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Ханнс  
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ЖУСУП АБДРАХМАНОВ атындагы  
КЫРГЫЗ РЕСПУБЛИКАСЫНЫН  
ПРЕЗИДЕНТИНЕ КАРАШТУУ  
МАМЛЕКЕТТИК БАШКАРУУ  
АКАДЕМИЯСЫНЫН

**КАБАРЧЫСЫ**

**ВЕСТНИК**

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КЫРГЫЗСКОЙ РЕСПУБЛИКИ  
имени ЖУСУПА АБДРАХМАНОВА

2022



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**Dear reader!**

The scientific journal that you are holding is dedicated to the 30th anniversary of the establishment of the Zhusup Abdrakhmanov Academy of Public Administration under the President of the Kyrgyz Republic.

We are very pleased that this anniversary is accompanied by the 20th anniversary of our deep collaboration with our main international partner, the German Hanns Seidel Foundation.

The history of our Academy is parallel to the historical path of sovereign Kyrgyzstan. In those years when our state gained independence, Kyrgyzstan needed a new generation of civil servants. Historically, it was required that these civil servants be open-minded, possessing deep knowledge in the field of market economy. They were expected to be patriotic and sanctified by new innovative technologies with a reverence for the values of a real democracy. The Academy of Management has been trying to fulfill this historical requirement with great responsibility. The Academy, covering a 30-year history, has graduated hundreds of graduates of higher educational institutions and over the years of independence has contributed to improving and strengthening the human resources potential of Kyrgyzstan and will continue working on this in the future. Among them are 2,296 graduates of the joint Master's program with the Hanns Seidel Foundation.

Many teaching aids have been issued, thousands of trainings have been conducted for civil servants, and the educational process has always been accompanied by scientific conferences, seminars, and summer schools.

A lot of work has been done. There is still a lot of work ahead. We are always critical of our work and always try to move forward, by making new, modern, and creative decisions for the future.

“If I am clean and you are clean, then society will be clean!” as noted by the famous statesman and politician Iskhak Razzakov. Our goal is to contribute to a developed, prosperous, sovereign Kyrgyzstan by preparing a new generation of responsible, educated, patriotic, modern, clean civil servants for our country.

Go ahead, Kyrgyzstan!

**Rector, Professor A. Akmatallyev  
Dr. Max Georg Meier**

**Permanent Representative of Hanns Seidel Foundation in Central Asia Region**

*October, 2022*





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## PROBLEMS OF THE FORM OF GOVERNMENT IN THE KYRGYZ REPUBLIC: THEORETICAL AND LEGAL RESEARCH

### Annotation

Various views about the form of state government are considered and analyzed. The article examines the reasons for the adopting the presidential form of government in the Kyrgyz Republic, the shortcomings of the form of state government in the Constitution of the Kyrgyz Republic of 2010 are noted.

**Key words:** People; State; referendum; Constitution; form of government; President; Republic.

The form of government is a state-legal category. It is one of the elements of the form of the state. The concepts of form of government are mentioned in the literature in different ways. The first studies on this category of concepts were published in the works of philosophers.

It was originally put forward by the French thinker Jean Bodin, leading an absentee dispute with Nicola Machiavelli. This dispute goes back to the work of Jean Bodin «Method of easy knowledge of history». [1] and was based on the analysis of the political form of Rome, which each scientist interpreted in accordance with his own ideas.

Many of the most famous thinkers cited Ancient Rome as an argument to prove their views. The authors we are considering are no exception. Machiavelli in his works «The State» [2]. [2] and «Discourses on the First Decade of Titus Livius» [3] very often refers to the legacy of Rome in order to prove the possibility of a fourth, mixed form of government. Jean Bodin in this work also appealed to the era of ancient Rome, but already to prove the opposite - the absence or impossibility

of the existence of such a form. Criticizing the views of previous thinkers, he wrote: «This view was shared by Dionysius and Cicero, then supported by Machiavelli, Contarini, T. More, Girimberto, Manucius. We must refute them in controversy, for the subject of this controversy is the cornerstone in understanding the history of the state.» [1, 157].

J. Bodin was the first to raise the question of the appropriateness of distinguishing between «bad» and «good» forms, thus prompting political thought to untangle the knot of entanglement that Aristotle had entangled in his classification of forms of government. From the height of modern political science, we can say that the dispute between Machiavelli and Bodin was not a substantive one, since Machiavelli spoke of a concept as such, then not yet formed, of a form of government as we understand it now, or even of a political regime or political system. Whereas J. Bodin focused exclusively on an approach to the form of government, which implies that the supreme power in the state belongs to someone.

H. Machiavelli, a republican who wrote *The Sovereign*, gave priority to methods, methods of government permeate all his writings, and probably for him it did not matter in principle to whom the supreme power belonged, because success depends on the organization of government. The idea of a mixed form of government, through the prism of his understanding of politics, is the prototype of the idea of separation of powers, expressed much later. This approach poses only the question of the best organization of government, i.e., the best form.

According to Jean Bodin, the ownership of supreme power directly determines everything else, and only within the framework of this position can the question of the best form be posed, while the question of the organization of government remains, but is relegated to the background. The dispute we are considering can also be considered within the framework of the eternal dispute of theory and practice. The theory was represented by J. Bodin, who tried to understand the essence of things and only afterwards to build relations between the state and society, and the practice side was represented by Machiavelli, who saw successful practical solutions, which he wanted to put into practice [4, 1705-1709]. The distinction of two above-mentioned concepts is of great importance for the essential analysis of the state. In essence, we are dealing with two notions that are merged into one, with only one part of this mixture being considered, as a rule. Even if we take the position that in modern practice, we do not need to determine who owns the real supreme power, we cannot exclude the potential possibility of changing the current situation. Especially if we stand on the opposite position, then it is simply unacceptable to confuse the real configuration of power and the organization of governance.

Thus, the form of government now is:

- The organization of the institutions of government in the state;
- the institution of supreme power in the state.

And how is the form of government arranged in the Kyrgyz Republic? What was the form of government before the adoption of the current Constitution?

According to the current Constitution, our country has a republican form of government. Nowadays in the world there are more than two hundred states, the overwhelming majority of which are countries with republican form of government. However, there are many ways of organizing public authorities, which ultimately creates certain difficulties in classifying countries with republican form of government into separate types.

Republic as a form of government (from Latin *res publica* - public affair), unlike a monarchy, implies participation of people in the regulation of processes occurring in the state, starting from the formation of public authorities and ending with the responsibility of the latter to the electorate. An essential feature of a republic is an elective method of forming the head of state. Although the distinction between monarchy and republic on the criteria of electability, collegiality, short-termism, accountability is very conditional [5, 60].

Other features characterizing the republican form of government usually include the following:

- the people are recognized as the only source of power, which takes part in the management of state affairs directly (direct democracy) or delegates powers to elected public authorities (representative democracy);

- the term of government authority is limited;
- public authorities are legally and politically liable for dishonest exercise of their powers.

Despite the presence of common characteristics, republics are traditionally classified into presidential and parliamentary ones. Mixed (semi-presidential) republics are sometimes distinguished as an independent type along with the above [6, 592].

In legal science there are other classifications. So, V. S. Nersesyants distinguishes two types of republics - presidential and parliamentary, which are different variants of implementation of the principle of separation of powers in the state.

A. S. Avtonomov classifies all republics into parliamentary, presidential (dualist), republics with a mixed form of government (semi-presidential) and monocratic [7, 252-256].

M.V. Baglay distinguishes between parliamentary, presidential and semi-presidential republics [7, 141].

B.E. Chirkin along with presidential and parliamentary form of government calls semi-presidential-parliamentary, super-presidential, presidential-monocratic and military-presidential [8, 134].

Such a variety of modifications of the republican form of government is explained, in our opinion, by the following circumstances.

Firstly, borrowing different features of one type of republican form of government by another leads to the emergence of a new variation. In particular, M.V. Baglay singles out a parliamentary-presidential republic, which is close to semi-presidential, but differs from it by a more significant role of parliament, including in the formation of government [7, 141].

Secondly, the absence of clearly developed criteria for classifying republican forms of government does not allow for their systematization. Therefore, often there are situations when the same state may be referred to different types of republics or, on the contrary, it is very difficult to determine the form of government (for example, it is still impossible to unequivocally establish to which type of republican form of government belongs the domestic version of the state organization).

Thus, such an abundance of variations of the republican form of government allows us to conclude that the basic, classical modifications are the parliamentary republic and the presidential republic, while the rest are those or other variations.

Presently the USA is considered a classical presidential republic. The presidential republic is characterized by

- extra-parliamentary way of electing the president (through direct or indirect elections);
- The president combines the functions of the head of the state and the head of the government (executive power). The president independently forms the government;
- extra-parliamentary responsibility of the Government (the Government is accountable only to the President);
- existence of the principle of separation of powers, which is based on the system of checks and balances.

Parliamentary republics include Germany, Italy, Austria, Greece, etc. The following are considered to be distinctive features of parliamentary republics:

- the president is elected by parliamentary means (by parliament directly or by a body formed on a parliamentary basis);
- the government is formed by the parliament and is accountable to it;
- the prime minister (head of government) is as a rule the leader of the party that has won the parliamentary elections, and the composition of the government depends on the parliamentary majority;
- the institution of counter-expression of the acts of the head of the republic functions.

Therefore, based on the features stipulated in the presidential and parliamentary forms of government, according to the current Constitution, the presidential form of government in the Kyrgyz Republic is undoubtedly a presidential form of government.

If we consider our state in the form of republican government, the only source of power is «the people». On October 5, 2020, this «people» held a protest demanding that the parliamentary elections held in the country be declared illegal. As part of the protest action, the then President of the KR S.S. Jeenbekov resigned on October 15, explaining his decision by the fact that «he does not want to remain a bloody president in the history of Kyrgyzstan. [9]. On the same day, S.N. Zhaparov became the acting President.

On December 10, 2020, the Jogorku Kenesh of the Kyrgyz Republic adopted the Law of the Kyrgyz Republic «On the appointment of a referendum (popular vote) to determine the form of government of the Kyrgyz Republic.

This law was adopted in order to implement the Constitutional norm, free expression of the will of the people of Kyrgyzstan, which is the bearer of sovereignty and the only source of state power in the Kyrgyz Republic.

According to article 1 of the Law of the Kyrgyz Republic «On appointment of referendum (nationwide voting) on determination of the form of governance of the Kyrgyz Republic» on the whole territory of the Kyrgyz Republic on Sunday, January 10, 2021 a referendum has been appointed. The ballot paper includes a question with the following wording: «What form of government of the Kyrgyz Republic do you support:

- A presidential republic;
- parliamentary republic;
- Against all variants.

On January 10, 2021 on the whole territory of the Kyrgyz Republic the referendum on defining the form of governing the Kyrgyz Republic was held. On January 20, 2021 at the session of the Central Commission on Elections and Referendums of the Kyrgyz Republic the protocol of results of the referendum (nationwide voting) on determination of the form of government of the Kyrgyz Republic on January 10, 2021 had been approved. According to the approved protocol:

- the total number of citizens included in the lists of referendum participants - 3 563 574;
- Number of participants of the referendum who took part in voting - 1 394 218, or 39.12% of the total number of citizens included in the lists of participants of the referendum;
- the number of referendum participants that supported the option of «presidential republic» 1 136 155 or 81,49% of the number of referendum participants that took part in the voting
- the number of referendum participants, who supported the option of «parliamentary republic» - 152 081, or 10,91% of the number of referendum participants, who took part in voting;
- number of citizens who supported the option «against all variants» - 62,265, or 4.47% of the number of referendum participants who took part in the voting [10].

In accordance with Article 37 of the Constitutional Law «On Referendum of the Kyrgyz Republic» and Articles 7, 18 of the Law «On Election Commissions on Elections and Referendums», the Central Commission on Elections and Referendums of the Kyrgyz Republic has decided to recognize the referendum (nationwide voting) on determination of the form of government of the Kyrgyz Republic as valid in accordance with the Law «On Designation of Referendum (nationwide voting) on the Form of Government of the Kyrgyz Republic.

CEC recognized the option of «presidential republic» of the question put to referendum (national referendum), according to the Law of the KR «On appointment of referendum (national referendum) on determination of the form of government of the KR», adopted by referendum (national referendum) on January 10, 2021.

Having determined what form of government is needed, the source of power «The People» noted that it is necessary to adopt the Constitution, which is the basic law of the state. Thus, on March 12, 2021 the Law of the Kyrgyz Republic on appointment of referendum (public voting) on the draft Law of the Kyrgyz Republic #31 «On Constitution of the Kyrgyz Republic» was adopted. In accordance with article 1 of this law on Sunday, April 11, 2021 the referendum (public voting) is appointed throughout the territory of the Kyrgyz Republic. [11].

In the referendum held on April 11, 79.25% of voters supported the draft of the new Constitution. According to the results of counting the data from 96.34% of the automatic reading ballot boxes, 1,325,254 people voted in the referendum. «Of these, 79.25% supported the draft of the new Constitution, with 13.69% opposed.» Voter turnout for the referendum on the draft of the new Constitution was 36.75%. According to the law, for a referendum in Kyrgyzstan to be recognized as valid, it is required that more than 30% participate in it.

By the decision of the Central Election Commission of the Kyrgyz Republic on April 30, 2021 # 173, the law of the Kyrgyz Republic «On the Constitution of the Kyrgyz Republic», the draft of which is submitted to Jogorku Kenesh of the Kyrgyz Republic for the referendum (popular vote) in accordance with the Law of the Kyrgyz Republic «the appointment of referendum (popular vote) on the draft law «On the Constitution of the Kyrgyz Republic» of March 12, 2021 # 31 was declared on April 11, 2021 [12].

According to the current Constitution of the Kyrgyz Republic, adopted as a result of the above popular vote (referendum), the state is in the presidential form of government.

When conducting the research, the question arises why the Constitution of 2010 did not fully achieve its goals?

To find the answer to this question, it is necessary to turn to the form of government provided by the Constitution in 2010.

On June 27, 2010, a new Constitution was adopted by popular vote. The adopted Constitution began with the slogan that the Kyrgyz Republic had moved to a parliamentary form of government. The drafters of the Constitution noted that the state would be governed by a parliamentary system, with the President being only the head of the State. But in this case, they did not realize that the President has enormous powers. Such powers are provided for in the Constitution itself.

Thus, the 2010 Constitution did not respect the attributes associated with the parliamentary form of government, which was the reason for the incident that occurred on October 5, 2020.

Let us then focus on the aspects and shortcomings of the 2010 Constitution that cannot fully encompass the parliamentary form of government.

Firstly, as noted above, under the parliamentary form of government, the president is elected by parliament. However, in history, according to Article 61 of the 2010 Constitution, the President was elected by the citizens of the Kyrgyz Republic for a six-year term [13]. For example, on October 30, 2011, Atambayev Almazbek Sharshenovich was elected President of the Kyrgyz Republic with 62.52% of votes, i.e. more than half of the votes of all voters who participated in the elections (the number of voters who participated in the elections was 1,858,632 people) [14]. After Atambaev's six-year presidential term, on the basis of Article 61 of the 2010 Constitution, presidential elections were held again on October 15, 2017. As a result of the elections, Jeenbekov Sooronbai Sharipovich was elected President of the Kyrgyz Republic, who received 54.22% of the votes of voters, that is, more than half of the votes of all voters who participated in the elections. Therefore, as you know, based on the 2010 Constitution, both Presidents were elected by the people.

Secondly, the Government, which constitutes the executive power in the form of parliamentary government, is fully formed by the parliament and is responsible to it. According to paragraph 2, part 4, article 64 of the 2010 Constitution, the Kyrgyz Republic has the right to appoint and dismiss members of the government - heads of State bodies in charge of defense and national security issues, as well as their deputies. Using these powers, the president directly influenced the work of the parliament. The majority in the parliament could be subordinated to the president on the basis of the granted powers. Because the immunity of deputies was removed from the provisions of the Constitution 2010.

Thirdly, the parliamentary majority created by the intervention of the president created instability in the system of executive power. The prime minister had often been changed. From the adoption of the Constitution in 2010 until October 5, 2020, 10 prime ministers were changed. At that time, parliament explicitly questioned the appointment of its own people, and the director of a school in

the countryside was appointed from a party member or from people who actively campaigned in the parliamentary elections. Questions of recruitment and employment of highly qualified specialists remained out of sight.

Fourthly, the frequent changes of ministers and heads of committees led to instability in public service. Each incoming leader did not do an acceptable job in the area he or she was in charge of. The reason was that he was dismissed from his post before he had had time to familiarize himself with the problematic issues in the area he led. In such cases, the level of public services decreased, and consequently people lost confidence in the public servants. Understanding that people's deputies were behind them, they wished to elect worthy deputies at the forthcoming elections. The current government rejected this issue, and the people expressed dissatisfaction with the fact that in the parliamentary elections of 2020 there were elected candidates whose names the voters did not know before, and again a large group of candidates from the sixth convocation of the Parliament. The people's demand is that parliamentary elections be held again, not that the «old eyes» be brought to parliament. Even if elections were held again, the candidate of the people wanted would not be a deputy. However, the current Constitution and laws would not meet the needs of the people. Because holding elections according to the party system, means voting for a party, not for a specific candidate. Any candidate the party leader wanted would come into parliament as a deputy. This is due to the fact that the law specifies the form of formation of a closed list under the proportional electoral system.

Fifth, the result of the Constitution 2010, which does not explicitly address the form of parliamentary government, further affected the development of the economy. Parliament, which separated the executive branch of state power from local government, had no entity that took responsibility for the economic and social spheres. This constitution did not provide for a subject that could determine the direction of the state's domestic and foreign policies. Point 2, part 1 of article 88 of the Constitution of 2010 says only that «the government implements the internal and foreign policy of the State». How will the current government implement the policy, if it is not defined in what direction the internal and foreign policy should move? If the direction of domestic and foreign policy is not defined, it is impossible to speak of the problem of economic development and state security. In general, the Constitution does not provide for any responsible actor to take on the burden of the state.

