stock, debt service, and guarantees, and reports were published quarterly.	There has been no change in the score.
2. Approval of debt and guarantees	A	The Ministry of Finance is designated as the authorized body for all borrowing.	A	The Ministry of Finance undertook borrowing and provided guarantees on terms decided by the government and within limits set by the annual budget law.	There is no change since the previous PEFA.
3. Debt management strategy	D	No medium-term debt management strategy is prepared at the time of the assessment.	D	There was no debt management strategy published covering existing and projected borrowing and indicating the preferred evolution of risk indicators such as interest rates refinancing.	There is no change since the previous PEFA.
PILLAR FOUR. POLICY-BASED FISCAL STRATEGY AND BUDGETING					
PI-14. Macroeconomic and fiscal forecasting	C+		C		
1. Macroeconomic forecasts	D	The government prepares five-year forecasts of key macroeconomic indicators, such as GDP growth, inflation, and exchange rate. No interest rate forecasts are presented. Macroeconomic indicators, together with the underlying assumptions, are included in budget documentation submitted to the legislature. These forecasts are updated once a year. The projections have been reviewed by the Supreme Audit Chamber.	D	Macro-economic forecasts for three years ahead were included in budget documentation, but were not subject to any independent review. They contained only indirect information on interest rates and the exchange rate.	Since previous PEFA, forecasts are reviewed by the Supreme Audit Chamber. However, due to missing forecasts on interest rates, there is no score improvement.

Indicator/Dimension	Current assessment (PEFA 2016 framework)		Previous assessment (PEFA 2016 framework)		Explanation of change (including comparability issues)
	Score	Description of requirements met	Score	Description of requirements met	
2. Fiscal forecasts	B	Budget documentation submitted to Parliament includes fiscal forecasts, with revenues (aggregate and by type), expenditures (aggregate and by type), budget balance, and sources of deficit financing for budget and two more years along with the underlying assumptions. Fiscal forecasts do not include explanations of differences from previous forecasts.	B	Forecasts of the main fiscal indicators for three years ahead were included in budget documentation, but there were no explanations of changes since the previous year.	There are no changes since previous PEFA.
3. Macro-fiscal sensitivity analysis	B	Government prepares two alternative macroeconomic forecast scenarios for internal use. Only limited information on alternative scenarios is disclosed. Budget documentation includes discussion on sensitivities.	C	There was some discussion of the possible impact of alternative economic assumptions in the socio-economic forecast, but without quantification.	There is an improvement in scoring due to wider assumptions and scenarios.
PI-15. Fiscal strategy	B+		A		
1. Fiscal impact of policy proposals	B	Assessment of fiscal impact on policy initiatives is developed. The information, except for the information on recurrent costs for major investment projects, is submitted to Parliament. The assessments cover budget and two following years.	A	Budget documentation submitted to Parliament included an explanation of the fiscal impact of the main decisions on revenue and expenditure.	Officials explained that budget documentation content and composition have not changed since the last PEFA. If the dimension were assessed according to the methodology the score in 2018 would have been the same as it is now. The A score for this dimension is decreased to the B score.

Indicator/Dimension	Current assessment (PEFA 2016 framework)		Previous assessment (PEFA 2016 framework)		Explanation of change (including comparability issues)
	Score	Description of requirements met	Score	Description of requirements met	
2. Fiscal strategy adoption	A	Government has a fiscal strategy, the Socio-Economic Development Forecast for 2025-2029 is submitted to Parliament along with the annual budget proposal. The document is published. The fiscal strategy includes both quantitative and qualitative objectives for budget and two following years.	A	The Socio-Economic Forecast set out quantified fiscal goals for the period of three years ahead.	There is no change in the score since the previous PEFA.
3. Reporting on fiscal outcomes	B	A report on fiscal outcomes is submitted to Parliament and published as part of annual reporting. It includes information on progress towards fiscal objectives and main reasons for deviations. It does not include proposals to address deviations.	B	The government's report on budget execution for the previous year included an explanation of deviations from objectives set but did not mention any corrective action.	There is no change in the score since the previous PEFA.
PI-16. Medium term perspective in expenditure budgeting	B		B		
1. Medium-term expenditure estimates	C	Annual budget includes medium-term expenditure estimates according to functional, program, and administrative classifications. Expenditure estimates according to economic classification are not adopted.	C	Estimates of expenditure were presented with allocation by function and administrative unit, but not by economic classification.	There is no change in the score since the previous PEFA.
2. Medium-term expenditure ceilings	A	Aggregate and ministry level ceilings for budget and two more years are disseminated before ministries start work on their budget requests.	A	Aggregate and ministry-level expenditure ceilings were approved by the Republican Budget Commission before they were issued by the Ministry of Finance.	There is no change since the previous PEFA.

Indicator/Dimension	Current assessment (PEFA 2016 framework)		Previous assessment (PEFA 2016 framework)		Explanation of change (including comparability issues)
	Score	Description of requirements met	Score	Description of requirements met	
3. Alignment of strategic plans and medium-term budgets	A	Medium-term strategies are aligned for 96.2% of the ministries. Strategies are costed. Their budgets are aligned with their medium-term strategies.	A	Ministries' strategic plans were adjusted to reflect the expenditure figures in each year's budget proposals.	There is no change since the previous PEFA.
4. Consistency of budgets with previous year estimates	C	Budget documentation provides some explanations of the changes of estimates between two consecutive medium-term budgets at the aggregate level.	C	The explanatory material presented to Parliament with the 2018 budget proposals was stated to include some explanation of the changes in 2018 provision as between the 2017 and 2018 budgets.	There is no change since the previous PEFA.
PI-17. Budget preparation process	B		B+		
1. Budget calendar	D	A clear and comprehensive budget calendar exists. Budget organizations are normally given 15 days to complete their budget requests. However, due to disruption of budget process in 2024, budget calendar deadlines were missed. All ministries submitted their budget requests after the deadline.	C	The calendar allowed ministries only two weeks to prepare their budget submissions after receipt of the ceilings at end-April.	There is no change in the process since the previous PEFA. However, because the budget ceilings approval process was delayed by 1+ month in 2024, all ministries also missed their deadlines which was the main reason for score deterioration.
2. Guidance on budget preparation	A	Comprehensive and clear methodology to develop budget requests exists and covers 100% of expenditures for the full year. 2025 budget ceiling approval process was disrupted due to delays. However, budget ceilings were approved before ministries started the development of their budget requests.	A	Expenditure ceilings were approved by the Republican Budget Commission chaired by the Prime Minister before they were issued to spending ministries.	There is no change since the previous PEFA.

Indicator/Dimension	Current assessment (PEFA 2016 framework)		Previous assessment (PEFA 2016 framework)		Explanation of change (including comparability issues)
	Score	Description of requirements met	Score	Description of requirements met	
3. Budget submission to the legislature	A	The government submitted the draft annual budget to Parliament at least two months before the start of the FY in each of the last three years.	A	Budget proposals were submitted to the Parliament four months before year-end.	There is no change since the previous PEFA.
PI-18. Legislative scrutiny of budgets	A		B+		
1. Scope of budget scrutiny	A	Parliament reviews and adopts the annual budget. Review covers fiscal policies, macroeconomic and medium-term fiscal forecasts, medium-term expenditure estimates, expenditure, and revenues, both at aggregate level and in detail.	A	Parliamentary review covered medium-term priorities and estimates as well as those for the year immediately ahead.	There is no change since the previous PEFA.
2. Legislative procedures for budget scrutiny	A	Budget review and adoption procedures are defined by legislation and are adhered to. They include public consultation arrangements and organizational arrangements as well, such as specialized review committees, technical support, and negotiation arrangements.	B	Proposals were reviewed in detail by specialist committees, but there was no provision for public consultation.	The arrangements for public consultation have improved.
3. Timing of budget approval	A	Annual budgets during the last three FYs were adopted by the Parliament before start of the budget year.	A	The last three budgets were approved before the end of November each year.	There is no change since the previous PEFA.
4. Rules for budget adjustments by the executive	A	Clear rules for budget amendment exist and they are adhered to in all cases. Rules provide strict limits and roles for both executive and legislative branches.	A	Clear rules limited the scope for the government to reallocate provision without the approval of Parliament.	There is no change since the previous PEFA.

Indicator/Dimension	Current assessment (PEFA 2016 framework)		Previous assessment (PEFA 2016 framework)		Explanation of change (including comparability issues)
	Score	Description of requirements met	Score	Description of requirements met	
PILLAR FIVE. PREDICTABILITY AND CONTROL IN BUDGET EXECUTION					
PI-19. Revenue administration	A		B+		
1. Rights and obligations for revenue measures	A	The Tax Code is comprehensive in the coverage of the obligations and rights of tax authorities and payers with an appeals process. There are regular meetings with companies and videos and messaging on social media as well as TV and radio are used.	A	Ready access was available to taxpayers on their rights and obligations, including redress procedures.	There is no change since the previous PEFA.
2. Revenue risk management	A	Detailed risk factors relating to taxpayers are set out in the Tax Code. Risk analysis software is used by the State Revenue Committee. All taxpayers have a Tax Identification Number. Taxpayers are segmented by size.	A	The State Revenue Committee entities used a structured and systematic approach for assessing compliance risks for tax revenues.	There is no change since the previous PEFA.
3. Revenue audit and investigation	A	Audits on taxpayers are carried out based on risk as identified by the risk assessment software used by the State Revenue Committee. All planned audits are completed.	C	Less than 90% of planned tax audits were completed.	The score has increased since the previous PEFA given the overall improvements in the audit system.
4. Revenue arrears monitoring	A	Arrears on taxes collected by the Tax Committee are 3.7% of total collections in 2024 with arrears older than 12 months 2.5% of total collections.	B	While total tax arrears at the end of 2017 were less than 10% of collections during the year, over 40% of tax arrears at the end of 2016 were still outstanding at the end of 2017.	There is an improvement in score to A as the arrears aged over 12 months has declined significantly.

Indicator/Dimension	Current assessment (PEFA 2016 framework)		Previous assessment (PEFA 2016 framework)		Explanation of change (including comparability issues)
	Score	Description of requirements met	Score	Description of requirements met	
PI-20. Accounting for revenues	A		A		
1. Information on revenue collections	A	The Ministry of Finance receives data on all collected revenue broken down by type and consolidated in a monthly report.	A	All central and local government revenue was paid daily into the revenue collection account of the TSA from which daily reallocations were made to Ministries, SNGs, and NFRK.	There is no change since the previous PEFA.
2. Transfer of revenue collections	A	All tax payments are made on a daily basis directly into the subaccount attributable to the collecting agencies in the TSA.	A	All revenue was transferred daily into the TSA.	There is no change since the previous PEFA.
3. Revenue accounts reconciliation	A	The system allows immediate reconciliation of revenue accounts payments to the Treasury and to taxpayer accounts when a tax has been paid or is due to be paid.	A	The systems of the National Bank, State Revenue Committee, and Treasury were fully integrated and reconciled daily. Individual taxpayer accounts were updated daily.	There is no change since the previous PEFA.
PI-21. Predictability of in-year resource allocation	A		A		
1. Consolidation of cash balances	A	All bank and cash flow balances are consolidated on a daily basis.	A	All BCG (and SNG) balances were consolidated daily.	There is no change since the previous PEFA.
2. Cash forecasting and monitoring	A	Cash flow forecasts are made for the whole year covering both expenditures and revenues and are updated on the basis of actual inflows monthly cash flow	A	A cash flow forecast was prepared at the beginning of the year and updated monthly in the light of experience.	There is no change since the previous PEFA.

Indicator/Dimension	Current assessment (PEFA 2016 framework)		Previous assessment (PEFA 2016 framework)		Explanation of change (including comparability issues)
	Score	Description of requirements met	Score	Description of requirements met	
3. Information on commitment ceilings	A	Budgetary institutions may plan and undertake commitments for expenditures in accordance with the financing plan for commitments and payments.	A	Ministries were assured that cash was available throughout the year to meet approved commitments.	There is no change since the previous PEFA.
4. Significance of in-year budget adjustments	A	There was one supplementary budget approved by the Legislature in 2024.	A	Two major adjustments ("Clarifications") were made to the 2017 budget.	There is no change since the previous PEFA.
PI-22. Expenditure arrears	A		B+		
1. Stock of expenditure arrears	A	Payments due are made in accordance with contract agreements and executed accordingly. There are no expenditure arrears.	A	Amounts payable were less than 1% of budget expenditure at the ends of years 2015-17.	There is no change since the previous PEFA.
2. Expenditure arrears monitoring	A	Payments due are generated within the accounting system, which ensures that they are processed and made in line with contractual agreements.	B	Expenditure arrears are measured at the end of each quarter, but end-year and half-year reports are not due until 7 weeks after period-end.	There is an improvement in the score as the payments system does not permit arrears.
PI-23. Payroll controls	A		C+		
1. Integration of payroll and personnel records	A	Hiring of staff follows a defined process. There is a unified automated personnel database for civil servants. The staffing table defines the organizational structure, the human resource database reflects the actual personnel, and the payroll fund accounts for financial expenditures on staff.	A	There were strong links between the approved budget, personnel records, and payroll records.	There is no change since the previous PEFA.

Indicator/Dimension	Current assessment (PEFA 2016 framework)		Previous assessment (PEFA 2016 framework)		Explanation of change (including comparability issues)
	Score	Description of requirements met	Score	Description of requirements met	
2. Management of payroll changes	A	Retroactive adjustments are generally not allowed. However, in exceptional cases (such as technical error corrections), adjustments are made in payroll sheets and accounting only upon error detection.	A	Close and effective control of payroll applied.	There is no change since the previous PEFA.
3. Internal control of payroll	A	Only the finance department is authorized to amend data. All changes must comply with regulations, be approved by management, and be formally documented. There is an audit trail based on what has been done and who has carried it out in the system.	A	Close and effective control of payroll applied.	There is no change since the previous PEFA.
4. Payroll audit	A	Payroll audits are carried out every year for all budget organizations as part of the annual internal audit process based on risk analysis. The external audit of financial statements also examines payroll.	C	Some audit testing of payroll had been undertaken by the Accounts Committee, internal audit, and the Committee on Internal State Audit.	The score has improved with the increase in coverage of internal audit which includes payroll audit as part of its annual activities.
PI-24. Procurement	B+		C+		
1. Procurement monitoring	A	The database on all procurement includes what has been procured, the value of procurement, and who has been awarded the contract.	A	The data were complete, although audits identified a significant incidence of errors in procurement.	There is no change in the score since the previous PEFA.
2. Procurement methods	D	Most public procurement is single source in nature. The percentage conducted by open competition is 7.4% of the value of contracts.	D	Less than 60% of contracts in 2017 were awarded by competitive methods.	There is no change since the previous PEFA.

Indicator/Dimension	Current assessment (PEFA 2016 framework)		Previous assessment (PEFA 2016 framework)		Explanation of change (including comparability issues)
	Score	Description of requirements met	Score	Description of requirements met	
3. Public access to procurement information	A	All six key elements of the procurement information are made available to the public	B	Five of the six elements of information were available to the general public. Consolidated annual statistics were not available.	The score has improved due to the availability of statistics.
4. Procurement complaints management	A	All six elements relating to procurement complaints are met.	D	The reviewing body was not entirely separate from the process leading to contract awards.	In effect there is no change since the previous PEFA. The score of A in the current PEFA is based on a judgment of the independence of the Committee on Internal State Audit. From January 1, 2025, the new Law allows the procurement instigator to consider appeals.
PI-25. Internal controls on non-salary expenditure	A		A		
1. Segregation of duties	A	The integrity of the Treasury system is protected by restricting access to individuals authorized for specific purposes; the system records who has entered it and for what purpose with a clear audit trail. Risk management control systems pay particular attention to the segregation of duties.	A	Strong and clear separation of duties.	There is no change in the score since the previous PEFA.
2. Effectiveness of expenditure commitment controls	A	The Treasury software system has a commitment control module where commitments are entered based on cash forecasts. Once a commitment has been made, this is entered into the database and the available commitment for that period is reduced accordingly.	A	Strong controls effectively limited commitments to budgetary allocations and cash availability.	There is no change in the score since the previous PEFA.

Indicator/Dimension	Current assessment (PEFA 2016 framework)		Previous assessment (PEFA 2016 framework)		Explanation of change (including comparability issues)
	Score	Description of requirements met	Score	Description of requirements met	
3. Compliance with payment rules and procedures	A	Current control is carried out in the context of business processes. When implementing control activities, Treasury bodies take preventive measures to ensure the efficient use of budget funds. Financial documents with signs of violation are returned without execution.	A	High level of compliance with rules and procedures.	There is no change in the score since the previous PEFA.
PI-26. Internal audit effectiveness	A		B+		
1. Coverage of internal audit	A	The coverage of central government internal audit is almost 100 percent of total expenditure.	A	Internal audit was active in almost all government agencies.	There is no change since the previous PEFA.
2. Nature of audits and standards applied	A	Internal audits are focused on the adequacy and effectiveness of internal controls with an effective quality assurance process in place that meets professional standards and a focus on risk.	B	Attention was paid to the effectiveness of control systems.	The score has improved as the scope of internal audit has been extended beyond financial audit.
3. Implementation of internal audits and reporting	A	Annual audit programs exist. In 2024, 98 percent of planned audits were completed with an additional 25 unplanned audits. Audit reports are distributed to the appropriate parties.	A	Audit plans were produced and a high percentage of planned audits were completed	There is no change since the previous PEFA.
4. Response to internal audits	A	Over 2022-2024, 96 percent of recommendations made have been acted upon. This is reduced to 92 percent when weighted by expenditure.	NA	Too early to judge response.	The previous PEFA did not score this dimension as it was too early in the process for suitable information to be available.