At the end of this study we would like to say that if we want stability and development in the state, we need to choose the right form of government. And the form of government must be established in the Constitution of the state on the basis of science, theory and practical experience. The contradiction of science and experience in the Constitution of the Kyrgyz Republic of 2010 created an unclear system of the form of government. Such a system gave no development in the state.

When will the form of government in the state give its results? If the Constitution prescribes a responsible subject in the supreme authority of the state, if the determination of directions of domestic and foreign policy is entrusted to a specific subject, if the balance between the bodies of state power is maintained.

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## **PUBLIC ADMINISTRATION IN THE REPUBLIC OF KAZAKHSTAN**

### **Annotation**

The article discusses the development of public administration in Kazakhstan on the construction of a «human-oriented» model – «People first of all», aimed at improving the interaction of citizens with the state, improving the effectiveness of strategic planning, the quality of the civil service personnel, the effectiveness of the quasi-public sector, optimizing the state apparatus and switching to a proactive format for providing public services, developing local self-government, improving regulatory and anti-corruption policies, as well as the transformation of judicial and law enforcement systems, principles of building a new Kazakh model of public administration

**Key words:** people; state; form of government; country; President; public administration; Constitution; Kazakhstan.

Currently, the entire world community has entered a new era of historical development. Among the characteristic phenomena of modern civilization, we can note the globalization of socio-economic and public relations, the dynamic development of technologies, means of production and communications and, as a result, a change in the paradigm of interaction at the interstate level.

Under these conditions, Kazakhstan, as in many countries, has adopted a course on reforming the fundamental foundations of state-building, building the capacity of public institutions, forming a new management model aimed at the development of relations in the «citizen-business-state» triad [1].

It should be noted that over the years of independence, the state administration of the Republic of Kazakhstan has successfully passed the path of its formation. The result was the strengthening of sovereignty, the definition of its territory, the development of the political and administrative structure and the system of public service, the formation of socio-economic infrastructure and the formation of civil society institutions. All historical milestones in our country were passed under the auspices of the unity of the multinational people of Kazakhstan and social harmony, building a multi-vector foreign policy based on the principles of partnership, good neighborliness and equal predictable dialogue at the global and regional levels. Thus, over the 30 years of development, the foundation was laid for the subsequent development of the country.

To date, Kazakhstan has consistently implemented a package of political reforms of the country's President Kassym-Jomart Tokayev, aimed at developing and implementing new approaches in public administration. Building of a New Kazakhstan is aimed at increasing the efficiency of the functioning of the entire state and improving the lives of citizens through involvement in the governance of the country.

In 2021, Kazakhstan adopted a Concept for the development of public administration until 2030 to build a «human-centered» model - «People first»[2]. The implementation of the Concept provides for improving the interaction of citizens with the state, improving the effectiveness of



strategic planning, the quality of the personnel of the civil service, the effectiveness of the quasi-public sector, optimizing the state apparatus and switching to a proactive format for the provision of public services. Among the priorities of the Concept the development of local self-government, the improvement of regulatory and anti-corruption policies, as well as the transformation of the judicial and law enforcement systems are identified. The following are defined as the basic principles of building a new Kazakhstani model of public administration:

**1. The principle of the «Hearing State:**

- subordination of state policy to the overriding principle “People First”, in which the measurement of the effectiveness of state decisions will be based on their effect on the welfare and quality of life of the population;
- the transition to a proactive service and responsive to the needs of citizens form of management;
- ensuring the rule of law, in which the State should act as a guarantor of respect for fundamental human rights.

**2. The principle of an effective state:**

- the effectiveness of public administration is a key factor in the development of any state and improving the quality of life of citizens;
- the ability to assess the efficiency and effectiveness of public administration institutions and the quality of public services.

**3. Accountable state principle:**

- informational transparency, accessibility, accountability to society;
- citizens’ participation in government’s decision-making;
- extensive use of modern information technologies and new means of communication when interacting with citizens.
- priority of the public good over the state interests;
- compliance with high ethical standards and intolerance of corruption.

**4. The principle of the professional State:**

- the availability of competence and human resources in the state apparatus that meets high standards;
- readiness for changes and efficiency improvement should become the most important principle of the activities of all state bodies;
- search for new and innovative solutions to problems, use of modern methods of rendering services.

**5. The principle of a pragmatic State:**

- planning of long-term activities by state bodies, taking into account the needs of future generations;
- adoption of state decisions only if there is a sufficient objective evidence based on scientific research methods;
- continuity of state policy in areas where the results of their implementation are achieved in the long term.
- rationality and pragmatism in the management of financial resources and budget planning taking into account the needs of citizens.

According to the provisions of the Concept, the progressive and sustainable development of the state will be ensured, including through the introduction of digitalization in all spheres of society [2].

The implementation of the initiatives of the Head of State to change the management architecture at the central and local levels is in an active phase.

In order to increase civic engagement and the level of citizens’ trust in political institutions, as well as the implementation of the concept of a «Hearing State», Kazakhstan has introduced a system of elective mayors of rural territories. According to political scientists, given the different

dates of appointment of the previous corps of rural akims and the four-year term of office, the electoral system has entered into a continuous elective process.

At the same time, our country fully adheres to the principles of openness and transparency in accordance with national legislation and generally recognized principles of democratic elections laid down in the Universal Declaration of Human Rights (1948), the International Covenant on Civil and Political Rights (1966), the European Convention for the Protection of Human Rights and Fundamental Freedoms (Protocol No.1, 1952), the Document of the OSCE Copenhagen Meeting (1990) and other documents [3-6].

The dynamics of political transformations is reflected in the reform of the current legislation. Thus, in 2021, in connection with the introduction of electability of rural akims, amendments and additions were made to the Constitution, the Constitutional Law «On Elections in the Republic of Kazakhstan» and a number of laws concerning the organization of elections, election, determination of status and powers [7].

This year, at a national referendum, citizens of Kazakhstan voted for 56 amendments to 33 articles of the Constitution of the country, which relate to strengthening the role of parliament, restrictions on the president's relatives to hold high government posts, ownership of land and its subsoil to the people, the creation of a Constitutional Court, the abolition of the death penalty, changes in the system of electing deputies of Parliament, reduction of the presidential quota of the Assembly of People of Kazakhstan, introduction of a system of recall of a parliament member, exclusion of provisions on the role and privileges of the first president [8].

In September this year, the Constitutional Law «On Amendments and Additions to the Constitution of the Republic of Kazakhstan» was adopted, defining a single seven-year term of election of the President of the country, renaming the capital to Astana, an eight-year term of office of members of the Constitutional Court, the immutability of the independence of the state established by the Constitution, the unitarity and territorial integrity of the Republic, the form of its government, the fundamental principles of the Republic, provisions that the President of the Republic is elected no more than once for a term of seven years [9].

The start of a phased reboot of key state institutions – the President, the Parliament, the government and local representative bodies – maslikhats was given by the appointment of early presidential elections of the Republic of Kazakhstan on November 20, 2022.

The start of a phased reboot of key state institutions – the President, the Parliament, government and local representative bodies – maslikhats enabled for the call of early presidential elections of the Republic of Kazakhstan on November 20, 2022. As President Tokayev noted in his address to the people of the country, “this will allow us to further focus on solving long-term tasks to ensure sustainable economic growth, improve the welfare and quality of life of citizens” [10].

Today Kazakhstan is preparing to hold elections. The election campaign is taking place in the conditions of alternative and competitive candidates, representation of the interests of citizens, the exercise of constitutional rights and freedom of open expression of political views.

An equally significant indicator of democracy and the involvement of the country's citizens in public administration is the institution of public dialogue with the authorities.

Since taking office as the President of the country Tokayev paid special attention to the issues of nationwide multilateral cooperation with society. In 2019, such a permanent consultative and advisory body was the National Council of Public Trust (NCPT), which included prominent public and political figures, experts and scientists. The decisions taken by the NCPT had a significant impact on the implementation of measures to expand the political rights and freedoms of citizens, the real solution of pressing socio-economic issues of ordinary citizens.

This year, Kazakhstan formed the composition of new dialogue platform - the National Kurultai, which, along with leaders of public opinion, included members of regional public councils and held the first meeting. The National Kurultai was tasked with strengthening national unity, correctly explaining the essence of constitutional reforms to the people, establishing

historical justice through an adequate assessment of the historical events that determined the fate of the country [11].

In the context of modern technological development of the global economic system, digitalization is part of the state development plan of Kazakhstan.

The introduction of digitalization and modern information technologies in public administration is one of the mechanisms for realizing the rights and freedoms of citizens to receive and disseminate information, as provided for by the provisions of the Constitution of the Republic of Kazakhstan. The digitalization of public relations is regulated by the Civil, Entrepreneurial, Administrative Procedural and Procedural Codes, the laws “On Informatization”, “On Access to Information”, “On Electronic Document and Electronic Digital Signature” and other regulatory legal and industry acts.

Under the Government of the Republic of Kazakhstan, a Digital Government Office has been established this year, the purpose of which is digital transformation and transition to «Data-driven government». The Ministry of Digital Development and Aerospace Industry is engaged in the implementation of the state policy in the field of digital development of Kazakhstan, innovation and e-government development [12].

The issues of introducing new technological achievements in all spheres of the economy are in the field of constant attention of the country’s leadership. Since the 90s of the last century, systematic measures have been taken in our country for industrial and innovative development, including digitalization of all spheres of society, which allows reducing administrative barriers, making the interaction of business and citizens with state bodies more comfortable and transparent, eliminating the impact of subjectivism associated with the prerequisites of bureaucracy and corruption.

To date, the country has adopted a number of state programs of industrial and innovative development, which have created conditions for the formation of a digital ecosystem aimed at accelerating the pace of development of the republic’s economy and improving the quality of life of the population through the use of digital technologies. Work in this direction is carried out on an ongoing basis, but to date, nationwide digital projects have already been implemented.

One of such mechanisms that ensure the interaction of the state and citizens, as well as interdepartmental interaction based on a digital platform, accessibility, and openness of authorities to the public, is the portal «Electronic Government». The portal, which is also available in a mobile application, provides services for issuing documents to the population, as well as provides consulting on property and non-property legal relations. On the E-Government portal, legal entities and individuals are provided with a wide range of online services using an electronic digital signature or QR code through their personal accounts.

The introduction of digital technologies in the sphere of activities of state bodies providing services to the population on the principle of «single window» (or one stop shop) since 2016 has been provided by a single provider – the State Corporation «Government for Citizens», which has a network of branches in all regions of Kazakhstan. The Corporation’s database combines information data of central state and local executive bodies, which allows providing more than 300 types of paid and unpaid services in 20 branches of state policy.

As part of the implementation of the initiative of President Tokayev «Hearing State» in 2021, an information system for receiving and registering citizens’ appeals «e-Otinish» («e-appeal») was developed and implemented, which allows online monitoring of the progress of consideration of an appeal in a state body and promptly receiving a response. The information system has been implemented in all state bodies, which ensures the complexity and completeness of solving the problems of citizens of the country.

A project of integrated personnel management has been implemented in the civil service system of Kazakhstan – the integrated information base «E-kyzmet», which allows to keep personnel records of civil servants at the central and regional levels, objective and transparent monitoring of their activities and evaluation of its effectiveness.

In general, 90% of public services in Kazakhstan are provided in electronic format. Based on the accessibility for the population, the platforms of providers from the business sector and second-tier banks are involved in this area [13].

According to the Ranking of countries in the world in terms of the level of development of e-government, Kazakhstan ranks 29th, being located between countries such as Canada (28) and Israel (30). All countries covered by the UN researches are ranked in the Ranking based on assessments of three main components – the degree of coverage and quality of Internet services, the level of development of ICT infrastructure, human capital – according to international and national institutions on the development and use of ICT infrastructure and the results of public opinion polls [14].

Currently, the improvement of digitalization mechanisms in public administration is carried out in accordance with the National Project «Technological breakthrough due to digitalization, science and innovation», in which one of the priority areas identified is the reduction of electronic document flow between government agencies within the framework of the implementation of the concept of «Hearing State», the transformation of approaches to the provision of public services to a proactive format, ensuring accessibility of all public services on a smartphone, modernization and development of the structure of the State Corporation «Government for Citizens», as well as the creation of favorable conditions and an environment for learning [15].

Prospects for the development of digitalization in Kazakhstan for the coming period were announced by President Tokayev at the International Forum on Digital Technologies and Business Digital Bridge 2022» held in September this year, which was attended by representatives of 15 countries, more than 70 investors and more than 300 domestic and foreign IT companies.

In particular, President Tokayev noted that «according to experts' forecasts, in ten years up to 70% of products and services in the world will be based on digital platform models. Under these conditions, Kazakhstan has set itself a strategic task – to become one of the largest digital hubs in the Eurasian space».

As the President stressed, there is a lot of work to be done in this direction in accordance with the priorities:

1. The development of human-centricity with the help of digital technologies to facilitate the daily life of citizens as much as possible and to achieve equality of opportunities for all. To do this, it is necessary to move to a qualitatively new format of digitalization of public administration – Invisible Government, in which the citizen sees the result.

2. Creation of favorable conditions for the IT industry - development of the regulatory framework and special platforms with unique modes and tools, including large-scale modernization of the IT infrastructure through connection to global traffic concentration centers in Southeast Asia and Europe (Microsoft Azure, Amazon Web Services, Google Cloud).

3. Development of the digital economy and Industry 4.0.

4. Strengthening of human capital – training of highly qualified IT specialists, support of compatriots working in the largest companies in the USA, Europe, as one of the most important elements of the development of the IT ecosystem and ensuring a high potential of human capital.

The current practice of training IT specialists for the spheres of the country's economy is the placement of a state order for the training of specialists in higher educational institutions of Kazakhstan. Only in the last 3 years, the relevant ministry has increased the number of grants for bachelor's degree training by 2.5 times: from 3,568 in 2020 to 9,103 in 2022. The Head of State has set a task to train at least 100 thousand qualified IT specialists by 2025.

Also, 7 private innovative programming schools have been launched in the regions of the country. As an alternative education in 2021, funding was allocated for the training of 100 students in 13 IT schools of the country, in 2022 funds will be allocated for 3 thousand citizens [16].

The Academy of Public Administration under the President of the Republic of Kazakhstan (hereinafter - Academy) and its branches in the regions of the country are responsible for training,

retraining and advanced training of civil servants of Kazakhstan, ensuring stability and professional support for the implementation of state reforms.

The Academy, being an active conductor of the introduction of digitalization in public administration through the improvement of the digital culture of civil servants, is at the forefront of digitalization of internal training, management, and other communication processes.

The development of digital competencies of civil servants is carried out within the framework of such programs as «Information and cybersecurity», «Digital skills for effective activity», «Data visualization and Analytics», «Data-based management decision-making», «Optimization of public service delivery processes». The curriculum includes the disciplines «Digital technologies in public administration» for first-time applicants to the administrative civil service, «Digital transformation of a public authority» for first-time appointees to a senior administrative public position.

Within the framework of the disciplines, such topical issues as the introduction of digitalization within the framework of the implementation of the national project on digitalization, practical digital tools, the basics of business process reengineering, the use of info-communication systems are studied. Experts and employees of relevant government agencies and international organizations are regularly involved in the training orbit.

The Academy's strategy defines one of the initiatives as the integration of the educational process into the digital space with the large-scale use of IT technologies, high-speed Internet, and information security.

As part of the initiative, digital technologies are being actively introduced into the activities of the Information Resource Center (hereinafter - the IRC), which provides library and information services for academic education and scientific research of the Academy.

The most popular and low-circulation books on paper have been digitized to provide access to the bibliographic description for both employees and students of the Academy, as well as for external users.

The IRC Foundation has a database of electronic versions of dissertations, articles from periodicals and other materials. The repository has been registered in the world registries of open access repositories Open DOAR, ROAR, as well as registration in Google Scholar. At the moment, 977 documents have been uploaded to the repository.

To date, the IRC has introduced an electronic catalog with more than 40 thousand forms of available literature. The electronic information search system allows users to search for the literature of interest themselves, and employees to register their removal and control the return online. Scientific and technical processing of the fund and servicing of readers with the provision of the possibility of electronic ordering is carried out using the automated library system «MegaPro».

To facilitate educational and research activities, users are provided with a licensed subscription to such electronic resources as Clarivate Analytics, Web of Science, Elsevier's Science Direct and Scopus, the multidisciplinary Bibliorosika resource, the Open Library collection, the Yurite educational platform, and the Polpred database.

The library is a member of the Association of Libraries of Higher Educational Institutions of the Republic of Kazakhstan, whose activities contribute to consolidated professional cooperation, exchange of experience, information, and methodological support for the development of university libraries.

Since 2018, the Digital Academy project has been implemented at the Academy. As part of the project, the infrastructure was updated with multimedia and interactive equipment in all classrooms. Using the technological means of the project, the 3D content of the Virtual and Augmented Reality Academy was developed.

As part of the digitalization and automation of the Academy's current business processes, software products such as:

- «Professional development platform», which allows conducting an electronic questionnaire of listeners.
- IS «Admission» is an online admission system for training at the Academy, which allows

for the admission, registration of applicants, as well as to pass the selection stages to the Academy in a remote format using proctoring tools and identification tools based on an electronic digital signature.

- IS «Electronic Certificate Generator», which provides the issuance of certificates to trained students.
- The web application «Journal of the Academy of Public Administration» is an automated system of the editorial board of the journal, which includes the main processes: submission of the manuscript of the article, double-blind review, literary editing, publication of the article.
- Web resource «Repository of the Academy of Public Administration», intended for open access to the results of scientific research of the Academy.
- IS «Designer of training cases», which allows you to filter and search for cases by parameters: directions, methods, project participants and keywords.
- IS of Educational process management LMS «ICademy».