Indicator/Dimension	Current assessment (PEFA 2016 framework)		Previous assessment (PEFA 2016 framework)		Explanation of change (including comparability issues)
	Score	Description of requirements met	Score	Description of requirements met	
PILLAR SIX. ACCOUNTING AND REPORTING					
PI-27. Financial data integrity	A		B+		
1. Bank account reconciliation	B	Reconciliation of bank accounts of central government units whose operations constitute more than 90% of the total central government operations is carried out at least once a month, no later than 4 weeks after the end of the month.	D	Daily reconciliation was undertaken for the TSA but information was not available about reconciliation procedures for other bank accounts under central government control.	Since the previous assessment, the number of organizations whose accounts are part of the TSA has increased and their accounts are reconciled daily.
2. Suspense accounts	A	Within 7 days, all uncleared amounts from the clarification account (902) are either returned to the depositor or, after clarification, are transferred to the intended purpose.	A	Suspense accounts were cleared promptly.	There is no change in the score since the previous PEFA.
3. Advance accounts	A	Reconciliation of advance payments is made at least once a month at the end of each month. All advance accounts are controlled and paid on time.	A	Advance payments accounted for only a small percentage of BCG expenditure and were cleared promptly. Evidence confirmed that reconciliation was undertaken monthly.	There is no change in the score since the previous PEFA.
4. Financial data integrity processes	A	Access to the IIST is limited, and making changes is recorded; employees act following the assigned status. All actions in the system leave an audit trail and can be tracked.	A	There were effective data integrity processes with clear audit trail.	There is no change in the score since the previous PEFA.
PI-28. In-year budget reports	B+		A		

Indicator/Dimension	Current assessment (PEFA 2016 framework)		Previous assessment (PEFA 2016 framework)		Explanation of change (including comparability issues)
	Score	Description of requirements met	Score	Description of requirements met	
1. Coverage and comparability of reports	A	The structure of the budget execution report is consistent with the original approved budget. Information includes all items of budget estimates.	A	Reports gave the same breakdown, administrative, functional and program as the original budget.	There is no change since the previous PEFA
2. Timing of in-year budget reports	B	Budget execution reports are prepared monthly, available on the third or fourth week after the end of the month.	A	Monthly reports were issued by the Ministry of Finance two weeks after the period-end.	Although reports are prepared monthly, to receive score A, the prepared report must be available within 2 weeks of the end of month, while reports are published on the third or fourth week after the end of the month
3. Accuracy of in-year budget reports	A	Budget execution reports present analysis of the budget execution. Expenditure is covered at both commitment and payment stages. There are no material concerns regarding data accuracy.	A	Reports were derived from the Treasury IT system, and covered commitments as well as payments.	There is no change since the previous PEFA.
PI-29. Annual financial reports	C+		C+		
1. Completeness of annual financial reports	A	Annual financial report contains information on revenues, expenses, financial assets, tangible assets, liabilities, guarantees and obligations. The report corresponds to the reconciled cash flow statement.	C	The budget execution reports, which were the focus of audit work and reviewed by Parliament, covered only revenue, expenditure, and movements in public debt.	Unlike the previous assessment, the annual financial report includes financial assets, liabilities, and cash flows, among other data.

Indicator/Dimension	Current assessment (PEFA 2016 framework)		Previous assessment (PEFA 2016 framework)		Explanation of change (including comparability issues)
	Score	Description of requirements met	Score	Description of requirements met	
2. Submission of reports for external audit	A	The annual report on the execution of the republican budget for 2024 was submitted to the Supreme Audit Chamber on March 31, 2025 (within 3 months of the end of the FY).	A	The government's annual report on budget execution was presented to the Accounts Committee by 25 March (within 3 months of end of FY).	There is no change in the score.
3. Accounting standards	C	The majority of international standards have been incorporated into national standards. The standards applied in the preparation of annual financial reports are disclosed. However, the differences between international and national standards are not identified, nor are any existing gaps explained.	C	Budget execution reports were consistent from year to year, but much information needed to comply with IPSAS was not provided.	Although several international standards have been adopted at the national level in recent years, the differences between international and local standards are not explained. Score remains unchanged.
PILLAR SEVEN. EXTERNAL SCRUTINY AND AUDIT					
PI-30. External audit	B+		D+		
1. Audit coverage and standards	A	The Supreme Audit Chamber mandate covers revenues, expenditures, assets, and liabilities of all central government institutions. National standards based on ISSAI are used. Audit reveals relevant material issues and systematic and control risks. Actual coverage was 95% during last three FYs.	B	About 75% of the BCG was covered by Accounts Committee audits 2015-17. Audits were directed at efficiency of spending as well as compliance with laws and included reviews of Ministries' annual financial statements. Audits were conducted in accordance with INTOSAI standards.	The audit coverage has increased since the previous PEFA.
2. Submission of audit reports to the legislature	A	Audit reports were submitted to Parliament within three months from receipt of the financial reports by the Supreme Audit Chamber for the last three completed FYs.	A	Reports on budget execution were submitted to Parliament within 5 months of year end for each of the years 2015-17.	There is no change in the score since the previous PEFA.

Indicator/Dimension	Current assessment (PEFA 2016 framework)		Previous assessment (PEFA 2016 framework)		Explanation of change (including comparability issues)
	Score	Description of requirements met	Score	Description of requirements met	
3. External audit follow-up	A	The Supreme Audit Chamber effectively follows up on audit findings and implementation of the recommendations during last three years.	A	Audit recommendations and instructions were generally followed by auditees, as shown by the large proportion of irregular expenditure actually recovered.	There is no change in the score since the previous PEFA.
4. Supreme Audit Institution independence	B	The law ensures independence from the executive, including appointment and dismissal of the head, planning and audit engagements, planning and execution of the Supreme Audit Chamber budget. The Supreme Audit Chamber uses its power to publish only summaries of audit reports. It has unrestricted and timely access to records, documentation, and information for all audited entities.	D	The chair was appointed, and could be dismissed, by the President. Staff numbers were controlled by the President, and financial resources were determined by the government, not Parliament.	The Supreme Audit Chamber has authority to independently plan and execute its own budget since 2018.
PI-31. Legislative scrutiny of audit reports	B+		B+		
1. Timing of audit report scrutiny	A	Financial audit reports on annual budget execution were reviewed by Parliament within two months of receipt during the last three years.	A	Work was completed within six weeks of receipt of the report from the Accounts Committee.	There is no change in the score since the previous PEFA.
2. Hearings on audit findings	C	In-depth hearings on audit reports take place occasionally, covering few audited entities (7.65% by value)	C	The Accounts Committee did not give opinions on ministries' financial statements. Hearings covered the government's budget execution reports as well as the Accounts Committee's.	There is no change in the score since the previous PEFA.

Indicator/Dimension	Current assessment (PEFA 2016 framework)		Previous assessment (PEFA 2016 framework)		Explanation of change (including comparability issues)
	Score	Description of requirements met	Score	Description of requirements met	
3. Recommendations on audit by the legislature	B	Parliament issues recommendations in relation to the audit reports of the Supreme Audit Chamber and follows up on their implementation.	A	The Accounts Committee's report was used as the basis for Parliament's recommendations to the government in response to the budget execution report.	As no evidence was available on systematic follow-up to implement Parliament's recommendations, the score was downgraded.
4. Transparency of legislative scrutiny of audit reports	A	Parliamentary committees and plenary sessions (except sessions related to national security issues) are transmitted online. Committee reports are provided to the plenary session. Reports are published on the Parliament website.	A	Parliamentary discussions of budget execution and audit reports were open to the public, and the recommendations to government were published on parliamentary websites.	There is no change in the score since the previous PEFA.

SUMMARY OF OBSERVATIONS ON THE INTERNAL CONTROL FRAMEWORK

Internal control components and elements	Summary of observations
1. CONTROL ENVIRONMENT	
1.1. The personal and professional integrity and ethical values of management and staff, including a supportive attitude toward internal control constantly throughout the organization	The legal basis for internal control is established. This is implemented through the Committee on Internal State Audit which oversees the internal audit process, Treasury Committee of the Ministry of Finance, Department of the Agency of the Republic of Kazakhstan for Combating Corruption, and the Center for Electronic Finance. These all promote the establishment and development of public internal financial control systems at different stages with coordination and harmonization policies and procedures. This includes developing and promoting the personal and professional integrity and ethical values of management and staff, including a supportive attitude toward internal control constantly throughout the organization.
1.2. Commitment to competence	The existence of the four units indicates a commitment to competence in implementing internal controls and is evidenced by the A scores in PIs 23, 25, 26, and 27.
1.3. The “tone at the top” (i.e. management’s philosophy and operating style)	There is a positive approach to implementing internal controls as evidenced by the organizational structure. This is continuously strengthened by ensuring enhanced responses to recommendations from both internal and external audit reports. The oversight and scrutiny of Parliament with respect to audit reports also provides a strong leadership tone.