The introduction of information systems ensures the efficiency and openness of interaction in the external field, internal management and training processes, transparency of the recruitment of students, evaluation of achievements and final graduation papers of undergraduates and doctoral students. The taken measures will contribute to improving the quality of training activities.

Summing up my speech, I would like to emphasize that in the modern world, digitalization in public administration undoubtedly provides for the expansion of opportunities for the realization of citizens' rights and freedoms, brings the parties closer together in the state-society dialogue, creates prerequisites for the dynamic development of the country's human capital, which has the potential for the evolutionary development of high technologies in all sphere's vital activity.

At the same time, it should be borne in mind that the accumulated amount of information about citizens of all countries in cyberspace requires constant attention from the standpoint of ensuring its safety and security, preventing potential threats of their use by third parties.

The solution of these issues seems to be most effective with the participation of a wide expert circle.

I am sure that such representative international dialogue platforms as today's conference will become a reliable platform for the confident development of digital technologies in socio-economic and socio-political processes in our states.

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## «E-GOVERNMENT OF TURKMENISTAN: PROSPECTS OF DEVELOPMENT»

### Annotation

The article discusses the issues of the introduction of e-government in Turkmenistan, the importance and necessity of updating the study of the problems of the introduction and application of e-government in the public administration system on a scientific and practical basis.

**Key words:** President; Turkmenistan; digital; e-government; government; Electronic Public Services; development; technologies.

President of Turkmenistan Serdar Berdimuhamedov designated the digitalization as a priority in solving systemic issues in the Turkmen economy<sup>1</sup>. Digital economy is an economic activity, based on informational (digital) technologies. As shows the experience of technologically developed countries, exactly digitalization allowed them to make a jerk forward and include to the list of world leaders. Policy of digital transformation implemented in Turkmenistan on creation of e-government using of international experience and national practice takes into account the priorities of strategic development of the country.

Scientific actuality of this topic is primarily called forth of the need to accelerate the transition of the economy to the digital format, which will ultimately contribute to the development of investment activity, the introduction of advanced public administration methods and the creation of new jobs, increasing the efficiency of all industries through the use of information technology.

Hence, it is advisable using of the opportunities of international forums and other information platforms, including the media and scientific journals for a comprehensive and detailed discussion on public intensifying the process of introducing a digital system into the civil service.

Currently, the country is systematically conducting program work on the transition to a digital economy, including the provision of legal regulation in this area. Thus, the Laws of Turkmenistan were adopted: “On Communications” (in 2019 - in a new edition), “On Legal Regulation of the Development of the Internet and the Provision of Internet Services in Turkmenistan”, “On Information and its Protection”, “On Information on Personal life and its protection”, “On cybersecurity”, “On electronic document, electronic document management and digital services”, etc.

In accordance with the implementation of the Concept for the Development of the Digital Economy in Turkmenistan for 2019-2025, the President of Turkmenistan signed the Law “On Electronic Government”, which establishes the procedure for the activities of electronic government and regulates relations arising in this area. It should be noted, that it is planned to implement the Concept in three stages, which include the first stage in 2019, the second stage in 2020-2023 and the final third stage in 2024-2025.

<sup>1</sup> <https://turkmenistan.gov.tm/ru/post/66901/rasshirenoe-zasedanie-kabineta-ministrov-turkmenistana-12>



The program-targeted transition to e-government facilitates to the formation of an innovative in content and more efficient in form organization of the activities of public authorities, which will provide, through the widespread use of information and communication technologies, a qualitatively new level of efficiency and convenience for organizations and citizens to receive public services and necessary information<sup>2</sup>.

On the other hand, e-government format will improve the multifunctional interaction between the main subjects of the socio-economic sphere - public authorities, citizens, organizations in electronic format with minimal personal (physical) interaction in the future. Distinctive feature of e-government is creation of a single digital database which is based on an electronic document management system, state administration automation systems and other informational systems.

Using of the best international models of e-government, taking into account of national development priorities, became the main trend in the implementation of large-scale state initiatives of Turkmenistan to develop its own digital model, i.e based not only on the import of ready-made solutions and know-how, but also on its scientific, technological and intellectual potential.

It is notable, that the Law Turkmenistan "On e-government" among the main tasks puts ensuring the efficiency, immediacy and transparency of the activities of state bodies, strengthening their responsibility and executive discipline, creating additional mechanisms for providing feedback from the population and business entities, as well as the formation of databases of state bodies within the framework of the functions assigned to them, the Unified Portal of Public Services and the Unified State Register of Electronic Public Services<sup>3</sup>.

This provision is fully consistent with the leading brands of digital transformation of developed foreign countries and international experience in organizing e-government, which is to create new forms of interaction between government agencies; optimizing the provision of government services to the public and businesses; support and expansion of self-service opportunities for citizens; growth of technological awareness and skills of citizens.

A significant role in the context of e-government belongs to the introduction of a multidisciplinary "One Window" system in the public administration system in the implementation of relations with the population through the formation of mechanisms for electronic document management, interaction and exchange of information between databases of state bodies. Using the capabilities of a single information portal for the provision of digital services will ensure efficient and less costly administration, radically change the relationship between society and government and increase the responsibility of the functioning of state authorities, civil institutions and business structures. Therefore, in the context of the development of information and communication technologies, all areas of activity of state bodies in electronic form are in demand by citizens and organizations of various forms of ownership.

To date, Turkmen government agencies provide the population with a total of 360 digital services and are actively working to place access to their services through a single portal of public services e.gov.tm. Totally, 77 services of government agencies are presented both on their official websites and on a special e.gov.tm platform. Offices provide 37 electronic services exclusively on their web pages.

Totally, more than 14.4 thousand personal accounts have been created on the e.gov.tm portal, and from January to September the platform was visited 348 thousand times. The site provides 16 online payment services and 176 information services<sup>4</sup>.

Along with the introduction of electronic technologies, the use of the latest equipment and software, and the efficient use of information resources, digital transformation in this area of public services through the One Window system also implies fundamental changes in management approaches, which opens the way to innovative ways of developing enterprises.

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<sup>2</sup> The concept of the development of the digital economy in Turkmenistan in 2019-2025. – Ashgabat, 2018.

<sup>3</sup> Law of Turkmenistan "On e-Government". - Ashgabat, 2022.

<sup>4</sup> Law of Turkmenistan "On legal regulation of the development of the Internet and the provision of Internet services in Turkmenistan". - Ashgabat, 2014.

And so, against the backdrop of the development of the mobile Internet and the expansion of smartphone functions, mobile applications are becoming a key moment, the users of which daily, several times, enter the network to check the balance of their account, view completed transactions, make transfers and pay for services, as well as to receive or redeem loan, placing a deposit or buying insurance<sup>5</sup>.

Since their introduction, the amounts of non-cash payments through digital bank cards “Golden age” (Altyn Asyr), “National card” (Millikart), “Deposit bank cards” (Goýum karty), “Family” (Maşgala) have been increasing, as well as the number of users of such services as “Internet banking”, “Mobile Bank”, “Contactless payment”. The options of gadgets and computers are widely used when repaying the main debt with credit cards through payment terminals and paying accrued interest.

By means of bankcards through terminals, payments are made for goods and services purchased in shopping and service centers, for utilities (consumption of gas, water and electricity), relevant services of the Traffic Police Service, including registration of vehicles, issuance of a technical passport and license plates, inspection, obtaining a driver’s license, etc. Payment of fees is also carried out upon receipt and change of a passport of Turkmenistan, in case of its loss, change of residence, etc.

Setting up and improving private business has become much easier thanks to provision of the large number of digitalization tools. Including for cooperation with business partners located in other countries - in almost any region of the planet, which is especially important in the context of globalization of trade and economic, production and technological, research and financial and logistics processes.

A number of leading countries in the Asian region (China, India, South Korea, Malaysia, Indonesia and others), when implementing the e-government system, focused on meeting the information needs of the population, as well as integrating information technology into such humanitarian spheres of the state’s life as culture, science and education. In this regard, the experience gained in Turkmenistan in creating an information educational environment and fully providing this area with electronic learning resources, building up the intellectual potential of society, improving profile methods and developing a national scientific and technical database at the level of international standards is indicative.

The Concept for the Development of the Digital Education System in Turkmenistan, developed back in 2017, has radically changed the learning process in the country, and above all in the system of higher and secondary schools. The improvement of logistics with the use of tablets, laptops and multimedia equipment, combined with interactive methods and forms of education, has significantly increased the quality of education and the level of professional qualifications of future specialists, including managerial personnel.

In another equally important humanitarian area, which is domestic science, in accordance with the Program for the transition of the sphere of science to digitalization for 2020-2025, the main focus of work has become the development of promising scientific research, experimental and technological developments using digital components for the needs of the national economy. This made it possible to create a solid foundation and give an effective impetus to the development of high-tech industries, in particular the electronics industry.

As a clear illustration, it is necessary to note the activities of the Academy, which is carried out in this direction on the digital transformation of the educational process in the training of civil servants. So, for example, a master’s program in the specialty “Digital Management” has been launched at the Academy of Civil Service under the President of Turkmenistan from the 2020-2021 academic year. This training program was developed as part of a joint project of the UN Development Program and with the active assistance of the Academy of Public Administration under the President of the Republic of Belarus, with the wide use of foreign experience from a number of leading countries in Europe, the CIS, and Central Asia.

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<sup>5</sup> Law of Turkmenistan "On electronic document, electronic document management and digital services". – Ashgabat, 2020.

The main objective of the master's course "Digital Management" was the training of highly qualified specialists in the field of information and communication technologies involved in the implementation of electronic document management systems and digital platforms for organizations and institutions of the state and non-state sectors of the economy.

For this purpose, the Moodle e-learning program has been successfully adapted at the Academy of Civil Service. The platform provides a mobile collaborative space for educators, students, and students with the availability of a variety of tracking options, as well as support for mass enrollment with secure authentication, quizzes, and interactive classes.

It seems to us that in the near future, e-government and communication technologies will have a positive impact on the information infrastructure of the country, stimulate an increase in the productivity of state institutions in regulating socio-economic development and create conditions for the assistance of the population in the development and adoption of government decisions. That is why today it is very important to update the study of the problems of introducing and applying e-government in the public administration system on a scientific and practical basis<sup>6</sup>.

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## **TRANSFORMATION OF PUBLIC ADMINISTRATION IN UZBEKISTAN: AN OPTIMAL SYSTEM BASED ON THE PRIORITY OF HUMAN BENEFITS**

### **Abstract**

In this article, the transformation of the sphere of public administration in Uzbekistan, the nature of the reforms being carried out in the management system is highlighted on the basis of scientific analysis and evidence. Mainly, it is shown that the great changes implemented by Sh.M. Mirziyoyev's coming to power, the state administration is being reformed on the basis of the priority of human interests, which started an important stage in the development of the society. It is analyzed that the development strategies implemented in the country and the new management system formed based on them serve the interests of citizens and justify themselves as an optimal system.

**Key words:** public administration, transformation of public administration; state and civil service; communication with the people; human interests; development strategy; openness; democracy; decentralization.

After Uzbekistan gained independence, the path of building a civil society and a rule-of-law state based on the relations of a market economy was chosen as the main strategic final goal. These tasks are also common with the task of improving the efficiency of public administration and coordination and its improvement. In this sense, the reform of public life, state administration and self-management means reaching the stage of development of developed countries based on the combination of foreign and national experiences. The important principles and foundations of the transformation of public administration are indicated.

Improving the quality of public administration as the main institution of the political system dramatically increases human participation in political and administrative decision-making, the organization of public control over the activities of authorities, the analysis of this process, the adaptation of the political system to the requirements of civil society are the main essence of political modernization in Uzbekistan.

Today, in the country, a person is considered not only as a final goal, but also as a means, that is, increasing his knowledge, skills, and intellectual potential as a component of the modernization of the country and state administration. In this regard, when the President of the Republic of Uzbekistan Shavkat Mirziyoyev came to power, new reforms began to improve the efficiency of the state administration system.

In the 21st century, the sphere of public administration is undergoing drastic changes not only in developed countries, but also in many parts of the developing world. Globalization and

pluralization of service delivery have emerged as the driving force behind these changes. The political challenges faced by Governments are becoming more complex and global, rather than simple, linear and national [1.22]. However, the paradigms available for designing and implementing public sector reform are relatively static. In developing countries, public sector reforms are based on political experience, territorial and national characteristics.

Considering the world experience, the leading countries in the world have developed strategies and goals that serve specific areas of development in their history. For example, one of the currently developed countries, the United States, implemented its development in the 20th century based on a number of strategies. One of them is the «New Way» strategy of Franklin Roosevelt, who was elected to the US presidency four times, and another developed country of the world, Germany, developed the National Sustainable Development Strategy 13 years ago. This German strategy was updated in 2018 based on today's world development trends.

Uzbekistan has been striving for progress for more than 30 years, moving forward towards the welfare of society and economic growth. This is a small opportunity for history, but the picture of the rapid development of the external environment, the expansion of globalization is a time interval, and society needs political power to determine the directions of rapid and effective development. However, the concept of progress would be for the authorities only when there would be development, a big departure from steps and progress, an opportunity to see results in this easy and quick opportunity. Development in the geography of Central Asia is realized first of all through rational cooperation with various big political powers, political poles, ensuring the security of the territory and society, and being resistant to various political and ideological threats. In this regard, in Uzbekistan after 2016, taking into account the global political order, the form of criteria for international development, based on our national and historical characteristics, strategies for a certain period are being developed. These programs, which embody various aspects of development, clearly show the state's plans for the next five years. This is done on the basis of consultations with the people. That is, about six years ago, Uzbekistan entered a new era in its development history. The basis for this step was the short-term Strategy of Actions for the implementation of the five most important priorities of political, legal, economic, and social reforms for Uzbekistan, which was developed under the initiative of the head of our state and authored by our people (that is, taking into account the direct suggestions and wishes of the population).

Within the framework of this strategy, a number of regulatory legal acts have been adopted on priority tasks of improving the system of state and community construction, solving problems that have accumulated over the years, and full-fledged regulation of the industry is being carried out.

Currently, our people live with such ambitious goals as achieving the standard of living characteristic of the most developed countries, building a new society. Creating a modern and attractive image of our country, the formation of a new Uzbekistan has become the main goal of our compatriots [2.7].

It should be emphasized that the reforms carried out by Shavkat Mirziyoyev embody the traditions of the great statesmanship settled in the land of Movoraunnahr and the scientific ideas and views of the great scholars and statesmen on state management.

The outstanding philosopher of the East Abu Nasr Farabi in his book «The Virtuous City» writes about the qualities of a leader, speaking about the unifying the fundamental principle of people. Farabi interprets humanity as the initial basis, and sincerity, empathy, mutual respect, mutual assistance, generosity interpret feelings as factors representing humanity [3.131]. Considering that the human nature of the leader motivates the individual to take care of others, help others, and be generous to those around him, we can see that Farabi emphasized that human interests are an important factor in public administration.

The main theme of Yusuf Khos Hadjib's work «Kutadgu bilig» is a person and his interests, in which an idea close to Farabi's views is put forward. The author analyzes the political essence of a

person, civil education, his place in life, and social duties in different directions. We can see the views of Yusuf Khos Hajib that «a person should be able to live with the sorrow of others after breaking the scope of his own interests», to be selfless for the benefit of the majority, as the factors of a person's active participation in matters of social importance[4].

The reforms carried out in our country represent the provision of human benefits and, therefore, the participation of citizens in public administration, increasing their activity in making decisions of public importance. After all, it is no coincidence that the first line of the action strategy was also devoted specifically to reforms in the field of public administration and building society. The reform of the system of democratic public administration in the new Uzbekistan is carried out on the basis of the Lofty idea that «state institutions should serve the people, not the public.»

The following important aspects can be seen in this.

**The First, a new system of communication with the people was created.** Virtual and public receptions of the President of the Republic of Uzbekistan were established in 2016 in order to ensure human interests, to communicate with people, to know and solve people's pains and concerns, life problems and needs. These structures have become a criterion for the effectiveness of the activities of state authorities and management bodies, as well as a mechanism for in-depth analysis of local problems, increasing the responsibility of state bodies and officials to the society, and evaluating their activities.

People's reception offices of the President of the Republic of Uzbekistan are effectively working on the implementation of the constitutional rights of citizens to appeal, solving the problems of the population and socio-economic development of territories. In particular, from 2016 to now, more than 7 million appeals have been received at the President's Virtual and People's Reception Offices, of which more than 4 million have been satisfied, 56,000 appeals have been under long-term control, 2 million 572,000 appeals were explained, 193,000 appeals were rejected, 130,000 appeals were dismissed or terminated on legal grounds. It can be seen that most of the appeals were resolved positively, and republican and territorial problems were solved.

Over the past five years, more than 11,070 homeless people, families in need of social protection, persons with disabilities, graduates of orphanages, women in serious condition have been provided with housing and permanent employment on the basis of preferential loans or permanent access rights.

The analysis of appeals became the basis for the formation of draft programs and normative legal documents. Based on the analysis of petitions, in the last five years, the opening of borders with neighboring countries, the restoration of good neighborly relations, citizenship, the registration systems, amnesty, pension, currency policy reform, full compensation to the owners of damaged real estate objects, the implementation of the programs «Prosperous Village», «Prosperous district» and other issues helped the people to agree with the state and solve systemic problems. Appeals on a number of issues have almost disappeared, while appeals on dozens of areas have sharply decreased.

In addition, responsible officials of all levels are conducting work in local neighborhoods, identifying shortcomings in improving the living standards of the population, studying people's opinions about the implemented reforms, and are organizing their work on this basis. In addition, a system of organizing public receptions of the President's Administration, heads of ministries and agencies, governors of regions, cities and districts on a regular basis was formed.

«My opinion» portal of collective appeals has been launched. Citizens have been given the opportunity to make electronic collective appeals to the Chambers of the Oliy Majlis (Parliament) local Councils of People's Deputies. On September 11, 2017, the Law «On Appeals of Individuals and Legal Entities» was adopted in a new version in order to further strengthen the legal basis of the system of working with appeals. A new version of the program of the virtual lobby of the President of the Republic of Uzbekistan with additional features has been developed.

**The Second, an atmosphere of openness and transparency has been established in the society.** In particular, at the request of the President, «closed doors» in the activities of state administration

bodies were opened, and as a result of ensuring transparency, an «open field» was created for citizens to freely express their critical opinions on the topic they desired.

The head of state personally regularly monitors the speeches on social networks, national and foreign mass media and other sources about the problems faced by the society and which torment the public, sometimes reprimands official leaders who are indifferent to the solution of these issues, sometimes applies disciplinary measures, even dismisses them from their positions and encourages civil society institutions to be uncompromising in these processes.

The policy of openness in our country increases the confidence of our citizens in the ongoing reforms and develops an active concentration of genius in reforms. Public control is actively carried out by the mass media by critically evaluating the activities of state bodies. In turn, the practice of expressing one's attitude to the criticism expressed through the information services of ministries and departments, governorates is expanding. These changes are an important factor in the fact that the problems raised by the population and the general public are solved in a timely manner, without excessive bureaucratic obstacles, especially in situations involving the expenditure of the state budget, and corruption is prevented.

Currently, electronic mass media, including internet journalism, are entering our lives more and more deeply. Of the 1,893 mass media currently operating in our Republic, 638, or 33.7 percent, are registered as internet publications — websites.

The attention paid to the industry and the opportunities created have a positive impact on the image of Uzbekistan in the international arena. In particular, Uzbekistan has risen to a significant level in a number of international indices and ratings. In particular, in the 2022 ranking of the World Press Freedom Index compiled by the international non-governmental organization Reporters Without Borders (RSF), Uzbekistan rose to 24th place and took 133rd place<sup>1</sup>. Currently, reforms in this direction are deepening even more.

The law «On Public Control» adopted in 2018 at the initiative of Shavkat Mirziyoyev introduced practically working, effective mechanisms of this institution. The relations of citizens, citizens in the sphere of self-government bodies, non-profit organizations, as well as the organization and implementation of public control over the mass media were regulated over the implementation of legislation by state authorities and management bodies. By the decision of the President, public councils were formed under state bodies. This is the implementation of public control over the activities of the state body and its officials on the implementation of regulatory legal acts, programs, agreements, projects and programs implemented within the framework of social partnership, systematic monitoring and comprehensive analysis of public opinion on the activities of the state body on the most important issues affecting rights, freedoms and legitimate interests, actively participates in the development and implementation of state programs and other programs in the field of anti-corruption

The Presidential decree of April 13, 2021 (UP-5072) created an opportunity for citizens not only to control the processes of budget formation, but also to participate in their spending, starting with the process of budget formation. Information on the state budget and debt is published through the «Open Budget» portal. The department «initiative budget» was created on the platform. Through it, citizens can participate in the distribution of the local budget, offering projects to improve infrastructure, build avenues, playgrounds and sports grounds, internal roads, repair and equipment of schools and other issues.

In order to expand public participation in the process of budget formation, a new procedure for directing 5% of the approved total costs of relevant budgets in districts and cities to finance activities formed on the basis of public opinion was gradually introduced. This procedure was introduced in one district or city in each region of Uzbekistan in 2021, and from January 1, 2022, this procedure was introduced in all districts and cities of the country. District and city governments must publish information on project financing on their official websites and on the «Open Budget» portal by the 25th of the month following the end of each quarter.

Citizens can apply through the Openbudget.uz platform with projects for solving problems in the neighborhood, settlements and district. For example, improvement of city infrastructure, construction

of avenues, playgrounds and sports fields, improvement of environmental situation and water supply, repair and installation of street lights, repair and equipment of schools, etc. To do this, you can register on this website and fill out the form through your personal account.

Projects should be aimed at solving current problems, taking into account the socio-economic characteristics of districts (cities). Initiatives should exclude the possibility of dealing with personal interests (buying a car or house, supporting a business, etc.). The total cost of project implementation should not exceed 4,000 times the amount of the base calculation (from 980 million soums).

**The Third, the institution of abstinence between the authorities has been improved.** In particular, the procedure for coordination and approval by the Chairman of the Legislative Chamber of the Prime Minister's submission of candidates for deputy prime ministers, ministers and chairmen of state committees was established.

At the same time, a procedure was introduced for a candidate for a government member to address deputies with an action program aimed at the near term and prospects for the development of the industry; The practice of regularly hearing the information of the member of the government regarding the implementation of his action program in the chambers of the Oliy Majlis (Parliament) and their committees was established; It was established that the heads of regional, district and city state bodies will be approved by the respective Councils of People's Deputies.

It has become a tradition to hold a «Government hour» in the legislative chamber to hear information from government officials. In particular, in 2018-2021, a «government hour» was held 30 times, during which 41 members of the government answered questions from deputies. It is noteworthy that in 2021, a «Government hour» was held with the participation of 8 members of the government, these events were directly covered on the official pages of the Legislative Chamber on «YouTube» and «Facebook».

In order to provide professional, independent and impartial information, analytical, expert services to deputies and senators in matters of the state budget, economy, monetary policy, as well as to ensure effective parliamentary control over the execution of the state budget, the State Budget Department was established in the lower house.

Cooperation between the Parliament and the executive was strengthened. For example, the position of permanent representative of the Cabinet of Ministers in the chambers of the Oliy Majlis (Parliament) was established and its legal status was determined. The role of local councils of People's deputies in solving urgent problems on the ground has increased. The system of hearing the reports of the heads of local authorities was established in a new, popular way.

The State Budget Department was established in the Lower Chamber to provide professional, independent and impartial information, analytical and expert services to deputies and senators in matters of the state budget, economy, monetary policy, as well as ensuring effective parliamentary control over the implementation of the state budget.

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It is worth mentioning one more important news. The draft of the Constitutional Law of the Republic of Uzbekistan «On Amendments and Additions to the Constitution of the Republic of Uzbekistan», which is currently under wide discussion, envisages a number of innovations to expand the principle of separation of powers at the level of local government. According to it, articles 99, 100, 101 of the Constitution of the Republic of Uzbekistan are expressed in a new version, and the tasks of local councils of people's deputies and governors are defined separately. Also, the chairmanship of the governors of the local councils has been canceled and the position of the chairman of the council has been introduced.

The accountability of the governors to the local Councils is being strengthened, and the mechanism of mutual restraint and mutual control is provided between the branches of local



authorities. All this is the most important guarantee of not allowing the power to be concentrated in the hands of one person, the main condition for democratic development, maintaining legitimacy and proportionality of interests.

**The Fourth, a specific centralization policy was implemented.** The institutional system of the state apparatus was revised and important reforms were made to optimize it and increase its efficiency. , a completely new system for the complex socio-economic development of the regions - activity of sectors was launched. That is, the regions of the Republic of Karakalpakstan, regions, districts, and cities were divided into 4 sectors for complex socio-economic development headed by the Chairman of the Jukorgi Kenges (Council) of the Republic of Karakalpakstan, governors of regions and the city of Tashkent, districts (cities), prosecutors, heads of internal affairs and the state tax service.

In order to ensure the participation of local governments in decision-making at the republic level, by introducing amendments and additions to the Regulations of the Cabinet of Ministers, a procedure for the coordination of projects of normative legal documents on socio-economic development of regions and local programs with the Council of Ministers of the Republic of Karakalpakstan, regional and Tashkent city governments was introduced. In turn, the senators working in the Senate on a permanent basis were attached to the local councils in the regions.

In our country, the authority of the Neighborhood Institute, which acts as self-governing bodies of citizens, have been expanded. Today there are 9,349 neighborhoods in our country. At the initiative of our president, a system of mahallabay (meaningfully, each community residential area) was established. As a result, civil servants of all levels plan their work in the neighborhood section and organize work to meet the needs of neighborhood within their competence.

It is now recognized that a unique system has been created to study and solve neighborhood problems. For this purpose, the position of assistant district (city) governor was established in each town, village, village, as well as in each neighborhood of cities, towns, villages, and villages for the development of entrepreneurship, ensuring employment and reducing poverty. In addition, another new system has been introduced to further expand the provision of state services to the citizens of the neighborhood, to solve the problems of youth and women directly in the neighborhoods, and to further increase the effectiveness of spiritual, educational and educational work in educational institutions, the positions of youth leaders and women activists in these neighborhoods.

As President Shavkat Mirziyoyev noted: «Mahalla should be a bridge between the people and the state. It is the main task of the neighborhood to always be aware of people's joys and worries.» In this sense, the neighborhood is being given the necessary support to become the closest and most reliable support for people.

In our country, the neighborhood has been considered a center of spirituality and education since time immemorial. In the neighborhood, our national values, traditions and foundations are passed down from generation to generation. The role and importance of the neighborhood system in preserving the traditional way of life, spiritual values and traditions of our people is incomparable. Mahalla is truly popular in the field of social management in the world, a unique structure of our country with a unique national character.

**The Fifth, an innovative approach to the system of public services was introduced.** Previously, citizens suffered from various informal payments and corruption, but due to the reduction of the human factor in the provision of public services, such problems are being put to an end. In particular, a separate state body charged with the responsibility of implementing the state policy in this field - the State Services Agency under the Ministry of Justice of the Republic of Uzbekistan and its regional divisions were established. Also, unified centers for providing public services to business entities on the principle of «Unified Service» have been transformed into public service centers operating under the public reception offices of the President of the Republic of Uzbekistan in districts (cities). The principle of «Unified Service» applies not only to business entities, but also directly to citizens.

In particular, the «Online consultant» module organized for the republic was created and a total of 94 ministries and agencies were united in this module. 24 state services were transferred

to electronic form, and the number of services increased to 157. Individuals and legal entities have the opportunity to receive state services on the extraterritorial principle, that is, regardless of the residence of citizens and the postal address of legal entities, in any territory of the Republic.

**The Sixth, during the past period, Uzbekistan continued its consistent, open and pragmatic foreign policy activities in the international arena.** In particular, the cooperation relations with the Central Asian countries and the world community have been rapidly developed.

It should be noted that as a result of common political will and joint efforts, Central Asia is becoming a place of good neighborliness, mutually beneficial cooperation and sustainable development. Especially in the region, cooperation relations in the fields of economy, trade, transport, energy, cultural-humanitarian and ecology have significantly improved.

It is necessary to emphasize that the agreements reached within the framework of the next summit of the Shanghai Cooperation Organization held in ancient Samarkand on September 15-16 of this year will undoubtedly raise the mutual cooperation relations with Central Asian countries and other partner countries to a new level.

Foreign experts positively assess Uzbekistan's foreign policy activities. In particular, Kishan Devan, a professor at London Metropolitan University, said that «Uzbekistan has significantly strengthened its reputation as an active and responsible participant in international activities, including in Central Asia, thanks to the large-scale reforms carried out in subsequent years. Tashkent's open and constructive foreign policy makes a significant contribution to strengthening regional stability. It is noteworthy that Uzbekistan, even during its chairmanship in the SCO, adhered to the same approach, despite a number of problems facing the organization and its members.»

It should be noted that the implementation of the Strategy of Actions, which began in 2017 and is intended for five years, required raising the reforms in our country to a new level and deepening them. A new stage of comprehensive reforms has begun in our country with the announcement of the Development Strategy, which was put to public discussion in 2021. The fact that the draft development strategy was submitted to public discussion, based on more than 17,500 suggestions and opinions expressed by our people during the discussion, about 100 conceptual and more than 200 specific changes and additions were made to the project clearly shows how pro-people this important document is standing.

In order to realize this noble goal, the Decree of the President of the Republic of Uzbekistan No. UN 60 dated January 28, 2022 approved a new development strategy of Uzbekistan for 2022-2026.<sup>2</sup> This document is significant in that it is aimed at creating the necessary political-legal, socio—economic, scientific and educational foundations for large-scale reforms carried out in the next five years in our country on the principle of «From the strategy of actions to the strategy of development».

The development strategy provides for a variety of measures for the complex and rapid development of economic sectors, the creation of modern jobs and poverty reduction. In particular, it is planned to increase the gross domestic product by more than \$100 billion in the next five years. It is planned to increase the production of industrial products by 1.4 times and reduce the poverty level by at least 2 times.

During the next 6 years, the successful implementation of large-scale reforms in state administration at the modern stage of the country's development required the creation of a completely new and effective system of state administration.

The objective analysis of large-scale works carried out in recent years, the activities of state administration bodies, and the results of open and direct communication with the population showed that there is a need to systematically solve existing problems and shortcomings.

In particular,

- the fact that the functions of a number of departments are declarative in nature, and the organizational and legal mechanisms for their implementation are insufficient;
- an inefficient system for evaluating activities, which consists only of registering cases and collecting statistics, and this in most cases does not reflect the actual state of affairs on the ground;

- excessive centralization of state functions, which leads to a decrease in the role of local authorities in the formation of regional development programs and solving the most important problems of the population;
- low level of innovative development, which leads to bureaucracy and high costs;
- the practice of selective provision by economic management bodies of benefits and preferences that hinder the development of a healthy competitive environment is accompanied by the addition of regulatory and economic functions of the state;
- lack of responsibility and initiative on the part of some leaders, which has a negative impact on the development of regions.

Today, these shortcomings prevent the successful implementation of the state policy on the modernization of economic and social sectors, the comprehensive development of territories, improving the standard of living and welfare of the population.

In this regard, the decree adopted by the Head of state on September 8, 2017 «On Approval of the Concept of Administrative Reforms in the Republic of Uzbekistan» essentially opens a new page in the reform of public administration in Uzbekistan on a modern basis.

The concept of administrative reforms in the Republic of Uzbekistan outlined 6 main directions of radical reform of the public administration system.

**The first priority** is devoted to improving the institutional and organizational and legal foundations of the activities of executive authorities.

**The second priority** provides for clarifying the tasks of executive authorities, their implementation mechanisms and areas of responsibility.

**The third priority** is to reduce administrative influence on economic sectors and expand market management mechanisms.

**The fourth priority** provides for improving the mechanisms of interaction between the vertical management system and executive authorities.

**The fifth priority** included measures to introduce modern forms of strategic planning, innovative ideas, developments and technologies into the public administration system.

Finally, **the last sixth priority** establishes the formation of an effective system of professional public service, as well as the creation of effective anti-corruption mechanisms.

On the basis of the «Road map» adopted for the implementation of the concept of administrative reforms, the activities of more than 100 state and economic management bodies were revised.<sup>3</sup> Based on this, 8 new ministries, 4 committees, 5 agencies and more than 10 previously non-existing management structures were established.

On October 3, 2019, a new open procedure for the selection and appointment of personnel came into force on the basis of the decree «On Measures to Fundamentally Improve Personnel Policy and State Civil Service System in the Republic of Uzbekistan» ([www.vacancy.argos.uz](http://www.vacancy.argos.uz)) entered. On the basis of the decree, the Agency for the Development of the Civil Service was established.

In 2021, the number of public administration employees was optimized to an average of 15 percent. At the same time, attention was paid to increasing the effectiveness and efficiency of their activities based on the active use of information and communication technologies in state administration agencies.

The anti-corruption movement in the life of the state and society is being organized at a new stage. In this field, a specially authorized body, the Anti-Corruption Agency, was established. In order to sharply reduce corruption factors in the management of the state and society and to expand public participation in this, state programs are adopted and implemented annually.

The implementation of administrative reforms is aimed at achieving the following results.

Creating a public administration system capable of ensuring the full implementation of the expected reforms, identifying and effectively solving the problems of socio-political and socio-economic development in time, and responding to the global trends of innovative development by:

- optimization and decentralization of the public administration system due to elimination of redundant and non-specific tasks, functions and powers, repetition and termination of parallelism;

- to free public administration from bureaucracy and reduce its costs, to increase the efficiency and transparency of the functioning of the management decision-making system;
- implementation of the strategic planning system, innovative ideas, developments and technologies;
- further reduction of administrative influence on economic sectors and development of a healthy competitive environment of management, expansion of market mechanisms aimed at increasing the investment attractiveness of the country and the labor activity of the population;
- the introduction of effective forms of public and parliamentary control is primarily aimed at preventing corruption.
- creating effective mechanisms to ensure the rights and freedoms of citizens, further improvement of their well-being and the level of satisfaction with the activities of executive authorities through:
  - improvement of administrative procedures aimed at clear regulation of legal relations of state bodies with individuals and legal entities;
  - the development of the administrative justice system, which provides for the improvement of the procedure for appealing decisions and actions of executive authorities, the introduction of mechanisms for collegial consideration of appeals of individuals and legal entities;
  - Improving the efficiency of public services by improving the system of «Electronic Government»;
  - ensuring the rule of law in society, strengthening the rule of law and order.

The implementation of the measures provided for the concept of administrative reforms in the Republic of Uzbekistan will undoubtedly give new strength to the modernization of the public administration system, taking into account modern trends and world standards of unconditional, innovative development.

In general, the implementation of administrative reforms in the Republic of Uzbekistan will serve the full realization of the noble idea that «state institutions should serve our people, not public ones.»

In Uzbekistan, almost all spheres are radically changing and transformational processes are underway. Consistent reforms are being implemented in order to achieve comprehensive socio-economic development of the regions, fundamental improvement of the living conditions of the population, significant positive changes in the standard of living.