Internal control components and elements	Summary of observations
1.4. Organizational structure	<p>The roles of the various parties involved in the financial management control system are established in the regulations relating to the Committee on Internal State Audit and the Supreme Audit Chamber as well as Department of the Agency for Combating Corruption and the Center for Electronic Finance. These together promote the establishment and development of public internal financial control systems and carries out coordination and harmonization policies and procedures.</p> <p>Public sector units have an organizational structure that enables the achievement of objectives and compliance with the functions assigned by legislation. These are presented in documentary form, stating clearly the rules for determining and segregating tasks, duties, and responsibilities, as well as hierarchy and appropriate reporting lines.</p>
1.5. Human resource policies and practices	A cadre of professionals in internal audit and financial control is in place and follows standard public sector policies and practices.
2. RISK ASSESSMENT	
2.1. Risk identification	<p>Several PIs are related to the extent to which risks are identified, notably:</p> <p>Economic Analysis of Investment Proposals is rated C in 11.1 – Economic analyses are conducted to assess investment projects. They are independently reviewed by the Ministry of National Economy but are not published.</p> <p>Debt Management Strategy is rated D in 13.3 – The Debt Management Strategy is not yet developed</p> <p>Macro-fiscal sensitivity analysis is rated B in 14.3 – Macro-fiscal analysis is presented in the Socio-Economic Development Forecast. It includes discussions on the differences between macro forecasts and actual outcome. Key factors contributing to the macro-fiscal forecasts are analyzed. Sensitivity analysis covers exogenous shocks and risks, such as global economic growth, geopolitical risks, exchange rate depreciation among key trade partner countries, price changes on crude oil, inflation, interest rates, etc., and their quantified fiscal impacts.</p> <p>Revenue Risk Management is rated A in 19.2 – The Tax and Customs Committees use a comprehensive, structured, and systematic approach for assessing and prioritizing compliance risks for taxpayers.</p> <p>Cash Flow Forecasting and Monitoring is rated A in 21.2 - A cash flow forecast is prepared annually for the FY, broken down by months and updated monthly on the basis of actual cash inflows and outflows.</p> <p>Implementation of internal audits and reporting is rated A in 26.3 - The annual internal audit plan is developed on the basis of risk analysis. In 2024, 98 percent of planned audits were completed with an additional 23 unplanned audits.</p>
2.2. Risk assessment (significance and likelihood)	Risk identification in 2.1 above shows that risk assessment is the basis for identification and audit selection.

Internal control components and elements	Summary of observations
2.3. Risk evaluation	Based on the Committee on Internal State Audit information, audit plans have been mostly implemented and ad hoc audits also carried out. Some 61 risk factors determine the selection for internal audit. Internal auditors submit their reports to relevant minister and the head of the public entity audited (Implementation of internal audits and reporting – 26.3 rated A). Quality assessment of internal audit activities is carried out for all subjects of the internal audit (Nature of internal audits and standards applied – 26.2 rated A).
2.4. Risk appetite assessment	The development and implementation of identification and assessment of risk indicates a positive risk appetite across expenditure and revenue aspects of PFM. This is evidenced by the selection process for revenue audits, internal audit, and external audit covering both revenue and expenditure.
2.5. Responses to risk (transfer, tolerance, treatment, or termination)	Standard public sector human resource policies are in place throughout the areas of control.
3. CONTROL ACTIVITIES	
3.1. Authorization and approval procedures	<p>Financial data integrity processes are rated A in 27.4. Access to and changes of records are restricted and recorded, and result in audit trail.</p> <p>Recording and reporting of debt and guarantees are rated A in 13.1. Domestic and foreign debt and guaranteed debt records are complete, accurate, updated, and reconciled monthly. Comprehensive management and statistical reports covering debt service, stock, and operations are produced monthly.</p> <p>Approval of debt and guarantees are rated A in 13.2. Primary legislation grants authorization to borrow, issue new debt, and issue loan guarantees on behalf of the central government to a single responsible debt management entity. Documented policies and procedures provide guidance to borrow, issue new debt and undertake debt-related transactions, issue loan guarantees, and monitor debt management transactions by a single debt management entity. Annual borrowing must be approved by the government or legislature.</p> <p>Effectiveness of expenditure commitment controls is rated A in 25.2. Commitment control applies to all payments made from the TSA. Actual expenditure incurred is in line with approved budget allocations and does not exceed committed amounts and projected available cash resources.</p> <p>Integration of payroll and personnel records is rated A in 23.1. Personnel databases (payroll and records) are in the E-Kyzmet system and human resource management subsystem of the e-Minfin information system that is managed by the Treasury. Personnel and payroll records are reconciled at least monthly, before salaries are paid to staff bank accounts.</p> <p>Management of payroll changes is rated A in 23.2. Personnel records are updated monthly in time for the month's payments. Updates are real-time and reflected in the payroll module of the e-Minfin information system.</p>

Internal control components and elements	Summary of observations
	<p>Compliance with payroll payment rules and procedures is rated A in 23.3. Changes to the payroll records are restricted to only authorized persons. The changes are certified by an authorized person and approved by the head of the unit. In addition, remuneration changes must be approved by the Treasury. There is an audit trail of payroll changes as supporting documentation is kept, and there are access controls for authorized persons to get into the IT system. Internal and external auditors assess payroll risk as low hence integrity of payroll data is high.</p>
3.2 Segregation of duties (authorizing, processing, recording, reviewing)	<p>Segregation of duties is rated A in 25.1. Segregation of duties is prescribed throughout the expenditure process with responsibilities clearly laid out at different levels in the IT systems</p>
3.3. Controls over access to resources and records	<p>Compliance with payment rules and procedures is rated A in 25.3. Compliance with payment rules and procedures is very high.</p> <p>Financial data integrity processes are rated A in 27.4. Access and changes to records is restricted and recorded, and results in audit trail.</p>
3.4. Verifications	<p>Accuracy of in-year budget reports which is rated A in 28.3. There are no material concerns regarding data accuracy. The budget execution report is submitted quarterly to the government and the Ministry of National Economy, quarterly to the President Administration and the Supreme Audit Chamber. Information on expenditure is covered at the payment and commitment stages in the e-Treasury system.</p>
3.5 Reconciliations	<p>Bank account reconciliations are rated B in 27.1. Bank reconciliations for all active central government in the TSA bank accounts takes place daily, but the extra-budgetary units accounts outside of the TSA are less than 10% of the total.</p> <p>Suspense accounts are reconciled within 7 days.</p>
3.6. Reviews of operating performance	<p>Revenue audit and investigations are rated A in 19.3. The Revenue Committee undertakes audits and fraud investigations based on risk factors for audit selection managed and reported on according to a documented compliance improvement plan. All audits and investigations are completed.</p> <p>Coverage of Internal Audit is rated A in 26.1. Coverage of External Audited is rated A in 30.1</p>
3.7. Reviews of operations, processes, and activities	<p>Procurement monitoring is rated A in 24.1. Databases or records are maintained for all contracts including data on what has been procured, value of procurement, and who has been awarded contracts. The data are accurate and complete for all procurement methods for goods, services, and works. All procurement is managed electronically.</p>
3.8. Supervision (assigning, reviewing, and approving guidance and training)	<p>The audit trail in place indicates a supervisory focus. Personnel development through mentoring and training is in place.</p>

Internal control components and elements	Summary of observations
4. INFORMATION AND COMMUNICATION	
	<p>Management information systems for financial and nonfinancial information are across central government organizations and are fully functioning and comprehensive. All BCG and some extra-budgetary unit organizations are included in the TSA. There is a monthly budget execution report that is published. The procurement information system is centralized and covers all government entities.</p>
5. MONITORING	
5.1. Ongoing monitoring	<p>The Assessment highlighted a number of areas related to ongoing monitoring activities:</p> <p>Resources received by service delivery units is rated A in 8.3. Information on resources received by service providers is collected and recorded for all programs. This is conducted through the TSA and accounting system.</p> <p>Monitoring of public corporations is rated A in 10.1. Audited annual financial statements for the largest public corporations are published within six months of the end of the FY. The State Property and Privatization Committee is responsible for monitoring SOEs.</p> <p>Monitoring of SNGs is rated C in 10.2.</p> <p>SNGs produce audited financial statements in a timely manner, most were published during the assessment period.</p> <p>Contingent liabilities and other fiscal risks is rated A in 10.3. There is an annual fiscal risk report that quantifies contingent liabilities covering macroeconomic risks, risk from PPP, climate changes, pandemics, and natural disasters.</p> <p>Investment project monitoring is rated C in 11.4. The total cost and physical progress of major investment projects are monitored by the Ministry of National Economy on a quarterly basis but a report is not published.</p> <p>Quality of central government financial asset monitoring is rated A in 12.1. The government maintains a record of its holdings in all categories of financial assets, which are recognized at their acquisition cost and in rare cases at fair (market) value. Information on the performance of the major categories of financial assets is published annually.</p> <p>Quality of central government nonfinancial asset monitoring is rated A in 12.2. The government maintains a register of its holdings of fixed assets and information on their usage and age.</p> <p>Revenue arrears monitoring is rated A in 19.4. The stock of revenue arrears at the end of the last completed FY is low as are revenue arrears older than 12 months.</p> <p>Expenditure arrears monitoring is rated A in 22.2.</p>

Internal control components and elements	Summary of observations
	<p>Procurement monitoring is rated A in 24.1. Databases or records are maintained for all contracts including data on what has been procured, value of procurement, and who has been awarded contracts. The data are accurate and complete for all procurement methods for goods, services, and works.</p> <p>Implementation of internal audits and reporting is rated A in 26.3. 98 percent of the audit plan has been implemented. In addition, ad hoc audits are carried out. Internal auditors submit their reports to the relevant minister and the head of the public entity audited.</p>
5.2. Evaluations	<p>Performance evaluation for service delivery is rated C in 8.4. Investment project selection is rated A in 11.2.</p>
5.3. Management responses	<p>Response to internal audits is rated A in 26.4. Management responds to audit recommendations for all entities audited mainly within twelve months of the report being produced with some carry over to the following year.</p> <p>External audit follow-up is rated A in 30.3. Formal responses are made by the audited entities on audits for which follow-up was expected during the last three completed years.</p>

ANNEX 3.