The Law of the Republic of Uzbekistan «On State Civil Service» was adopted on the basis of in-depth discussions involving local and foreign experts.

On this basis, the training, retraining and upgrading of civil servants, performance evaluation of the activities of civil servants, growth in the civil service, transition to another public position, remuneration, working hours and vacations of civil servants were widely regulated.

The law, consisting of 10 chapters and 64 articles, includes norms such as the legal status of a civil servant, powers in the field of public civil service, the fight against corruption in the field of public civil service, the procedure and conditions for admission to the public civil service, legal and social protection of civil servants.

In conclusion, the processes of renewal in the public administration system in Uzbekistan will also become an important factor in ensuring the results of reforms in all other areas. Ultimately, the successes achieved will serve to create the foundation for a new renaissance in Uzbekistan – the era of the Third Renaissance.

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## **CURRENT CHALLENGES FOR PUBLIC ADMINISTRATION IN BAVARIA**

The article gives a condensed overview of the current problems of public administration in Germany and attempts to derive recommendations for action that could also be significant in other countries. Particular attention is paid to the topic of digitization, which is critically analyzed and evaluated, with an interim conclusion under each subheading.

### **1. Framework conditions and current situation in Bavaria**

After two years of the pandemic, characterized by exceptional pandemic situations (school closures, lock-downs, compulsory home offices, etc.), massive state aid to reduce the economic slump and interrupted supply chains, resulting in massive production problems, especially due to a lack of microchips, Germany and Bavaria are currently also struggling with the effects of the military conflicts in Ukraine. These have resulted not only in a lack of imports of certain goods (e.g. sunflower oil) from Ukraine, but also in a lack of goods from Russia (e.g. fertilizer) as well as exploding energy prices (electricity and gas). In addition, there is a high number of refugees seeking protection in Germany.

The end result of all this is that Germany is facing a recession, the extent of which is not yet foreseeable<sup>7</sup>.

In addition, extreme weather events (torrential rain, heat, drought) are increasingly occurring in Germany, so that the European Union and Germany are increasingly concerned with the consequences of climate change and numerous measures have been adopted to reduce CO<sub>2</sub> emissions and global warming, which have a significant economic impact. Europe is supposed to become climate-neutral by 2050 and to decrease at least 55 percent of greenhouse gases by 2030 compared to 1990<sup>8</sup>.

In addition to these challenges, however, the demographic situation must also be brought under control, as the baby boomers will make the transition from work to retirement in the next few years<sup>9</sup>. In the meantime, 50 % of the population is older than 45 and 20 % older than 66.

The economic situation, the demographic situation - in conjunction with a high level of dynamism in legislation - but also social changes (e.g. refugees, economic hardship due to high prices) have caused a standstill in the digitization of administration, which has been the goal for years.

The digitization of business and administration is an indispensable step and, after the industrial revolution, should be seen as the next stage in economic history. In particular, this involves mapping

<sup>7</sup> <https://www.handelsblatt.com/politik/drohende-rezession-ifo-index-faellt-auf-zweijahrestief/28546150.html>

<sup>8</sup> <https://www.bundesregierung.de/breg-de/themen/europa/fit-for-55-eu-1942402#:~:text=Europa%20soll%20bis%202050%20klimaneutral,mehr%20als%2012%20Gesetzesnovellen%20vorgestellt.>

<sup>9</sup> [https://www.destatis.de/DE/Themen/Querschnitt/Demografischer-Wandel/\\_inhalt.html](https://www.destatis.de/DE/Themen/Querschnitt/Demografischer-Wandel/_inhalt.html)

processes in real time, transparently and without media discontinuity in order to be significantly faster, more customer-friendly and more efficient. Digitization of the administration - as a partner of the economy - is indispensable. However, numerous measures and framework conditions are required for this to succeed - from the widespread availability of fast Internet to uniform standards for data exchange - in other words, all aspects that require time and investment.

Interim conclusion 1: Germany is currently in a multi-causal crisis situation, which reduces possibilities for reforms such as the digitization of administration.

## 2. Consequences of the energy and economic crisis and climate policy

Germany is currently struggling with unusually high inflation (approx. 9%), as a result of which the European Central Bank, which aims for inflation close to 2%, has been forced to make two unusually high interest rate hikes, which – after a very long period of low interest rates – has led to a significant increase in lending rates. The higher level of interest rates is not only a problem for public-sector investment, but is also hampering the entire economy, and in particular the construction sector, with the consequence of significant problems on the housing market.

The inflation is mainly due to the explosion of costs in the energy sector (600% increase in the price of gas per kWh), which affects all energy-intensive products, from glass production to baked goods.

To combat the energy crisis, drastic austerity measures were imposed (e.g., lowering the room temperature in public buildings to a maximum of 19 degrees), but also three aid packages for the economy and society with compensation payments were passed, which, combined with significantly increased defense spending, put a considerable strain on public finances.

Both with a view to an impending gas shortage and with a view to climate change, the requirements for the energy standard of buildings have been significantly increased, with the consequence of a further rise in construction costs (exacerbated by a shortage of skilled workers and a shortage of raw materials).

The state aid needed to ensure social equilibrium and significant increases in social benefits from 2023 further reduce the state's scope for action.

Inflation is leading to a significant loss of prosperity, especially for families with small and medium incomes, endangering social peace and forcing the state to act accordingly on an ongoing basis.

Investments that are urgently needed to combat the energy crisis and achieve climate targets, such as in the energy-efficient renovation of buildings, in the conversion to climate-neutral heating systems, or the climate-neutral expansion of local public transport, are made even more difficult by inflation and higher interest rates and reduce the scope for further investments, and this could be further exacerbated in the coming years if there is a recession.

Interim conclusion 2: Investments in digitization are in competition with other necessary investments and have become more expensive.

## 3. Demography

In the next 10 years, around 30% of employees will retire, with the result that public administration is facing an acute shortage of staff, which already exists on a local level. In view of the low birth rate, the administration is hardly succeeding in recruiting sufficient young professionals. In addition - due to the considerable exchange of personnel - there is a significant loss of knowledge and experience, which is exacerbated by younger employees staying with an employer for a shorter period of time.

In the meantime, the satisfaction of young employees with their jobs not only requires family-friendly working hours and home office work, but also a working environment with opportunities and managers who act as role models. However, both of these aspects are not yet to be found in all areas of public administration.

Furthermore, the worsening shortage of skilled workers is also due - especially in the business sector - to a trend toward academization, with the result that workmen are in short supply and this, too, raises prices.

Demographic developments are also leading to an aging society (life expectancy is 78 years for men and 82 years for women), with the result that social systems are being strained and labor costs are being increased due to rising social spending.

Interim conclusion 3: The shortage of personnel is making the digitization project more difficult.

#### 4. Digitization of the administration

The German government distinguishes between four dimensions of digitization<sup>10</sup>:

- Digital products
- Digital processes
- Digital networking
- Digital business models

For public administration, the focus is on digital processes, which were to be accelerated by the Online Access Act (*Onlinezugangsgesetz* - OZG), which came into force in 2017, to the extent that 575 administrative services must be available by the end of 2022<sup>11</sup>.

However, it is apparent that this goal will probably not be achieved<sup>12</sup>, also for the reasons mentioned under points 1 - 3.

In Bavaria, the digitization of public administration is to be accelerated by the new Digital Act<sup>13</sup>, which will be enacted in 2022. This has three core contents:

- Goals and principles for the digitization of the Free State of Bavaria.
- Digital rights of citizens and companies: The Free State of Bavaria as well as the municipalities will be obliged to provide suitable administrative services and other public services digitally as well.
- A new competence center: The competence center is to support municipalities in offering citizens user-friendly and uncomplicated digital services.

Looking at the new digital law, it is striking that for the first time it takes a comprehensive look at the topic of digitization: with an internal view (obligation to digitize processes within the administration), with a view of the customers of the authorities, who are granted rights to digital communication, and with a technical view (competence center), since it was recognized that decentralized solutions to technical problems are inefficient and slow.

In this respect, the new digital law is an important step for Bavaria, especially since it abandons the one-sided view of digital communication between authorities and citizens that dominated in the past, including in the OZG.

The successes of digitization in Bavaria are bundled not only on the public authority platform *BayernPortal*<sup>14</sup>, but can also be seen in the wide range of online services offered by public administrations, such as in *Rosenheim*, where there is a separate Online Services section on the homepage<sup>15</sup>.

However, past experience shows that only around 25% of citizens make use of online offerings and that the clear majority prefer to talk in person. This - in conjunction with the fact that a purely digital offering is not possible, also for the reasons addressed under point 6, but can only ever be an additional offering - means that the focus of digitization must be equally placed on internal processes, as the benefits here are probably even significantly higher. Digital files and archives, paperless processes, video conferencing, electronic invoices and digital workflows for their settlement are just a few examples of successful digitization efforts in Bavarian public authorities that are beneficial on

<sup>10</sup> <https://www.de.digital/DIGITAL/Navigation/DE/Lagebild/Was-ist-Digitalisierung/was-ist-digitalisierung.html>

<sup>11</sup> <https://www.onlinezugangsgesetz.de/Webs/OZG/DE/grundlagen/info-ozg/info-ozg-node.html#:~:text=Konkret%20beinhaltet%20das%20zwei%20Aufgaben,und%20kommunaler%20Ebene%20digitalisiert%20werden.>

<sup>12</sup> <https://dashboard.ozg-umsetzung.de/>

<sup>13</sup> <https://www.gesetze-bayern.de/Content/Document/BayDiG>

<sup>14</sup> <https://www.freistaat.bayern>

<sup>15</sup> <https://www.rosenheim.de/online-dienste>



a daily basis. Digitizing the way government agencies work undoubtedly has greater benefits, but it is also easier to implement because the key hurdles to communicating with citizens - secure and easy identification, data protection and data security - are largely missing.

However, the success of digitization as a whole depends on a large number of parameters: e.g., technical aspects (Internet, authentication, encryption), legal aspects (e.g., admissibility of digital communication in an administrative procedure), personnel aspects (qualification of employees), and also acceptance.

Conclusion 4: The digitization of administration is a lengthy process and dependent on a large number of framework conditions. However, digitization is more than simply completing administrative tasks digitally. It must also encompass internal processes, requires a review of the usefulness of previous procedures, and also entails the appropriate qualification of personnel.

## 5. Social changes

German society has been experiencing significant changes for some years now, which also have an impact on the work of the administration.

The shortage of skilled workers and the demographic development require an increased employment of women, with the consequence of an increased need for childcare. Currently, children are entitled to childcare from the age of 1 until they start school; from 2026, there will also be an entitlement to all-day care in elementary school. This means that the municipalities are faced with the challenge of setting up these childcare facilities and - despite a shortage of staff - operating them.

Increased mobility and a trend toward urbanization mean that housing is unaffordable and lacking in cities and that elderly people in rural areas need help, so that cities and municipalities must increasingly create housing and care options for seniors.

Added to this are the necessary integration of refugees and support for single parents and socially less advantaged groups, which also tie up considerable resources but are indispensable for the cohesion of society.

Interim conclusion 5: Spending to secure social peace is a priority. Elderly and socially less advantaged groups as well as people with language problems must not be excluded by digitization.

## 6. High dynamics of change

The administration in Bavaria is currently working in a difficult situation characterized by uncertainty. There are constantly new legal regulations, especially in the social sector, but also in the construction and energy sectors. Further economic developments are just as unpredictable as the security policy situation and the development of credit costs for financing future investments.

Interim conclusion 6: In an uncertain environment, flexibility, adaptability and acting according to priorities are required. This complicates and delays the complex and long process of digitization.

## 7. Conclusion

Since the framework conditions for the work of the administration in Bavaria are currently not easy, it is advisable to think of a quote by J. F. Kennedy:

“The word *crisis* in Chinese is composed of two characters – one meaning danger and the other opportunity.”

From the author's point of view, the following recommendations for action result from the above statements in this context:

1. The high level of dynamism requires rapid and sustainable changes in the work of the administration. In the future, it will be about agility instead of bureaucracy.
2. Employees and managers need new competencies – training must be changed. Social and methodological skills as well as digitalization skills must be intensified. Greater attention must be paid to comprehensive professional action competence and to reducing short-lived and digitally available factual knowledge.

3. Knowledge management is indispensable in administrations to compensate for the loss of knowledge through fluctuation. In every public authority, processes should be documented on the intranet to ensure quality.
4. The digitization of (optimized) processes can reduce personnel requirements, but attention must also be paid to the digitization of internal processes. The digitization of administration is a lengthy, complex project that must be carefully planned and professionally implemented.
5. In the crisis, the state must become more active: in addition to safeguarding the market economy, the state must pay attention to social balance and be the guarantor of services that the market does not offer (enough), such as housing.
6. New ways of recruiting personnel and increasing the attractiveness of the public service are necessary. The current qualification paths and selection procedures must be questioned, as well as the current advertising for work in public administration. Competitive pay must be ensured.
7. A high level of efficiency in the work of the administrations is indispensable in order to be able to perform the necessary tasks and make the necessary investments with reduced revenues.
8. An (early) consideration of climate change is necessary (e.g. construction projects, flood protection, shading, etc.) in order to meet the global efforts.



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## **AKTUELLE HERAUSFORDERUNGEN DER ÖFFENTLICHEN VERWALTUNG IN BAYERN**

Der Beitrag gibt eine komprimierte Darstellung der derzeitigen Probleme der öffentlichen Verwaltung in Deutschland und versucht daraus Handlungsempfehlungen abzuleiten, welche auch in anderen Ländern bedeutsam sein könnten. Eine besondere Aufmerksamkeit wird dabei dem Thema Digitalisierung geschenkt, welches kritisch analysiert und beurteilt wird und zu welchem es bei jedem Unterpunkt ein Zwischenfazit gibt.

### **1. Rahmenbedingungen und aktuelle Situation in Bayern**

Nach zwei Jahren Pandemie, geprägt von pandemischen Ausnahmesituationen (Schulschließungen, Lock-Down, Pflicht zu Home Office etc.), massiven staatlichen Hilfen zur Reduzierung des wirtschaftlichen Einbruchs und von unterbrochenen Lieferketten, mit der Folge massiver Produktionsprobleme, insbesondere wegen fehlender Mikrochips, kämpft Deutschland und Bayern aktuell zusätzlich mit den Auswirkungen der militärischen Auseinandersetzungen in der Ukraine. Diese haben nicht nur fehlende Importe bestimmter Güter (z. B. Sonnenblumenöl) aus der Ukraine, sondern auch fehlende Güter aus Russland (z.B. Düngemittel) sowie explodierende Energiepreise (Strom und Gas) zur Folge. Hinzu kommt eine hohe Zahl Geflüchteter, die in Deutschland Schutz suchen.

All das führt dazu, dass Deutschland vor einer Rezession steht, deren Ausmaß noch nicht absehbar ist<sup>16</sup>.

Hinzu kommt, dass in Deutschland verstärkt extreme Wetterereignisse (Starkregen, Hitze, Dürre) auftreten, so dass sich die europäische Union und Deutschland verstärkt mit den Folgen des Klimawandels beschäftigen und zahlreiche Maßnahmen zur Reduzierung des CO<sup>2</sup> Ausstoßes und zur Reduzierung der Erderwärmung beschlossen wurden, welche erhebliche wirtschaftliche Auswirkungen haben. Europa soll bis 2050 klimaneutral werden und bis 2030 mindestens 55 Prozent der Treibhausgase im Vergleich zu 1990 einsparen<sup>17</sup>.

Neben diesen Herausforderungen gilt es aber auch die demographische Situation in den Griff zu bekommen, da in den nächsten Jahren die geburtenstarken Jahrgänge aus dem Erwerbsleben ausscheiden<sup>18</sup>. Mittlerweile sind 50% der Bevölkerung älter als 45 Jahre und 20% älter als 66 Jahre.

Die wirtschaftliche Lage, die demographische Situation – in Verbindung mit einer hohen Dynamik in der Rechtsetzung – aber auch soziale Veränderungen (z. B. Flüchtlinge, wirtschaftliche

<sup>16</sup> <https://www.handelsblatt.com/politik/drohende-rezession-ifo-index-faellt-auf-zweijahrestief/28546150.html>

<sup>17</sup> <https://www.bundesregierung.de/breg-de/themen/europa/fit-for-55-eu-1942402#:~:text=Europa%20soll%20bis%202050%20klimaneutral,mehr%20als%2012%20Gesetzesnovellen%20vorgestellt.>

<sup>18</sup> [https://www.destatis.de/DE/Themen/Querschnitt/Demografischer-Wandel/\\_inhalt.html](https://www.destatis.de/DE/Themen/Querschnitt/Demografischer-Wandel/_inhalt.html)

Not durch hohe Preise) haben dazu geführt, dass die seit Jahren angestrebte Digitalisierung der Verwaltung ins Stocken geraten ist.

Die Digitalisierung von Wirtschaft und Verwaltung ist ein unverzichtbarer Schritt und nach der industriellen Revolution als nächste Etappe in der Wirtschaftsgeschichte anzusehen. Dabei geht es insbesondere darum, Prozesse in Echtzeit, transparent und medienbruchfrei abzubilden umso deutlich schneller, kundenfreundlicher und effizienter zu sein. Dabei ist die Digitalisierung der Verwaltung – als Partner der Wirtschaft – unverzichtbar. Voraussetzung für ein Gelingen sind allerdings zahlreiche Maßnahmen und Rahmenbedingungen – von der flächendeckenden Verfügbarkeit von schnellem Internet bis zu einheitlichen Standards zum Datenaustausch – also alles Aspekte, die Zeit und Investitionen brauchen.

Zwischenfazit 1: Deutschland befindet sich aktuell in einer multikausalen Krisensituation, welche Reformen, wie die Digitalisierung der Verwaltung, nur bedingt zulässt.