SOURCES OF INFORMATION BY INDICATOR

Annex 3A. Related surveys and analytical work

#	Institution	Document title	Date
1	OECD	Review of the Corporate Governance of State-Owned Enterprises in Kazakhstan ³¹⁷	2024
2	Ministry of Finance of the Republic of Kazakhstan	Kazakhstan Public Expenditure and Financial Accountability (PEFA) Assessment 2018 ³¹⁸	December 2018

Annex 3B. List of government officials

Schedule of Meetings with PEFA mission for the PEFA 2025 Assessment (3-7 March, House of Ministries, Entrance 4, 10, 15)

Date	Time	Participants	Full name/Position
March 3	09:15 - 15:00	Kick-off meeting	Temirbekov Dauren – Vice-Minister of Finance Beysembayev Olzhas – Director, Budget Legislation Department Aykymbayeva Bekzat – Deputy Director, Budget Legislation Department Bakytbekkyzy Ayauly - Head of division, Budget Legislation Department

³¹⁷ www.oecd.org/en/publications/oecd-review-of-the-corporate-governance-of-state-owned-enterprises-in-kazakhstan_082c508b-en.html#

³¹⁸ <https://www.pefa.org/country/kazakhstan>

Date	Time	Participants	Full name/Position
March 4	09:15 - 13:00	Ministry of Finance Department of Government Finance Reporting and Statistics	Mahmut Mayra – Head of the Division for Budget Execution Reporting and Government Finance Statistics Baizhanova Ainagul – Chief Expert of the Department for Budget Execution Reporting and Government Finance Statistics Zholdasbayeva Feruza – Chief Expert of the Department for Consolidated Budget Execution Analysis
	14:30 - 18:30	Treasury Committee	Tokbayev Rakhat – Chairman of the Treasury Committee Baigenzhina Aliya – Deputy Chairman of the Treasury Committee Akhmetova Gulnara – Department of Consolidated Financing Plan Balgabayeva Bazargul – Department of Local Budget Reporting Eskendirov Ruslan – Department of Government Revenue Receipts Beisenova Batima – Department of Liquidity Management Zhakypov Anuar – Department of Loan and Credit Accounting Sadvakasova Gulzhiyan – Department of Republican Budget Reporting
		Committee of State Property and Privatization	Adilbekov Nurmakhan – Chairman of the Committee Kaliyeva Zhanar – Department of State Property Efficiency Monitoring Saidalina Anar – Department for Work with Republican State Legal Entities
March 5	09:15 - 13:00	Ministry of Finance	
		State Revenue Committee	Narmanova Binura- Deputy Head of the Audit Department
		Department of Tax and Customs Legislation	Bagibaev Ablaykhan – Deputy Director
		Department of Budget Lending	Ismurzin Sungat – Chief Expert
		Ministry of National Economy	

Date	Time	Participants	Full name/Position
		Department of Budget Policy	Torina Dinara - Deputy Director
		Altaeva Bakhyt - Head of the Division	
		Department of Macroeconomic Analysis and Forecasting	Ibatulla Aran - Head of the Division
		Department of Investment Policy and Financial Sector Development	Khamzin Anvar - Head of the Division
	14:30 - 18:30	Supreme Audit Chamber	
		Department of International Cooperation and Methodology	Kashimova Lyailim – Director
		Department of Audit of the Real Sector of the Economy	Ibraev Akylbai – Director
		Department of Audit of Public Administration	Kurmanova Ainagul – Director
		Department of Audit of the Social Sector and Law Enforcement	Kari Anuarbek – Director
		Department of Audit of the Quasi-Public Sector	Moldashev Amandyk – Director
		Department of Analysis and Reporting	Syzdykova Aigul – Deputy Director
		Department of Planning and Certification	Kasenov Talgat – Deputy Director
		Department of Quality Control and Evaluation	Zhanburchinov Yeslbay – Chief Consultant

Date	Time	Participants	Full name/Position
	15:00-16:40	Ministry of Ecology and Natural Resources	
		Vice-Minister	Oshurbaev Mansur
		Department of climate policy	Sabieva Saule - Director
	16:40-18:30	Ministry of Finance	
		Department of Budget Legislation	Beysembayev Olzhas – Director Aykymbayeva Bekzat – Deputy Director Bakytbekkyzy Ayauly - Head of division
March 6	09:15 - 13:00	Ministry of Finance	
		Department of Accounting and Audit Methodology	Kaymoldinova Anar - Deputy Director Esilbaeva Anar - Chief Expert
		Committee of Internal State Audit	Nukaev Olzhas - Head of the Risk Management Division
		Department of Public Procurement	Agabekov Adilet - Head of the Division Tashenev Ayan - Chief Expert
		Center of Electronic Commerce	Turkeev Talgat - Director Aysenova Anzhela - Deputy Director
		Ministry of Science and Higher Education	
		Department of Economy and Finance	Ishahov Aybolat - Deputy Director
		Ministry of Labor and Social Protection of Population	
		Department of Finance	Zhanseitov Zhenis - Deputy Director
	14:30 - 17:30	Bureau of National Statistics	

Date	Time	Participants	Full name/Position
		Department of National Accounts Department of International Cooperation	Bekturova Togzhan - Head of the Division Dosanova Aynur - Director
		Ministry of Finance	
		Department of Public Borrowing	Deputy Director
		Department of Republican Budget Analysis	Head of the Division
		Department of Budget Planning	Tayshibaeva Dina - Deputy Director Akbarova Nazerke - Head of Division
		Ministry of National Economy	
		Department of Macroeconomic Analysis and Forecasting	Maken Erzhan - Deputy Director
March 7	10:00	Ministry of Finance	
		Meeting with Vice-Minister	Temirbekov Dauren
		Discussion of remaining issues	

Schedule of Meetings with PEFA mission for the PEFA 2025 Assessment (20-22 May, House of Ministries, Entrance 4, 10, 15)

Date	Time	Participants	Full name/Position
May 20	15:00-18:00	Ministry of Finance	
		Budget Legislation Department	Aikimbayeva Bekzat - Deputy Director
		Department of Reporting and Statistics	Mahmut Maira - Head of Division Aynagul Aitkozhevna - Chief Expert

Date	Time	Participants	Full name/Position
		Accounting and Audit Methodology Department	Anar Bakytkanovna - Deputy Director Urkumbayeva Tolky Zhenisovna - Head of Division
		Planning and Accounting Department	Klara Zakharovna - Head of Division - Chief Accountant
		State Borrowing Department	Nailya Askarova - Head of Division
		Department of Public Procurement and Procurement of the Quasi-Public Sector	Agabekov Adilet - Head of Division
		Department of Tax and Customs Legislation	Abdualieva Kuralay - Chief Expert
		Treasury Committee	Sadvakasova Gulzhiyan - Head of Division Abaidildina Gulnara - Chief expert, chief treasurer
		State Property and Privatization Committee	Kalieva Zhanar - Head of Division Madina Askarovna - Chief Expert
		State Committee on Internal Public Audit	Nukaev Olzhas - Head of Division Almira Zharkeeva - Head of Division
		Ministry of National Economy	Altayeva Bakyt - Head of the Budget Policy Division Madina Nurlanovna - Head of the Division for Public Liability Management Policy Zeinullin Darkhan - Chief expert of the Budget Investment Department Arynov Bakhyt - Chief Expert of the Department for Monitoring of State Planning System Documents
May 21	11:00-12:00	Supreme Audit Chamber	Yengel Yulia - Member of the Supreme Audit Chamber Kashimova Lyaylim - Director of the Department of International Cooperation and Methodology Dinara Alimova - Director of the Public Relations Department Abdrakhmanov Temirkhanov - Chief Consultant of the Department of International Cooperation and Methodology

Date	Time	Participants	Full name/Position
	14:30-15:30	Ministry of Finance	Takiev Madi - Minister of Finance Renad Akhmetov - Deputy Chairman of the State Committee on Internal Public Audit Aliya Baigenzhina - Deputy Chairman of the Treasury Committee Tynysbekov Bauyrzhan - Deputy Chairman of the State Property and Privatization Committee Beisembayev Olzhas - Director of the Budget Legislation Department Bibinur Kurmasheva - Director of the Tax and Customs Legislation Department Anar Kalieva - Director of the Accounting, Audit and Evaluation Methodology Department Seitov Yerlan - Director of the Public Procurement and Quasi-public Sector Procurement Law Department Ruslan Kulekin - Deputy Director of the International Financial Relations Department Altayeva Bakhyt - Head of Office of the Budget Policy Department of the Ministry of National Economy
	16:30-18:30	State Committee on Internal Public Audit	Mynzhasarov Yerzhan Tilekovich - Chairman of the Committee Nukaev Olzhas - Head of the Division Almira Zharkeeva - Head of the Division
May 22	09:00-10:00	Ministry of Ecology and Natural Resources	Oshurbaev Mansur - Vice-Minister Sabieva Saule - Director of the Climate Policy Department
	10:00-10:45	Majilis of the Parliament and the Supreme Audit Chamber	Tatiana Savelieva - Chairman of the Finance and Budget Committee of the Majilis of Parliament Yengel Yulia - Member of the Supreme Audit Chamber Kashimova Lyaylim - Director of the Department of International Cooperation and Methodology Beisembayev Olzhas - Director of the Budget Legislation Department
	11:00-12:30	Commissioner for the Protection of Entrepreneurs' Rights	Kanat Nurov