## 2. Folgen der Energie- und Wirtschaftskrise und der Klimapolitik

Deutschland kämpft aktuell mit einer ungewöhnlich hohen Inflation (ca. 9 %), in deren Folge sich die Europäische Zentralbank, deren Ziel eine Inflation nahe 2 % ist, zu zwei ungewöhnlich hohen Zinserhöhungen gezwungen sah, was – nach einer sehr langen Niedrigzinsphase – zu einer deutlichen Erhöhung der Kreditzinsen führt. Das höhere Zinsniveau ist nicht nur ein Problem für die Investitionen der öffentlichen Hand, sondern hemmt die gesamte Wirtschaft, insbesondere aber den Bausektor, mit der Folge erheblicher Probleme auf dem Wohnungsmarkt.

Die Inflation ist im Wesentlichen auf die Kostenexplosion im Energiesektor (Erhöhung des Gaspreises pro kWh um 600 %) zurückzuführen, welche sich auf alle energieintensiven Produkte – von der Glasproduktion bis zu Backwaren – auswirkt.

Zur Bekämpfung der Energiekrise wurden drastische Sparmaßnahmen verordnet (z.B. Absenkung der Raumtemperatur in öffentlichen Gebäuden auf maximal 19 Grad), aber auch drei Hilfspakete für Wirtschaft und Gesellschaft mit Ausgleichszahlungen verabschiedet, welche die öffentlichen Finanzen, in Verbindung mit deutlich erhöhten Rüstungsausgaben, erheblich belasten.

Sowohl mit Blick auf eine drohende Gasknappheit, als auch mit Blick auf den Klimawandel wurden die Anforderungen an den Energiestandard von Gebäuden deutlich erhöht, mit der Folge eines weiteren Anstiegs der Baukosten (verstärkt durch Fachkräftemangel und Rohstoffknappheit).

Die zur Sicherstellung des sozialen Ausgleichs nötigen staatlichen Hilfen und deutliche Erhöhungen bei den Sozialleistungen ab 2023 mindern den Handlungsspielraum des Staates zusätzlich.

Die Inflation führt insbesondere für Familien mit kleinen und mittleren Einkommen zu einem deutlichen Wohlstandsverlust, gefährdet den sozialen Frieden und zwingt den Staat laufend zu entsprechendem Handeln.

Zur Bekämpfung der Energiekrise und zur Erreichung der Klimaziele dringend nötige Investitionen, wie z.B. in die energetische Sanierung von Gebäuden, in die Umrüstung auf klimaneutrale Heizungen, oder der klimaneutrale Ausbau des Personennahverkehrs werden durch Inflation und erhöhtes Zinsniveau zusätzlich erschwert und reduzieren den Spielraum für weitere Investitionen, wobei sich dies in den nächsten Jahren – im Falle einer Rezession – weiter verschärfen könnte.

Zwischenfazit 2: Investitionen in die Digitalisierung konkurrieren mit anderen notwendigen Investitionen und sind teurer geworden.

## 3. Demographie

In den nächsten 10 Jahren gehen ca. 30 % der Beschäftigten in Rente, mit der Folge, dass in der öffentlichen Verwaltung ein akuter Personalmangel droht, der lokal jetzt schon besteht. Angesichts geburtenschwacher Jahrgänge gelingt es der Verwaltung kaum noch ausreichend Nachwuchskräfte zu gewinnen. Hinzu kommt – durch den erheblichen Personalaustausch – ein erheblicher Verlust an Wissen und Erfahrung, welcher durch eine kürzere Verweilzeit jüngerer Mitarbeiter bei einem Arbeitgeber noch verstärkt wird.

Die Zufriedenheit junger Arbeitskräfte mit ihrem Arbeitsplatz setzt mittlerweile nicht nur familienfreundliche Arbeitszeiten und eine Arbeit im Home Office voraus, sondern erfordert zudem ein Arbeitsumfeld mit Gestaltungsmöglichkeiten und Führungskräfte, die als Vorbilder agieren. Beides sind aber Aspekte, welche in der Verwaltung noch nicht flächendeckend anzutreffen sind.

Die Verschärfung des Fachkräftemangels ist ferner – insbesondere im Bereich der Wirtschaft – auch auf einen Trend zur Akademisierung zurückzuführen, mit der Folge, dass Handwerker knapp sind und auch dies die Preise erhöht.

Die demographische Entwicklung führt ferner zu einer Überalterung der Gesellschaft (Lebenserwartung liegt bei 78 Jahre für Männer und 82 Jahre für Frauen) mit der Folge einer Belastung der Sozialsysteme und einer Erhöhung der Arbeitskosten durch steigende Sozialausgaben.

Zwischenfazit 3: Die Personalknappheit erschwert das Projekt Digitalisierung.

#### 4. Digitalisierung der Verwaltung

Die Bundesregierung unterscheidet vier Dimensionen der Digitalisierung<sup>19</sup>:

- Digitale Produkte
- Digitale Prozesse
- Digitale Vernetzung
- Digitale Geschäftsmodelle

Für die öffentliche Verwaltung stehen die digitalen Prozesse im Vordergrund, welche durch das 2017 in Kraft getretene Onlinezugangsgesetz (OZG) bis Ende 2022 dergestalt beschleunigt werden sollten, dass 575 Verwaltungsleistungen verfügbar sein müssen<sup>20</sup>.

Allerdings zeigt sich, dass dieses Ziel – auch aus den unter den Punkten 1 – 3 genannten Gründen – wohl nicht erreicht werden wird<sup>21</sup>.

In Bayern soll die Digitalisierung der öffentlichen Verwaltung durch das 2022 neu erlassene Digitalgesetz<sup>22</sup> beschleunigt werden. Dieses hat drei Kerninhalte:

- Ziele und Grundsätze für die Digitalisierung des Freistaats
- Digitalrechte von Bürgern und Unternehmen: Der Freistaat sowie die Gemeinden werden dazu verpflichtet, geeignete Verwaltungsleistungen und sonstige öffentlichen Dienste auch digital bereitzustellen.
- Ein neues Kompetenzzentrum: Das Kompetenzzentrum soll Gemeinden dabei unterstützen, den Bürgerinnen und Bürgern „nutzerfreundliche und unkomplizierte digitale Serviceleistungen“ anzubieten.

Betrachtet man das neue Digitalgesetz, so fällt auf, dass es das Thema Digitalisierung erstmals umfassend beleuchtet: mit einer Innensicht (Verpflichtung zur Digitalisierung von Prozessen innerhalb der Verwaltung), mit einem Blick auf die Kunden der Behörden, denen Rechte auf digitale Kommunikation zugesprochen werden und mit einer technischen Sicht (Kompetenzzentrum), da erkannt wurde, dass die dezentrale Lösung der technischen Probleme ineffizient und langsam ist.

Insoweit ist das neue Digitalgesetz für Bayern eine wichtige Weichenstellung, zumal es den einseitigen Blick auf die digitale Kommunikation Behörde – Bürger der in der Vergangenheit, auch im OZG dominierte, aufgibt.

Die Erfolge der Digitalisierung in Bayern sind einerseits auf der Behördenplattform BayernPortal<sup>23</sup>

<sup>19</sup> <https://www.de.digital/DIGITAL/Navigation/DE/Lagebild/Was-ist-Digitalisierung/was-ist-digitalisierung.html>

<sup>20</sup> <https://www.onlinezugangsgesetz.de/Webs/OZG/DE/grundlagen/info-ozg/info-ozg-node.html#:~:text=Konkret%20beinhaltet%20das%20zwei%20Aufgaben,und%20kommunaler%20Ebene%20digitalisiert%20werden.>

<sup>21</sup> <https://dashboard.ozg-umsetzung.de/>

<sup>22</sup> <https://www.gesetze-bayern.de/Content/Document/BayDiG>

<sup>23</sup> <https://www.freistaat.bayern>

gebündelt, aber auch in vielfältigen Onlineangeboten von Verwaltungen ablesbar, wie z.B. in Rosenheim, wo es auf der Homepage eine gesonderte Rubrik Online-Dienste gibt<sup>24</sup>.

Die Erfahrungen der Vergangenheit zeigen aber, dass nur ca. 25 % der Bürger Online-Angebote in Anspruch nehmen und die deutliche Mehrzahl das persönliche Gespräch bevorzugt. Dies – in Verbindung mit der Tatsache, dass ein rein digitales Angebot, auch aus den unter dem Punkt 6 angesprochenen Gründen, nicht möglich ist, sondern immer nur ein Zusatzangebot sein kann – führt dazu, dass der Fokus der Digitalisierung gleichermaßen auf die internen Prozesse gelegt werden muss, da hier der Nutzen wohl sogar noch deutlich höher ist. Digitale Akten und Archive, papierlose Prozesse, Video-Konferenzen, elektronische Rechnungen und digitale Work-Flows für deren Begleichung sind nur Beispiele für erfolgreiche Digitalisierungsbestrebungen in bayerischen Behörden, welche täglich nutzbringend sind. Die Digitalisierung der Arbeitsweise in den Behörden hat zweifellos einen höheren Nutzen, ist aber auch leichter umsetzbar, da die zentralen Hürden der Kommunikation mit den Bürgern – sichere und einfache Identifikation, Datenschutz und Datensicherheit – weitgehend fehlen.

Der Erfolg der Digitalisierung ist aber insgesamt von einer Vielzahl von Parameter abhängig: z.B. technische Aspekte (Internet, Authentifizierung, Verschlüsselung), rechtliche Aspekte (z.B. Zulässigkeit digitaler Kommunikation in einem Verwaltungsverfahren), personelle Aspekte (Qualifikation der Mitarbeiter), aber auch von der Akzeptanz.

Fazit 4: Die Digitalisierung der Verwaltung ist ein langwieriger Prozess und Abhängig von einer Vielzahl von Rahmenbedingungen. Digitalisierung ist aber mehr, als die bloße digitale Erledigung von Behördengängen. Sie muss auch die internen Prozesse umfassen, erfordert eine Überprüfung der Sinnhaftigkeit bisheriger Verfahren und braucht auch eine entsprechende Qualifikation des Personals.

## 5. Soziale Veränderungen

Die deutsche Gesellschaft erlebt seit einigen Jahren deutliche Veränderungen, welche sich auch auf die Arbeit der Verwaltung auswirken.

Der Fachkräftemangel und die demographische Entwicklung erfordern eine erhöhte Erwerbstätigkeit von Frauen, mit der Folge eines erhöhten Bedarfs an Kinderbetreuung. Aktuell haben Kinder ab dem 1. Lebensjahr bis zum Schuleintritt einen Betreuungsanspruch, ab 2026 gilt zusätzlich ein Anspruch auf Ganztagesbetreuung in der Grundschule. Damit stehen die Gemeinden vor der Herausforderung diese Betreuungsangebote zu errichten und – trotz Personalmangel – zu betreiben.

Eine erhöhte Mobilität und ein Trend zur Urbanisierung führt dazu, dass in Städten Wohnungen unbezahlbar sind und fehlen und alte Menschen auf dem Land Hilfe benötigen, so dass die Städte und Gemeinden verstärkt Wohnraum und Betreuungsmöglichkeiten für Senioren schaffen müssen.

Hinzu kommen die nötige Integration Geflüchteter und die Unterstützung Alleinerziehender und sozial Schwacher, welche ebenfalls erhebliche Ressourcen binden, für den Zusammenhalt der Gesellschaft aber unverzichtbar sind.

Zwischenfazit 5: Ausgaben zur Sicherung des sozialen Friedens sind prioritär. Ältere und sozial schwache Menschen sowie Personen mit sprachlichen Problemen dürfen durch die Digitalisierung nicht ausgegrenzt werden.

## 6. Hohe Dynamik der Veränderungen

Die Verwaltung in Bayern arbeitet aktuell in einer schwierigen und von Unsicherheit geprägten Situation. Insbesondere im Sozialbereich, aber auch im Bau- und Energiesektor gibt es laufend neue Rechtsnormen. Die weitere wirtschaftliche Entwicklung ist ebenso wenig vorhersehbar, wie die sicherheitspolitische Lage und die Entwicklung der Kreditkosten zur Finanzierung von Zukunftsinvestitionen.

Zwischenfazit 6: In einem unsicheren Umfeld ist Flexibilität, Anpassungsfähigkeit und Handeln

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<sup>24</sup> <https://www.rosenheim.de/online-dienste>

nach Prioritäten gefordert. Dies erschwert und verzögert den komplexen und langwierigen Prozess der Digitalisierung.

## 7. Fazit

Da die Rahmenbedingungen für die Arbeit der Verwaltung in Bayern aktuell nicht einfach sind, empfiehlt es sich an ein Zitat von J. F. Kennedy zu denken:

„Das Wort **Krise** setzt sich im Chinesischen aus zwei Schriftzeichen zusammen – das eine bedeutet Gefahr und das andere Gelegenheit.“

Aus der Sicht des Verfassers ergeben sich aus den vorstehenden Ausführungen in diesem Kontext folgende Handlungsempfehlungen:

- Die hohe Dynamik erfordert rasche und nachhaltige Veränderungen in der Arbeit der Verwaltung. Es geht künftig um Agilität statt Bürokratie.
- Die Mitarbeitenden und Führungskräfte benötigen neue Kompetenzen – die Ausbildung muss verändert werden. Sozial- und Methodenkompetenz sowie Digitalisierungskompetenzen müssen intensiviert werden. Es gilt verstärkt auf die umfassende berufliche Handlungskompetenz zu achten und das kurzlebige und digital verfügbare Faktenwissen zu reduzieren.
- Wissensmanagement ist in Verwaltungen unverzichtbar, um den Wissensverlust durch Fluktuation auszugleichen. In jeder Behörde sollten Prozesse im Intranet dokumentiert sein, um so die Qualität zu sichern.
- Die Digitalisierung von (optimierten) Prozessen kann den Personalbedarf reduzieren, dabei ist allerdings auch auf die Digitalisierung der internen Prozesse zu achten. Die Digitalisierung der Verwaltung ist ein langwieriges, komplexes Projekt, welches sorgfältig geplant und professionell umgesetzt werden muss.
- In der Krise ist eine erhöhte Aktivität des Staates nötig: neben der Sicherung der marktwirtschaftlichen Ordnung muss der Staat auf den sozialen Ausgleich achten und Garant für Leistungen sein, die der Markt nicht (genug) anbietet, z.B. Wohnungen.
- Neue Wege zur Personalgewinnung und Erhöhung der Attraktivität des öffentlichen Dienstes sind nötig. Die bisherigen Qualifikationswege und Auswahlverfahren sind genauso zu hinterfragen, wie die bisherige Werbung für die Arbeit in der öffentlichen Verwaltung. Eine konkurrenzfähige Bezahlung ist sicherzustellen.
- Eine hohe Effizienz in der Arbeit der Verwaltungen ist unverzichtbar, um mit reduzierten Einnahmen die nötigen Aufgaben erfüllen und die notwendigen Investitionen leisten zu können
- Eine (frühzeitige) Berücksichtigung des Klimawandels ist nötig (z.B. Bauvorhaben, Hochwasserschutz, Beschattung etc.) um den globalen Anstrengungen gerecht zu werden.



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## **IS RESILIENT ADMINISTRATION GOING TO SAVE THE WORLD? DIGITAL AND ANALOGUE CHALLENGES OF MODERN PUBLIC ADMINISTRATION**

**Article prepared for publication in the anniversary issue of the scientific journal No. 30 "Bulletin of the Academy of Public Administration under the President of the Kyrgyz Republic named after Zhusup Abdrakhmanov"**

*The general topic of the anniversary issue of the scientific journal is  
"Public Administration in the Digital Era: Realities and Challenges"*

### **Abstract:**

The public administration in XXI century is facing many challenges. The most important are i.a: rapid digitalisation of societies and public services, security concerns, economic and energy crises, and urgencies created by climate change. Modern societies also face growing social divisions and the rise of populist political forces. Some of these challenges are of digital nature; however, surprisingly many of them are still rooted in the old-fashioned, analogue world. The way that public administration responds to these challenges should be nevertheless modern and well-coordinated. There are no one-size-fits-all solutions, however the concept of resilience seems to be the most appropriate in terms of understanding how public administration needs to adapt to such rapidly changing environment and its pressures. By creating an open, inclusive, and decentralised public administration, not only its resilience is strengthened, but also the ability to respond to the crises and challenges of the modern era.

**Keywords:** challenges of public administration; digitalization; resilience; modern public administration; responses to challenges; e-administration; security threats; climate change; economic crisis; social divisions; populism; coordination; decentralisation; inclusivity.

### **I. Introduction**

The modern public administration functions in a world that is full of challenges. Some of the issues are of digital nature, especially the ones that are the focus in the beginning of the XXI century. However, a large number of problems seemed to be of the old-fashioned, analogue character. The public institutions need to address these different categories and do it in an efficient way.

Public administration should not only survive through the instability of the modern world, but also develop the ability to cope with the threats and potential shocks such as political and



economic crises, immigration, climate change, environmental disasters, social and demographic changes, or terrorism. Rapid technological development and innovation can also be considered factors with a great impact on functioning of societies and public administration. Therefore, the governments and public institutions play important roles by designing policies that should foresee, prevent and – when necessary - quickly adapt to the impact of potential shocks, as well as recover and evolve after shocks' striking<sup>25</sup>.

This article analyses the realities and most important challenges to the public administration in the digital era of XXI century and provides some recommendation as to how the public administration should approach shaping their response. The proposed answer to those challenges might be the notion of resilience, as well as decentralisation, transparency, and inclusivity. Therefore, is resilient administration going to save the world? This hypothesis will be addressed below.