Date	Time	Participants	Full name/Position
	14:30-16:30	Ministry of Finance	
		State Borrowing Department	Nailya Askarova - Head of the Division
		Department of Tax and Customs Legislation	Abdualieva Kuralay - Chief Expert
		Ministry of National Economy	Altayeva Bakyt - Head of the Budget Policy Division Zeinullin Darkhan - Chief expert of the Budget Investment Department Ibatullah Aran - Head of Administration of the Macroforecasting Division
	16:45-17:30	State Committee on Internal Public Audit	Nukaev Olzhas - Head of the Division Almira Zharkeeva - Head of the Division
	17:30 – 18:30	Treasury Committee	Aliya Baigenzhina - Deputy Chairman of the Treasury Committee Sadvakasova Gulzhiyan - Head of Division

Annex 3C. Sources of information used to extract evidence for scoring each indicator

Budget reliability

PI-1. Aggregate expenditure outturn

- Data from Ministry of Finance

PI-2. Expenditure composition outturn

- Data from Ministry of Finance

PI-3. Revenue outturn

- Data from Ministry of Finance

Transparency of public finances

PI-4. Budget classification

- The Budget Code (2024), Chapter 3 “Budget classification” articles 10-15
- Order of the Minister of Finance dated September 18, 2014, No. 403 “Some issues of the Unified Budget Classification of the Republic of Kazakhstan”
- Order of the Minister of Finance "On approval of the Rules for drawing up the Unified Budget Classification

PI-5. Budget documentation

- <https://legalacts.egov.kz/npa/view?id=15182980>
- <https://www.gov.kz/memleket/entities/economy/documents/details/714587?lang=ru>

PI-6. Central government operations outside financial reports

- Explanation of coverage of budget which includes all autonomous entities
- <https://www.gov.kz/memleket/entities/minfin/documents/details/684076?lang=ru>
- https://www.gov.kz/memleket/entities/minfin/documents/details/787839?lang=ru&utm_source=in_materials
- <https://adilet.zan.kz/rus/docs/Z1800000131>
- <https://adilet.zan.kz/rus/docs/V2300031915>
- <https://adilet.zan.kz/rus/docs/V2300033486>
- <https://www.enpf.kz/ru/indicators/report/>
- <https://adilet.zan.kz/rus/docs/V1300008765/links>
- <https://adilet.zan.kz/kaz/docs/V1700015594>
- https://adilet.zan.kz/eng/docs/Z070000234_
- https://adilet.zan.kz/eng/docs/Z980000304_

PI-7. Transfers to SNG

- Data on transfers from Ministry of Finance
- Evidence of timing of releases from Ministry of Finance
- https://adilet.zan.kz/rus/docs/K080000095_
- <http://law.gov.kz/client/#!/doc/203645/rus>
- <https://adilet.zan.kz/rus/docs/Z2200000161>

- <https://adilet.zan.kz/rus/docs/V1400010068>
- <https://adilet.zan.kz/rus/docs/P2300001108#z64>

PI-8. Performance information for service delivery

- Data from Ministry of Finance
- <https://adilet.zan.kz/kaz/docs/V2100024908>
- The National Development Plan
- <https://adilet.zan.kz/kaz/docs/U2400000611>
- Development plans of all ministries are published on the Unified Platform of Internet Resources of State Bodies -<https://www.gov.kz/?lang=en>
- Conclusions of the Supreme Audit Chamber https://www.gov.kz/uploads/2024/6/24/9fb806d6f5c9e71055ae5213099d9478_original.4559373.pdf
- <https://adilet.zan.kz/eng/docs/Z1500000392>

PI- 9. Public access to fiscal information

- <https://legalacts.egov.kz/npa/view?id=15182980>
- <https://adilet.zan.kz/rus/docs/Z2400000141>
- <https://www.gov.kz/memleket/entities/minfin/documents/details/614117?lang=ru>
- <https://www.gov.kz/memleket/entities/minfin/documents/details/684076?lang=ru>
- <https://www.gov.kz/memleket/entities/esep/documents/details/681592>
- <https://legalacts.egov.kz/npa/view?id=15182980>
- <https://www.gov.kz/memleket/entities/minfin/documents/details/713600?lang=ru>
- <https://www.gov.kz/memleket/entities/minfin/documents/details/768889?lang=ru>
- <https://www.gov.kz/memleket/entities/minfin/documents/details/687422?lang=ru>
- <https://www.gov.kz/memleket/entities/economy/documents/details/714587?lang=ru>

Management of assets and liabilities

PI-10. Fiscal risk reporting

- Discussion with and data from State Property and Privatization Committee and Consolidated report
- <https://adilet.zan.kz/rus/docs/P2400000909#z30>
- Samples of SOE Audited Financial Statement

- <https://ar2023.sk.kz/en>
- <https://qazaqgaz.kz>
- <https://kazmunay-gas.kz>
- <https://www.aimaq.kz/>
- https://railways.kz/media/filer_public/d5/68/d5683ee1-2664-4fa4-9dd0-8671d1ac8952/26042023_separate_financial_statements_nc_ktz_jsc_for_2022.pdf
- <https://damu.kz/en/>
- <https://adilet.zan.kz/rus/docs/P2400000909#z30>
- Discussion with Treasury on SN Financial Statements
- Zhetysu - <https://beta.egov.kz/memleket/entities/zhetysu-oblysy/activities/directions?lang=ru>
- <https://beta.ego.kz/memleket/entities/>
- Turkestan - <https://budget.ego.kz/arm/#/admin/material/3897148>
- ZKO - <https://www.gov.kz/memleket/entities/bko-karzhy/press/article/details/201308?lang=ru>
- Abay - <https://www.gov.kz/memleket/entities/abay-finans/documents/details/765707?lang=ru>
- <https://www.gov.kz/memleket/entities/abay-finans/documents/details/765714>
- SKO - <https://www.gov.kz/memleket/entities/sko/activities/directions?lang=ru>
- Pavlodar – https://www.gov.kz/memleket/entities/pavlodar/documents/1?activities=_35590&lang=ru
- Akmola - <https://budget.ego.kz/material/material?id=3857787&govAgencyId=4057491>
- <https://beta.egov.kz/memleket/entities/aqmola-karzhy/>
- <https://beta.egov.kz/memleket/entities/aqmola-karzhy/documents/details/831876?lang=ru>
- Kostanay - <https://www.gov.kz/memleket/entities/kostanai-karzhy/documents/details/733545?lang=ru>
- Mangystau - <https://www.gov.kz/memleket/entities/mangystau-fin/documents/details/763961?lang=ru>
- Shymkent - <https://budget.ego.kz/arm/#/admin/material-panel>
- Astana - <https://gr5.e-gazyna.kz/p/ru/GrObjects/objects/teaser-view/184895?WebReportPluginId=46baee86-7bc5-4510-ba5a-be0530112d18&WebReportId=0&OptionName=WebReports>
- Discussion with Fiscal Risk Department
- Fiscal Risk Report

- <https://www.gov.kz/memleket/entities/economy/documents/details/770454?lang=en>

PI- 11. Public investment management

- Discussion with and information/data from Ministry of National Economy
- <https://adilet.zan.kz/rus/docs/V1400009938>
- <https://adilet.zan.kz/rus/docs/V1400009938#z971>
- <https://adilet.zan.kz/rus/docs/V2300033441#z3>
- On the Republican Budget for 2025 - 2027 - "Adilet" Information Retrieval System

PI-12. Public asset management

- Discussion with State Property and Privatization Committee
- Data from Financial Statements
- Rules for the sale of privatization objects, approved by the Government dated August 9, 2011, No. 920 with subsequent amendments.
- <https://adilet.zan.kz/rus/docs/p2400000909#z8>

PI-13. Debt management

- Discussion with State Borrowing Department Ministry of Finance

Policy-based fiscal strategy and budgeting

PI-14. Macroeconomic and fiscal forecasting

- Macroeconomic forecasts
- Socio-Economic Development Forecasts; Citizen's Budgets
- Fiscal forecasts

PI-15. Fiscal strategy

- Annual budget laws, Socio-Economic Development Forecast for 2025-2029; <https://www.gov.kz/memleket/entities/economy/documents/details/714587?lang=ru>
- Reporting on fiscal outcome
- <https://www.gov.kz/memleket/entities/minfin/documents/details/684076?lang=ru>