## **II. Challenges**

### **1. Rapid digitalization**

In recent years the e-administration has become increasingly popular. With improved access to Internet, digitalisation and e-services, the societies expect the public administration to provide good quality services on all levels of governance. These services have been undoubtedly accelerated by COVID-19 pandemic. The focus during last two years have been for sure on the e-health services, however also other features of modern public administration have been increasingly digitalised. The public sector is more and more active in securing increased volumes of e-services and communicating with the public on the quality of provided assistance. Nevertheless, there are still problematic issues. The most important is still the accessibility of e-services and inclusion, especially of elderly citizens, the quality of provided services, as well as the human factor which, especially in the time of COVID-19 pandemic, has been such an important feature.

The pandemic has brought significant changes to many aspects of governance, and especially to the healthcare systems. It also accelerated the developments of e-health services. While eHealth has been a fast-growing area of health care in many countries even before the pandemic, and its development has been strongly supported by the international organisations (e.g. European Commission), it lacked many functionalities that would have been profitable for the patients. Public health services also lagged behind the rapidly modernising private health sector. The pandemic not only rapidly changed the way the healthcare services were organised, but also created the need for swift digitalisation of the health administration. This transition was in parts due to the necessity of providing at least some access to the healthcare services, drastically limited by the shifted focus and priorities of healthcare system. The pandemic crisis has therefore greatly influenced the development of public e-services and contributed to an increase in the digitalisation of the administration. Apart from e-prescription and other electronic documents in health services, also mobile applications were introduced with the intention to help reach a decision about quarantine and to inform individuals about possible contacts with an infected person. However, these developments came with meaningful disadvantages: the digital exclusion, especially for elderly patients, as well as the substitution of in person visits with digital services that came with a significant cost to the population. They also brought privacy concerns and data protection issues. It remains to be seen to what extent these shortcomings will be addressed in the post-pandemic environment and the developments of e-health will improve the overall quality of healthcare services.

The growing number of e-services are still the focus of public administration reform in many developed and developing countries. With the lessons learned on the example of e-health in COVID-19 pandemic, the more sustainable and incremental approach should be chosen to correctly implement and safeguard the functioning of digital administration. Without a doubt, digitalisation is the way forward for public administration and the efforts to improve the quality of e-services will remain the crucial features of modern governments.

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<sup>25</sup> A.G. PROFIROIU, C-C.NASTACĂ, "What strengthens resilience in public administration institutions?", Eastern Journal Of European Studies, Volume 12, Special Issue, August 2021.

## **2. Security issues**

In the year 2022 the humankind is facing rapidly increasing number of security concerns. The world seems to become a more dangerous place, with rapid developments of hostility and aggression in the international relations. The ongoing war in Ukraine and full-scale Russian attack on this country forced a shift in many areas of public policies, changed approach and created new challenges, especially for Central and Eastern European countries. Also, in other regions of the world people face growing instability and anxiety when it comes to their future. The wars in Syria and Yemen, as well as conflicts in many African and South American countries are continuing for many years and do not seem to have the end in sight. Many local and regional conflicts started to break out again, meaning not only the loss of human life, but also deepening of economic crisis and migration of large numbers of desperate people.

The influx of refugees is not the new phenomenon, but in recent months it has grown to an unprecedented scale. In Poland, around 6 million Ukrainian refugees were received in six months after the invasion of February 24<sup>th</sup>. Some of them after spending several days or weeks in Poland moved further to Western Europe or North America; many of them decided to come back to their country, even though the situation is still very difficult. However, more than 2 million refugees (the vast majority of them being women and children), decided to stay in Poland. The population of Warsaw, the biggest city in Poland, rapidly increased by 15%. The reception of all refugees has been a and enormous challenge for public administration on central and local level, as well as activation and coordination of non-governmental organisations and private companies. The refugees require assistance when it comes to accommodation, access to medical services, education, social services, psychological help. These are very important tasks for public administration, and this example shows how important it is to cooperate with civil society organisations and people of good will.

The rapid deterioration in international relations mean also that public administration needs to focus on security threats. The war in Ukraine redefined many aspects of security strategies of European countries. Finland and Sweden decided to join NATO, whereas Central and Eastern European countries are anxiously looking at the developments of the situation in Ukraine and Russian nuclear threats. International consultations, high level cooperation between public institutions and coordination of responses, as well as preventive actions in relation to possible aggression are now the central focus of the executives in many countries. The governments are facing not only the threat of conventional attack, but also many hybrid threats, some of them of cyber nature. What became an enormous challenge for public administration is also the hybrid warfare threats, for example using refugees to attack the eastern border of the European Union in 2021. The increasing number of cyberattacks on the Baltic States and Central and Eastern European countries also mean that the focus needs to be placed on prevention and crisis management of these dangers.

## **3. Climate change**

The security challenges often go hand in hand with the consequences of climate change. There are many urgencies, which are already created by the changing climate. Increasing number of floods, droughts, deadly heat waves, and in many countries of the world also famine.

The public administration needs to respond to those challenges. They must be included in strategic planning and preparation for urgencies, and currently form the most important part of the crisis management on local, regional, and central levels of government. What is needed is good coordination between those levels, flexibility, and quick response from public administration, as well as targeted assistance wherever and whenever it is needed.

The international organisations and governments need to cooperate in their efforts on implementing programmes to address the causes of climate change, and to coordinate the response to urgencies. What also needs to be underlined is that the consequences of climate change affect

poorer countries disproportionately – therefore the focus should be on engagement of the wealthier states in leading this response, as well as in the delivery of aid to those who are affected by the natural disasters.

#### **4. Economic and energy crises**

Economic crisis is yet another significant challenge that the public administration is currently facing. The presently growing crisis seemed to be provoked by several triggers. First of them is the COVID-19 pandemic, which apart from taking many human lives, also created instability and poverty in many countries that were affected. As a result of climate change, the increasing number of people are struggling to make their ends meet and try to migrate, looking for chances to secure better life for themselves and their families. The growing number of refugees is also caused by military conflicts.

The war in Ukraine provoked a huge food and energy crises that has not been seen at least for last 50 years. The destruction and blocking of grain exports heavily impacted the developing countries that rely on importing food from Ukraine. The costs of i.a. energy, electricity, petrol, food and accommodation are growing rapidly and take the toll on the population. In many countries people struggle with very high rate of inflation, which also contributes to growing poverty, insecurity, and social divisions.

Public administration is again in the centre of these challenges. Proper implementation of policy instruments of economic and social nature can reduce the impact of the consequences on the vulnerable groups of people. The executive is also responsible for the coordination of efforts and distribution of aid where it is needed. Assistance and support are the most important tools to counteract the devastating effects of the economic crisis.

#### **5. Growing social divisions**

Another consequence of economic crisis is also growing divisions within the society. The vulnerable groups in the society struggle with the increased costs of living and diminished work opportunities, which lead to rising poverty and dissatisfaction of citizens. On the other hand, especially in western societies, there is a growing age gap and aging societies. The increasing number of elderly people in proportion to very low birth rate impacts the economy and leads to many tensions, for example the electoral decisions and public policy choices.

Apart from the classic sociological division between the rich and the poor, people also seem to live increasingly in different social and technological bubbles. Our friends and the people that we surround ourselves, tend to think in similar categories as we do. On the Internet and social media platforms the algorithms show the information that correspond to the personal profile. Artificial intelligence knows more about us than we seem to know about ourselves. By seeing what we want to see and hearing the views we want to hear, we confirm that our way of thinking is the one and only that is correct, as opposed to the other people who seem to be wrong or simply ignorant. People no longer discuss, argue nor even enter the debates to convince the others about their perspective. There is a tendency to think that our understanding of the world is universally shared, and the people who do not share it are not worth engaging with. This creates another level of social divisions and undermines social cohesion, necessary for the development of civil society.

These phenomena create challenges for public administration, not only in aspects of social cohesion, but also addressing social unrest and often violent protest. They also contribute to the rise of populist politicians who use those divisions to gain power.

#### **6. Rise of populism**

The increase of populist tendencies observed in recent years has many reasons. One of the most important is related to the fact that modern version of democracy often did not present an attractive offer

for the whole society, and focused - at least in the perception of a significant part of citizens – only on improving the lives of the “elite”. Thus, a large part of society felt alienated and abandoned by democratic institutions. People also tend to trust the experts much less than in the past, and misinformation and fake news are spreading. Social and economic inequalities, tribalism, and belief in “alternative facts” are also increasing at this time, contrary to the rational legacy of the Enlightenment.

The social changes and growing dissatisfaction with democratic institutions undoubtedly create momentum for populist movements and politicians. Economic crisis and social insecurity also contribute to malfunctioning of democratic societies and institutions. In recent years, many countries saw the backsliding from the rule of law and division of power, that were replaced by growing authoritarian tendencies. In the context of these shifts in power structures, the concept of the so-called “illiberal democracy” emerged. The term was first used in the 1990s by American political scientist Fareed Zakaria<sup>26</sup> in connection with the apparent retreat from the until recently dominant primacy of “liberal democracy”. First in Asia and Latin America, and then more and more often in Europe, there were discussions on the need to replace “liberal democracy” with a more effective model, meeting the expectations of disenchanted societies.

Public administration faces increasing tensions between acting within the principle of the rule of law, and expectations to implement the rule of “populus”, or rather the ruthless populist politicians. Those try to exploit the vulnerability or ignorance of the people to gain power and change the functioning of the state by undermining the division of powers and other democratic principles. Populist politicians also do not have much to say about public administration and making the state more citizen friendly. Responsibility for this often falls on the administrative apparatus, as well as using their expertise to try to prevent the implementation of dangerous populist ideas.

### **III. Responses**

As it has been demonstrated in previous section, many challenges of the XXI century are of surprisingly analogue character. There are also historical similarities. The economic crisis might resemble the one from the 1970s, which lead to the infamous “winter of discontent”. The pictures from war in Ukraine, with heavy bombing and shelling, look like coloured photographs from World War II. Social divisions and growing frustration, as well as turning to populist, authoritarian leaders, resemble situation from 1930s. One might think that the history is repeating, although as in the quote attributed to Mark Twain: “history never repeats itself, but it does often rhyme.”<sup>27</sup> How can public administration therefore respond to these challenges, and can the digital solutions be helpful in addressing them?

The analysed challenges are often interlinked, and therefore should be addressed by coordinated responses. Coordination means the ability to use different institutions together smoothly and efficiently, both in horizontal and vertical dimensions. Central government administration should therefore work together with regional and local counterparts, as well as international organisations. Also, the institutions working independently on the same level, should find ways of efficient collaboration.

#### **1. Decentralisation**

Decentralisation is an important element of the democratic paradigm of power. Delegating the exercise of public authority to the regional and local level undoubtedly serves to build the agency of local communities, their independence and autonomy. Local self-government also has a chance to be the alternative to populist rule - first, because the so-called “illiberal democracies” and populist governments most often aim at centralising power and taking away powers from local governments, deceiving society with promises of presumably better effectiveness of the central government.

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<sup>26</sup> F. Zakaria, The rise of illiberal democracy, “Foreign Affairs” 1997, issue 22.

<sup>27</sup> <https://quoteinvestigator.com/2014/01/12/history-rhymes/>

Meanwhile, it is at the local level that the effects of properly conducted public policies and changes in public administration can be seen best and most quickly<sup>28</sup>.

The concepts of decentralisation and local self-government are inextricably linked. A non-transferable feature of local self-government is that it can only exist in a decentralised state in which citizens are granted the right to make their own decisions, taken in accordance with their interests. The local government is an emanation of the interests of these citizens - a public law corporation, that is, a public administration entity equipped with administrative authority. Its indispensable element is obligatory membership "by virtue of the law itself", clear rules of belonging (residence in the local government unit) and existence regardless of the number or change of members. This is the most comprehensive "micro-democracy", where the state transfers part of its administrative functions and confers legal personality; public administration tasks are performed by the citizens or their groups, equipped with specific competences and administrative powers. This relates to the obligation to perform the delegated functions and the exclusive fulfilment of this obligation, additionally guaranteed by legal provisions that, apart from the designated scope of supervision, the state cannot interfere with its activities. The principles of subsidiarity and decentralisation are most fully implemented by the self-government.

Therefore, the local government has a significant and non-transferable characteristic; it means the right to settle the local community's affairs in accordance with their own interests and their identification. This right includes the assumption that a given community may behave differently in some matters than in others. Decentralisation ensures that minorities' rights are recognised in their own decisions and choices, even if from a different perspective they are not always accurate.

Decentralisation means that public administration functions more effectively because of distribution of competences and ensuring mechanisms for proper cooperation. The principle of subsidiarity is supposed to relieve the central government administration from matters of local importance, which allows it to focus on tasks of strategic importance for the country as a whole. Decentralisation is a prerequisite for effective administration, as the scale of administrative tasks in modern state makes it ineffective to be controlled from the central level. Another advantage of decentralization is building local identity and strengthening citizens' links with their place of residence, as well as increasing the sense of belonging to the local community by empowering its members and granting them the right to decide on important local issues. This should help to address the challenges posed by economic crisis and social divisions, as well as security concerns.

## 2. Resilience

The notion of resilience firstly appeared to describe patterns of change in the structures of ecological systems, with regard to the ability of an ecological system to continue functioning<sup>29</sup>, to survive a crisis and recover, in a similar but not identical form. The concept has diffused across different types of systems, also including public administration. In a general context, resilience is defined as the ability to maintain a state of equilibrium of a system whose "survival and development takes place under conditions of intra-system equilibrium (homeostasis)"<sup>30</sup>, or the amount of disruption a system can absorb while retaining essentially the same function, structure, identity, and feedbacks.

In the context of public administration, resilience is understood as the ability of individuals, communities, institutions, enterprises, and systems on a local, regional, or central level to survive, adapt and develop regardless of the type of stress or major upheaval they experience. Recent years and aforementioned challenges have proved to be an extreme resistance test for many countries around the world, but also for public administration on local level. Local governments have been the important

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<sup>28</sup> B. Barber, *If Mayors Ruled the World: Dysfunctional Nations, Rising Cities*, Yale University Press, 2013

<sup>29</sup> Crawford S. Holling "Resilience and Stability of Ecological Systems", *Annual Review of Ecology and Systematics*, Vol. 4:1-23 (Volume publication date November 1973)

<sup>30</sup> R. Czachor, *Uczelnia Jana Wyżykowskiego, Społeczności Lokalne. Studia Interdyscyplinarne*, „Społeczności Lokalne. Studia Interdyscyplinarne” 2019 (3), p. 127

coordinators in the fight against the coronavirus pandemic and have often served as the first point of support for unexpected number of refugees and their inhabitants facing economic difficulties. In many cases, they also turned out to be much more innovative and proactive than the relevant central government authorities. This ability to continue functioning and to persist is one of the most important features of modern public administration that enable to address these challenges.

In order to increase adaptability of public administration, it should be purposefully designed or reformed to adapt to change. In terms of structure, resilience is easier achieved by polycentric organisations with diversified vulnerability to risk, which are also decentralised and with facilitated adaptation to sudden and unexpected situations. The changes in the system of public administration should be introduced in an evolutionary way, and of moderate nature, which facilitates adaptation. By recognising the modern nature of multiple processes among multiple participants, instead of traditional linear decision making and implementation, public administration also increases its resilience.

Therefore, public institutions facing so many unexpected events, should in the first place strengthen their capacity to manage the unpredictable, and to become resilient to different types of shocks. They can do that by professionalism and crisis management, as well as openness, transparency, coordination, and co-dependency, which are also important in the context of public administration's resilience.

### **3. Transparency and inclusivity**

The important responses to the challenges public administration also include transparency and credibility of the public institutions, inclusivity, and openness to citizens, as well as responsiveness to their expectations. These values are implemented by the freedom of action of non-governmental organisations with different programmes and worldviews; by the control and supervision of public authorities, exercised by free courts, media, independent controlling and auditing bodies. They are also visible in the real competition of different political movements and the possibility of reaching the citizens equally with their programmes - that is, fair access to financing of political parties (especially if this financing takes place with the use of public funds), the possibility of holding rallies and meetings without any restrictions, but also without privileges, as well as ensuring the transparency of operations, submitting reports on activities, introducing anti-corruption mechanisms, controlling lobbying, and counteracting nepotism and other pathological phenomena in the exercise of public authority.

These values also mean the possibility of holding a public debate on matters important for the society, where the discussion takes place on an equal footing, and the winning side can prevail because of "the force of its arguments", and not by "the argument of force". They mean the protection of minority rights against the domination of majority, respect for human and civil rights, and concern for the weaker in the context of the privileged position of the stronger (whether economically or politically).

The contemporary disputes over the functioning of public administration should be considered in a holistic context, i.e. taking into account not only the compliance with the law in the relations between institutions, but also in their operation and the functioning of law that affects society. Meanwhile, there is no real democracy, nor the rule of law, without the ethos of public service; there is no well-functioning education nor health services without fair employment conditions; it is difficult to expect truly democratic elections without civic education, and without understanding the state as a common good.

### **IV. Summary and conclusions**

Unstable political and economic situation in the world, the crisis related first to the COVID-19 pan-

demic and the climate change, and then the war in Ukraine, the energy, economic and food crises - these are real problems and challenges facing not only politicians, but also public administration as a whole. Poorly functioning public institutions may contribute to the strengthening of authoritarian tendencies and to a deep crisis of the political system in many countries, including even those rooted in the Western democratic paradigm.

Public administration, in turn, has a very important role to play in protecting civil rights and liberties, in particular against attempts to abuse public authority, so frequent in the case of populist power and growing anxiety and frustration among citizens. An important question remains whether public administration can adapt to non-linear changes in complex, interdependent systems? Nevertheless, one of the features of public administration is to introduce and protect stability and certainty in the social order, whereas the challenges posed by the modern world force public administration to adapt and to respond. The efficiency of this response rely on its resilience and ability to quickly recover after crises and unexpected difficulties. Therefore, it can be argued that the feature of resilience can indeed help the public administration saving the world.