PI-16. Medium-term perspective in expenditure budgeting

- Medium-term expenditure estimates
- 2025-2027 annual budget of Kazakhstan, attachments 1, 2, 3
- Sector strategies
- Individual strategies of the Ministries and agencies
- <https://www.gov.kz/memleket/entities/zk/documents/details/645889?lang=ru>
- <https://www.gov.kz/memleket/entities/afm/documents/details/815455?lang=ru>
- <https://www.gov.kz/memleket/entities/ardfm/documents/details/430888?lang=ru>
- <https://www.gov.kz/memleket/entities/dsm/documents/details/809073?lang=ru>
- <https://www.gov.kz/memleket/entities/energo/documents/details/461103?lang=ru>
- <https://www.gov.kz/memleket/entities/ecogeo/documents/details/791381?lang=ru>
- <https://www.gov.kz/memleket/entities/moa/documents/details/394041?lang=ru>
- <https://www.gov.kz/memleket/entities/emer/documents/details/763246?lang=ru>
- <https://www.gov.kz/memleket/entities/sci/documents/details/460888?lang=ru>
- <https://www.gov.kz/memleket/entities/economy/documents/details/394955?lang=ru>
- <https://www.gov.kz/memleket/entities/tsm/documents/details/428684?lang=ru>
- <https://www.gov.kz/memleket/entities/minfin/documents/details/816805>
- <https://www.gov.kz/memleket/entities/mdai/documents/details/433821?lang=ru>
- <https://www.gov.kz/memleket/entities/water/documents/details/618999?lang=ru>
- <https://www.gov.kz/memleket/entities/qriim/documents/details/402466?lang=ru>
- <https://www.gov.kz/memleket/entities/mam/documents/details/581015?lang=ru>
- <https://www.gov.kz/memleket/entities/edu/documents/details/437935?lang=ru>
- <https://www.gov.kz/memleket/entities/mti/documents/details/393724?lang=ru>
- <https://www.gov.kz/memleket/entities/transport/documents/details/563894?lang=ru>
- <https://www.gov.kz/memleket/entities/enbek/documents/details/432754?lang=ru>
- <https://www.gov.kz/memleket/entities/adilet/documents/details/405426?lang=ru>
- <https://www.gov.kz/memleket/entities/mps/documents/details/434727?lang=ru>
- <https://www.gov.kz/memleket/entities/qyzmet/documents/details/609861?lang=ru>

PI-17. Budget preparation process

- Data and Discussions with Ministry of Finance Budget Department
- Budget Code

- Dates of submission
- ППРК 628 от 31.08.2022 г.; ППРК 745 от 31.08.2023 г ; ППРК 699 от 28.08.2024 г.

PI-18. Legislative scrutiny of budgets

- ЗРК163-VII от 05.12.2022г. <http://10.61.42.188/rus/docs/Z2200000163>
- ЗРК43-VIII от 05.12.2023г. <http://10.61.42.188/rus/docs/Z2300000043>
- ЗРК141-VIII от 06.12.2024г. <http://10.61.42.188/rus/docs/Z2400000141>

Predictability and control in budget execution

PI-19. Revenue administration

- Discussions and data from with State Revenue Committee
<https://www.gov.kz/memleket/entities/kgd?lang=en>
- <https://adilet.zan.kz/eng/docs/K1700000120>
- Discussions with Commissioner for the Protection of Entrepreneurs' Rights

PI-20. Accounting for revenues

- Discussions with State Revenue Committee and Treasury Committee
- Monthly revenue reports
- https://adilet.zan.kz/rus/docs/K080000095_#z1
- <https://adilet.zan.kz/rus/docs/K1700000120#z778>
- <https://adilet.zan.kz/rus/docs/K1400000235#z2>

PI-21. Predictability of in-year resource allocation

- Discussion and data from Treasury Committee
- <https://adilet.zan.kz/rus/docs/Z2300000043/history>

PI-22. Expenditure arrears

- Discussion and data from Treasury Committee

PI-23. Payroll controls

- Meetings with State Treasury and Planning and Accounting Department in the Ministry of Finance and the Committee on Internal State Audit (Internal Audit).

PI-24. Procurement

- Discussion with and data from the Procurement Department
- <https://adilet.zan.kz/eng/docs/Z1500000434>
- www.goszakup.gov.kz https://egov.kz/cms/en/articles/procurement_portal
- www.reestr.nadloc.kz <https://www.reestr.nadloc.kz/kz/page/static/default>
- <https://adilet.zan.kz/rus/docs/Z2300000043>
- <https://adilet.zan.kz/eng/docs/Z2400000106>

PI-25. Internal controls on non-salary expenditure

- Discussion with and data from Treasury Committee

PI-26. Internal audit

- Discussion and data from the Committee on Internal State Audit, Ministry of Finance
- On Governmental audit and Financial control as amended
- <https://adilet.zan.kz/eng/docs/Z1500000392#:~:text=The%20Law%20of%20the%20Republic%20of%20Kazakhstan%20dated,governmental%20audit%20and%20financial%20control%20bodies.%20Chapter%201>

Accounting and reporting

PI-27. Financial data integrity

- Discussion and data from Treasury Committee Ministry of Finance
- <https://adilet.zan.kz/rus/docs/V14E0009934>
- <https://adilet.zan.kz/rus/docs/V100006443>

PI-28. In-year budget reports

- Discussion and data from Ministry of Finance
- <https://www.gov.kz/memleket/entities/minfin/documents/1?directions=2482&lang=ru>

PI-29. Annual financial reports

- Discussion and data from Ministry of National Economy and Treasury Committee

- Consolidated annual financial report and individual annual financial reports.
- <https://adilet.zan.kz/rus/docs/V1600014613>
- <http://adilet.zan.kz/rus/docs/V100006314>
- http://adilet.zan.kz/rus/docs/V100006443_
- http://adilet.zan.kz/rus/docs/V100006505_
- <http://adilet.zan.kz/rus/docs/V1100007126>
- <https://adilet.zan.kz/rus/docs/U2200001005>
- <https://www.gov.kz/memleket/entities/minfin/documents/details/684076?lang=ru>

External scrutiny and audit

PI-30. External audit

- Discussion and data from Supreme Audit Chamber

PI-31. Legislative scrutiny of audit reports

- Discussion with and data from Parliament and Supreme Audit Chamber
- <https://mazhilis.parlam.kz/ru/majilis-live>
- https://www.youtube.com/@mazhilis_kz
- Telegram https://t.me/mazhilis_kz; Instagram: / mazhilis.kz; Facebook: / mazhilis.kz; Twitter: / mazhilis_kz
- <https://mazhilis.parlam.kz/kk/home>

**ANNEX
4.**

CALCULATIONS FOR PI-1, PI-2 AND PI-3

Table A4.1. Results Matrix

Year	For PI-1.1	For PI-2.1	For PI - 2.2	For PI-2.3
	Total expenditures outturn	Composition variance	Composition variance	Contingency share
2022	113.7%	8.0%	7.8%	2.1%
2023	104.7%	4.7%	-9.6%	
2024	99.1%	4.0%	5.5%	

Table A4.2. Data for year 2022

Functional head	Budget	Actual	Adjusted budget	Deviation	Absolute deviation	Percent
General public services	641,495.1	715,559.4	720,847.1	-5,287.7	5,287.7	0.7%
Defense	858,829.0	1,064,167.7	965,064.8	99,102.8	99,102.8	10.3%
Public order and safety	789,031.8	1,070,965.5	886,633.8	184,331.7	184,331.7	20.8%
Economic affairs	2,889,748.8	3,306,010.9	3,247,206.2	58,804.8	58,804.8	1.8%

Functional head	Budget	Actual	Adjusted budget	Deviation	Absolute deviation	Percent
Environmental protection	13,547.3	14,406.1	15,223.1	-817.0	817.0	5.4%
Housing and community amenities	315,858.1	396,590.0	354,929.2	41,660.7	41,660.7	11.7%
Health	1,786,340.1	1,938,678.4	2,007,307.6	-68,629.2	68,629.2	3.4%
Recreation, culture, and religion	180,667.6	225,084.1	203,015.9	22,068.2	22,068.2	10.9%
Education	1,867,265.1	1,974,404.0	2,098,242.9	-123,838.9	123,838.9	5.9%
Social protection	4,256,566.2	4,339,946.3	4,783,096.7	-443,150.5	443,150.5	9.3%
Other expenditure	717,753.9	1,042,293.9	806,539.0	235,754.9	235,754.9	29.2%
Allocated expenditure	14,317,103.2	16,088,106.3	16,088,106.3	0.0	1,283,446.5	
Interests	1,222,834.5	1,297,405.8				
Contingency	105,477.1	406,285.1				
Total expenditure	15,645,414.7	17,791,797.2				
						Aggregate outturn (PI-1) 113.7%
						Composition (PI-2.1) variance 8.0%
						Contingency share of budget 2.6%

Table A4.3. Data for year 2023

Functional head	Budget	Actual	Adjusted budget	Deviation	Absolute deviation	Percent
General public services	907,700.7	958,136.3	969,826.9	-11,690.6	11,690.6	1.2%
Defense	1,030,363.7	1,099,219.0	1,100,885.5	-1,666.5	1,666.5	0.2%
Public order and safety	1,071,897.4	1,275,852.0	1,145,261.9	130,590.1	130,590.1	11.4%
Economic affairs	5,784,319.4	6,065,862.6	6,180,218.9	-114,356.3	114,356.3	1.9%
Environmental protection	17,889.4	20,629.9	19,113.8	1,516.1	1,516.1	7.9%

Functional head	Budget	Actual	Adjusted budget	Deviation	Absolute deviation	Percent
Housing and community amenities	332,959.4	593,617.3	355,748.3	237,869.0	237,869.0	66.9%
Health	2,027,397.2	2,208,900.1	2,166,159.5	42,740.6	42,740.6	2.0%
Recreation, culture, and religion	196,787.7	257,791.7	210,256.6	47,535.1	47,535.1	22.6%
Education	1,207,131.9	1,280,638.7	1,289,752.3	-9,113.6	9,113.6	0.7%
Social protection	4,634,462.9	4,660,162.8	4,951,662.1	-291,499.3	291,499.3	5.9%
Other expenditure	991,089.4	1,026,998.4	1,058,923.1	-31,924.6	31,924.6	3.0%
Allocated expenditure	18,201,999.0	19,447,808.9	19,447,808.9	0.0	920,501.9	
Interests	1,759,017.7	1,808,139.6				
Contingency	617,646.7	291,870.5				
Total expenditure	20,578,663.3	21,547,818.9				
					Aggregate outturn (PI-1)	104.7%
					Composition (PI-2.1) variance	4.7%
					Contingency share of budget	1.4%

Table A4.4. Data for year 2024

Functional head	Budget	Actual	Adjusted budget	Deviation	Absolute deviation	Percent
General public services	1,004,521.9	939,965.5	975,624.4	-35,658.9	35,658.9	3.7%
Defense	1,187,630.2	1,029,604.2	1,153,465.0	-123,860.8	123,860.8	10.7%
Public order and safety	1,278,199.1	1,285,176.9	1,241,428.6	43,748.4	43,748.4	3.5%
Economic affairs	6,311,352.0	6,335,858.2	6,129,790.3	206,067.8	206,067.8	3.4%
Environmental protection	22,815.4	17,146.2	22,159.0	-5,012.8	5,012.8	22.6%
Housing and community amenities	446,627.5	443,664.4	433,779.1	9,885.2	9,885.2	2.3%

Functional head	Budget	Actual	Adjusted budget	Deviation	Absolute deviation	Percent
Health	2,383,119.5	2,146,295.7	2,314,563.2	-168,267.4	168,267.4	7.3%
Recreation, culture, and religion	257,779.9	250,398.9	250,364.2	34.7	34.7	0.0%
Education	1,643,205.8	1,681,323.7	1,595,934.9	85,388.8	85,388.8	5.4%
Social protection	5,426,904.7	5,330,622.6	5,270,786.4	59,836.2	59,836.2	1.1%
Other expenditure	1,000,419.9	899,479.1	971,640.3	-72,161.3	72,161.3	7.4%
Allocated expenditure	20,962,575.8	20,359,535.4	20,359,535.4	0.0	809,922.3	
Interests	2,022,608.8	2,181,991.5				
Contingency	330,973.9	565,025.1				
Total expenditure	23,316,158.5	23,106,552.0				
					Aggregate outturn (PI-1)	99.1%
					Composition (PI-2.1) variance	4.0%
					Contingency share of budget	2.4%

Table A4.5. Data for year 2022

Economic head	Budget	Actual	Adjusted budget	Deviation	Absolute deviation	Percent
Compensation of employees	840,041.2	912,181.4	955,285.8	-43,104.5	43,104.5	4.5%
Use of goods and services	2,507,249.1	2,753,182.1	2,851,216.7	-98,034.6	98,034.6	3.4%
Consumption of fixed capital	1,045,154.9	1,733,547.7	1,188,538.9	545,008.8	545,008.8	45.9%
Interest	1,221,543.0	1,297,405.8	1,389,125.6	-91,719.7	91,719.7	6.6%
Subsidies	221,371.9	357,175.9	251,741.8	105,434.1	105,434.1	41.9%
Grants	5,620,215.9	6,354,784.6	6,391,249.0	-36,464.5	36,464.5	0.6%
Social benefits	4,160,206.1	4,310,283.5	4,730,941.6	-420,658.1	420,658.1	8.9%
Other expenses	29,632.6	73,236.3	33,697.9	39,538.4	39,538.4	117.3%
Total expenditure	15,645,414.7	17,791,797.2	17,791,797.2	0.0	1,379,962.7	
					Composition variance	7.8%

Table A4.6. Data for year 2023

Economic head	Budget	Actual	Adjusted budget	Deviation	Absolute deviation	Percent
Compensation of employees	1,013,662.3	1,107,455.3	1,061,400.9	46,054.4	46,054.4	4.3%
Use of goods and services	4,012,096.0	3,327,744.6	4,201,046.3	-873,301.7	873,301.7	20.8%
Consumption of fixed capital	1,647,588.0	2,426,244.1	1,725,181.4	701,062.7	701,062.7	40.6%
Interest	1,757,726.2	1,808,139.6	1,840,506.6	-32,367.0	32,367.0	1.8%
Subsidies	343,426.9	424,763.9	359,600.7	65,163.2	65,163.2	18.1%
Grants	6,861,984.4	7,357,517.8	7,185,150.7	172,367.1	172,367.1	2.4%
Social benefits	4,921,606.2	5,020,513.0	5,153,390.1	-132,877.1	132,877.1	2.6%
Other expenses	20,573.4	75,440.7	21,542.3	53,898.5	53,898.5	250.2%
Total expenditure	20,578,663.3	21,547,818.9	21,547,818.9	0.0	2,077,091.6	
					Composition variance	9.6%

Table A4.7. Data for year 2024

Economic head	Budget	Actual	Adjusted budget	Deviation	Absolute deviation	Percent
Compensation of employees	1,158,411.2	1,179,286.1	1,147,997.4	31,288.7	31,288.7	2.7%
Use of goods and services	4,024,747.8	3,448,075.4	3,988,566.3	-540,490.9	540,490.9	13.6%
Consumption of fixed capital	2,122,711.1	2,425,770.8	2,103,628.5	322,142.3	322,142.3	15.3%
Interest	2,021,317.3	2,181,232.9	2,003,146.2	178,086.7	178,086.7	8.9%
Subsidies	421,307.4	465,919.7	417,519.9	48,399.8	48,399.8	11.6%
Grants	7,740,319.1	7,585,093.2	7,670,735.5	-85,642.3	85,642.3	1.1%
Social benefits	5,766,029.7	5,705,074.2	5,714,194.6	-9,120.3	9,120.3	0.2%
Other expenses	61,314.8	116,099.7	60,763.6	55,336.1	55,336.1	91.1%
Total expenditure	23,316,158.5	23,106,552.0	23,106,552.0	0.0	1,270,507.1	
					Composition variance	5.5%

Table A4.8. Results Matrix

Year	For 3.1	For 3.1
	Total revenue deviation	Composition variance
2022	124.2%	13.2%
2023	108.5%	19.0%
2024	97.2%	31.1%

Table A4.9. Data for year 2022

Head	Budget	Actual	Adjusted budget	Deviation	Absolute deviation	Percent
1. Tax revenues	8,919,135.0	10,026,825.0				
Taxes on income, profit and capital gains	2,562,168.3	2,920,802.8	3,183,214.3	-262,411.5	262,411.5	8.2%
Taxes on goods and services	4,680,811.8	5,021,586.1	5,815,397.4	-793,811.3	793,811.3	13.7%
Taxes on international trade and transactions	1,629,013.2	2,026,720.4	2,023,871.0	2,849.5	2,849.5	0.1%
Other Taxes	47,141.7	57,715.8	58,568.4	-852.6	852.6	1.5%
2. Other revenue	3,929,800.2	5,936,573.4				
Sales of goods and services	2,837.9	4,386.1	3,525.8	860.3	860.3	24.4%
Fines, penalties and forfeits	5,943.3	45,968.4	7,383.9	38,584.5	38,584.5	522.6%
Dividends	147,651.0	223,521.7	183,440.3	40,081.4	40,081.4	21.8%
Transfers	3,641,495.8	5,491,414.1	4,524,160.8	967,253.2	967,253.2	21.4%
Sum of rest	131,872.1	171,283.2	163,836.7	7,446.5	7,446.5	4.5%
Total revenue	12,848,935.1	15,963,398.5	15,963,398.5	0.0	2,114,150.9	
					Overall variance	124.2%
					Composition variance	13.2%

Table A4.11. Data for year 2024

Head	Budget	Actual	Adjusted budget	Deviation	Absolute deviation	Percent
1. Tax revenues	15,759,823.7	12,307,809.8				
Taxes on income, profit and capital gains	4,802,014.2	3,653,190.8	4,666,290.1	-1,013,099.3	1,013,099.3	21.7%
Taxes on goods and services	8,711,245.3	6,430,533.7	8,465,030.6	-2,034,496.9	2,034,496.9	24.0%
Taxes on international trade and transactions	2,240,570.7	2,217,468.0	2,177,243.2	40,224.8	40,224.8	1.8%
Other Taxes	5,993.5	6,617.3	5,824.1	793.2	793.2	13.6%
2. Other revenue	4,434,974.3	7,316,202.3				
Sales of goods and services	6,775.0	6,766.4	6,583.5	182.8	182.8	2.8%
Fines, penalties and forfeits	869.0	46,123.4	844.4	45,279.0	45,279.0	5362.2%
Dividends	188,471.9	917,657.9	183,144.9	734,513.0	734,513.0	401.1%
Transfers	4,070,777.7	6,108,593.6	3,955,721.2	2,152,872.4	2,152,872.4	54.4%
Sum of rest	168,080.7	237,061.0	163,330.1	73,730.9	73,730.9	45.1%
Total revenue	20,194,798.0	19,624,012.1	19,624,012.1	0.0	6,095,192.3	
					Overall variance	97.2%
					Composition variance	31.1%