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## THE FUTURE OF CIVIL SERVICE

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### **Abstract**

The 4<sup>TH</sup> Industrial Revolution is taking shape and has a strong impact on all areas of social life. For the Civil Service, it creates many opportunities as well as challenges that require managers to promptly grasp to have appropriate orientations and solutions, to perfect the state administration, to meet the requirements of national development.

On the same time the COVID-19 pandemic reveals that the public sector is not only facing simple and complex problem, but also turbulent problems characterized by the surprising emergence of inconsistent, unpredictable, and uncertain events.

Taken together, these suggest a future of work in the public sector that will need to be more forward-looking – to identify the way the work will change, the skills and talents that will be needed and plans to get from a current to future state of readiness.

**Keywords:** Turbulent problems; Government; Public Administration; Civil Service; New Skills; Digitalization; Leadership; Public Management; Governance; Effectiveness

### **Introduction**

The Fourth Industrial Revolution is a way of describing the blurring of boundaries between the physical, digital, and biological worlds. It's a fusion of advances in artificial intelligence (AI), robotics, the Internet of Things (IoT), 3D printing, genetic engineering, quantum computing, and other technologies. It's the collective force behind many products and services that are fast becoming indispensable to modern life.

As a result of this perfect storm of technologies, the Fourth Industrial Revolution is paving the way for transformative changes in the way we live and radically disrupting almost every business sector. It's driving a digital transformation of society, the economy, the government, and the world of work. While the potential benefits of this transformation are immeasurable, many researchers also discuss potentially negative impacts, the destruction of jobs in particular, and the potential for such transformation to exacerbate growing levels of inequality.

Public service workforces in many countries are facing similar challenges and trends, and much uncertainty. Taken together, these suggest a future of work in the public sector that will need to be more forward-looking to identify the way the work will change, the skills and talents that will be needed and plans to get from a current to future state of readiness. It will need flexible workforce management to be able to access the skills it needs

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to meet fast emerging, often-unforeseen challenges. And it will need to provide fulfilling work experiences to attract, retain and motivate an increasingly diverse workforce.

In this context, public services will likely need to appeal to different skillsets than they had in the past. In a recent 2020 survey conducted by the OECD, the biggest challenges in attracting new skill sets were identified in digital and data and STEM<sup>32</sup> areas.

When it comes to public sector workforces, the important message here is that this will not happen naturally, overnight, as the direct result of the application of new technologies. Rather, the successful transformation will depend on careful planning and work redesign, at the organisational level, as well as reskilling and upskilling strategies at the individual level.

Most economists believe that new technologies will create more jobs than they will destroy in the long-run, as has tended to happen throughout history. The OECD's research estimates 14% of jobs at high-risk of automation and 32% that could be radically transformed, with discrepancies among countries (OECD, 2019). These numbers are based on the potential of automation of tasks within broad occupations or individual jobs. More specifically, routine manual jobs will likely be replaced by non-routine jobs with a high use of ICT

### **Emerging skillsets**

Given the rapid pace of change in today's world, a high degree of adaptability is needed for people to grasp life's many opportunities and address its myriad challenges. Important elements in developing adaptability include making sure people acquire the right mix of skills, use them effectively at work and in everyday life, and continuously update them throughout their lifetimes. Megatrends such as globalisation, digitalisation and demographic change are having a major impact on the way people work, socialise, obtain information, purchase goods and enjoy leisure time. These trends, in turn, increasingly influence the skills that people need to navigate this complexity, face uncertainty, and adapt to this rapidly changing landscape. The challenges are real and should not be underestimated, but much can be done to influence the outcomes.

#### *Digital skills*

Given the rapid pace of change in today's world, a high degree of adaptability is needed for people to grasp life's many opportunities and address its myriad challenges. Important elements in developing adaptability include making sure people acquire the right mix of skills, use them effectively at work and in everyday life, and continuously update them throughout their lifetimes.

Information and communications technologies (ICTs), advances in artificial intelligence (AI) and robotics are profoundly changing the way people work, communicate and live. Many people now regularly use digital tools such as computers, smartphones and tablets, both at work and in everyday life. In 2015, 57% of workers in the European Union (EU28) regularly used a computer or smartphone for work, a 20-percentage-point surge relative to a decade earlier (Eurofound, 2017). Even for those who do not use ICTs at work, the nature of their work is changing as some tasks are automated. As governments go digital to improve effectiveness and efficiency, people need digital skills to access even basic public services.

The OECD Framework for Digital Talent and Skills in the Public Sector discusses five layers of skills required to support digital government maturity. The starting point is a baseline for 21st century skills in society. Digital government efforts build on this foundation in four areas: digital government user skills, digital government socio-emotional skills, digital government professional skills and digital government leadership skills.

Digital government user skills should be considered as a core element of the skills for public servants, regardless of their role or tier of government, in order to be effective in supporting a digitally enabled state. This is critical because while the success of broader digital skills policies will determine the basic

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<sup>32</sup> STEM is an approach to learning and development that integrates the areas of science, technology, engineering and mathematics.

competency of a public servant in terms of 21st century skills, nobody is expected to join the public sector workforce with a strong understanding of digital government. Therefore, an equipping in core digital government skills will add value, irrespective of a person's personal or professional background.

Government's use of digital technologies, digital practices and data are critical in helping countries to improve people's lives, across the whole of society. Digital government is not about putting what was on paper onto the internet but about re-engineering and re-designing services and processes so that they are digital in their design. Doing this means a radical shift away from top-down assumptions about solutions according to government needs to instead take a user-driven approach. By empowering teams to engage and collaborate with citizens, businesses and other stakeholders, government can understand and address their needs, supported by technology and data.

The Working Party of Senior Digital Government Officials (E-Leaders) Thematic Group on Digital Talent and Skills proposes a foundational set of competencies across five areas that will ground every public servant in digital transformation:

*Recognising the potential of digital for transformation* - The starting point for digital government user skills is as inspiration for the public sector work force to recognise the potential of digital for transformation and as a result understand the relevance of the subsequent dimensions. Critical to the success of digital government efforts is a shared vision across the public sector for the opportunity provided by digital technologies and data. Helping to establish a common mindset amongst public servants is crucial in using digital technologies and data to help rethink and redesign government in ways that respond to the needs of the public.

*Understanding users and their needs* - The second area to consider in developing the skills to support digital government maturity is around equipping public servants to identify, and understand, their users and their needs. In order to achieve transformation it is inadequate to focus on individual interactions in isolation from an understanding of the whole problem. To design services that respond fully to the needs of users it is critical to carry out user research to map and understand the existing landscape of government service provision, the interactions and data flows between institutions and the involvement of the public. This ensures responses reflect a multi-faceted understanding of the problem as it manifests in reality rather than informed by desk-based assumptions. Responding to what has been found in order to better meet needs may then require a fundamental redesign of the service, or more minor tweaks to the way in which government is working in order to improve results.

For a public servant to understand users and their needs it means:

- Can champion and explain the value of user research and participate as part of user research exercises
- Can identify the users affected by their area of work, and define the user needs their work meets
- Can identify where their activity of work interacts with, receives from, or hands off, to another part of government and recognises the importance of an end to end understanding of the user's journey
- Recognises the different channels and modalities involved in the provision of a service and is able to map the user's journey, including associated internal activity
- Understands the importance of tackling the digital divide and is consequently aware of the priority, roadmap and strategy for accessibility, national connectivity and increasing 21st century skills in society

*Collaborating openly for iterative delivery* - The third area of skills to support digital government maturity is preparing public servants to involve the public in designing and delivering policies and services and encouraging greater openness with the public through participatory forms of consultation and teams sharing progress, performance and problems with the public.

For a public servant to collaborate openly for iterative delivery it means:

- Can explain the benefits of 'working in the open' and argue positively for an open by default approach

- Can implement participatory approaches with their users to their area of work whether in terms of codesign or other participatory activities
- Understands the value of diverse, multi-disciplinary teams and has the expectation of involving policy, delivery and operational colleagues to ensure a fully-rounded perspective on a given topic
- Can explain the benefits of an iterative approach to delivery. Understands different phases of delivery and is clear about the benefits of researching, prototyping, testing and learning on an ongoing basis
- Has an understanding of open source code and the community-based processes that support them
- Knows where to find, and appraise, the suitability of common standards, components and patterns

*Trustworthy use of data and technology* - The fourth area considers the nature of trust in the context of digital government. This dimension is inwardly focused on the behaviour of public servants. The starting point is one that is usually considered as part of an organisation's HR policies in terms of an employee's responsibility in the workplace around information security and data handling or processing as well as digital security in terms of password policies.

For a public servant to be trustworthy to use data and technology it means:

- Understands their responsibilities in the workplace around information security and data handling or processing
- Is confident in terms of digital security and clear about password policies.
- Understands the legal requirements on them as individuals in terms of their handling of data to protect the privacy of citizens
- Is comfortable considering the ethical dimensions associated with the use of digital technologies or data, including knowledge of any relevant instruments such as Good Practice Principles
- Understands the support and activities associated with maintaining a reliable service
- Ensures that contracts with third party suppliers are consistent with the digital government agenda

*Data-driven government* - Although data scientists and other analytical roles are an important specialism within the framing of digital government professions, there is a core competency of data literacy that, if distributed across the entire public sector workforce, can underpin those more advanced specialisms and achieve the ambition for a truly data-driven public sector (OECD, 2019). This aspect of core digital government competency embeds an appreciation and understanding of the benefits and opportunities for Open Government Data (and open data more generally) in terms of transparency and as a source of public value and stimulant for innovation in the economy.

For a public servant to know about data-driven government it means:

- Aware of the individuals or organisations that are responsible for the data agenda
- Understands the priority, roadmap and strategy for taking the steps to establish a data-driven public sector
- Familiar with the governance arrangements for access to and sharing of data
- Builds on their knowledge over the trustworthy use of data to be confident in their legal and ethical obligations for the treatment of data
- Recognises opportunities for how interoperability, the Once Only Principle and access to transactional data can support the better design of services
- Adopts an empirical approach to the use of data for generating public value in terms of Anticipating and planning, Delivery, and Evaluation and Monitoring
- Understands the value of Open Government Data to government, and the wider ecosystem.

### **Digital government socio-emotional skills**

The skills for digital government discussed above contribute to digital government maturity but successfully embedding a shift in the culture of government requires teams to be established that reflect

a diversity of socio-emotional skills and their associated behaviours. The OECD's work on Digital Government and Data has highlighted five socio-emotional skills and their associated behaviours which contribute to digital government maturity:

#### *Vision*

It is important to have visionary characters around digital government teams that are rethinking and redesigning the citizen-government experience. However, it is essential to ensure that those with the skills are paired with individuals whose skills will help to turn imagined vision into deliverable reality. The skills can help to inspire change and build momentum for the digital government agenda.

#### *Analysis*

Analysis speaks to an individual's capacity to collect information, weigh evidence and respond to the needs that have been found. Those with these skills provide an important complement to the ideas of the vision are members of a team by providing a solid basis for testing assumptions.

#### *Diplomacy*

Diplomacy reflects an individual's ability to build relationships, understand those around them and create consensus.

#### *Agility*

Agility reflects the importance of continuing to ask questions and react to a fast-changing environment whether in terms of what's being learnt from data and research, or in the pace of technological change.

#### *Protection*

Protection reflects the importance of addressing the challenges discussed under the Trustworthy use of data and technology digital government user skill around providing trusted, reliable and secure digital government efforts.

*Figure 1. Digital government socio-emotional skills and associated behaviours needed by teams*



Source: "The OECD Framework for digital talents and skills in the Public Sector", OECD Working Papers on Public Governance, No. 45, OECD

#### **Digital government professional skills**

The fourth layer of the skills to support digital government maturity narrows the focus to the role of digital and data in the specific professions of the public sector. Digital professionals

cover the disciplines of user-centred design, product, delivery, service ownership and data as well as digital era technology roles. Each digital government specialism requires its own job family with associated skills profiles and career progression from an initial introduction to the discipline through to leadership roles.

The digital transformation has disrupted existing professions and created new ones. Digital government maturity is supported by building multi-disciplinary teams that draw from, invest in and acknowledge both digital and non-digital professions.

*Figure 2. Professions involved in a multi-disciplinary team*

## Digital professionals

- user-centred design
- product and delivery
- service ownership
- data
- technologists

## Non-digital professionals

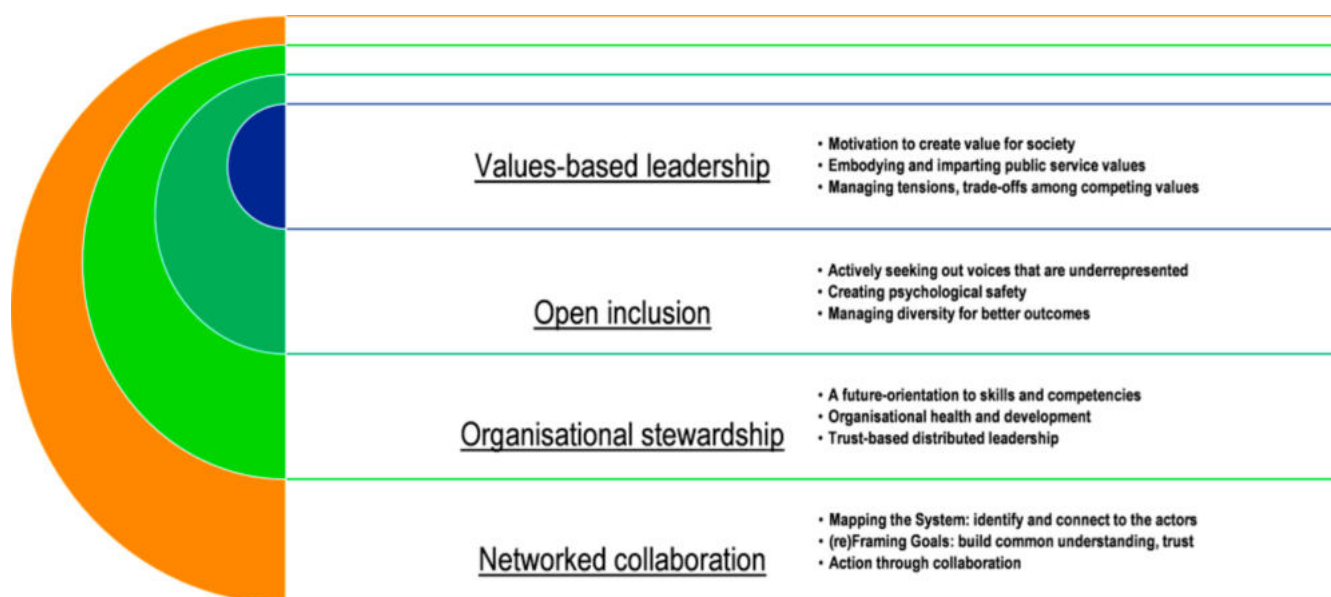
- law, policy and subject matter
- strategy and governance
- commissioning and procurement
- human resources
- operations and customer service
- psychologists and sociologists

Source: “The OECD Framework for digital talents and skills in the Public Sector”, OECD Working Papers on Public Governance, No. 45, OECD.

## Leadership skills

The OECD identifies four leadership capabilities that effective senior level public servants are using to address complex public service challenges. These skills apply not only to the senior level public servants, but are the kinds of skills required to be effective across most professional disciplines in the public service.

Figure 2. Four leadership capabilities



Source: Gerson, D. (2020), “Leadership for a high performing civil service: Towards a senior civil service systems in OECD countries”, OECD Working Papers on Public Governance, No. 40, OECD.

## Skills for resilience

Resilience is a key capability for the future, to address uncertainty and the sense of increasing rates of change. Arguably, there is no one skillset that makes workers resilient, managers or leaders, and resilience is not only an individual attribute, but also embedded in organisational structures and processes, and public service delivery systems. Nevertheless, at an individual level, public services can focus on developing a workforce rich in skills that could contribute to resilience. This may include the following:

*Motivation and commitment to mission:* committed employees will be the first to find new ways of delivering the mission when the world shifts around them.

*Creative problem solving:* uncertainty raises problems that were not foreseen. Regardless of an employee’s technical expertise, creative problem solving is something that all experts will likely need to employ to apply their skills to challenges that were unpredictable.

*Learning as a skill:* learning to learn is at the heart of innovation, resilience and future proofing. Innovation is primarily a learning experience. Resilience is about managing through unforeseen crises, and the changes in the future will likely require an even more constant updating of skills requiring learning.

*Systems thinking and collaboration:* resilience requires connections across organisational silos, to coordinate and collaborate to ensure that delivery systems continue to reach their objectives. This requires public servants who understand the machinery of government and service delivery, and the broader system they operate in, and have the relationships needed to connect to different key actors in times of crisis and coordinate approaches.

## Developing skills in the existing workforce

Developing the skills discussed in the previous chapter will not happen without deliberate attention and investment in upskilling employees to keep up with new tools and developments, and reskilling for those employees whose jobs become redundant. Most public services do not use redundancies to replace their workforce with the skills they need, to the same extent as private firms. Instead, they must rely to a greater extent on learning and development to prepare the public service for the future.

In the fast-changing landscape of work, lifelong learning will take a central role in public sector employment policies, allowing people to adapt to and enhance the potential of the future of work.

### *Upskilling*

Regardless of their particular role and specialisation, public servants will need to upgrade their understanding, skills and competencies regularly to ensure they keep up with societal and technological change. This may mean learning to use new digital tools, making use of emerging data sets, keeping track of national and international development and best practice, and taking regular training to update their skill levels.

### *Reskilling*

Reskilling aims to transition people from one job type to another. People who are doing work that will no longer be done in the future, due to social and/or technological changes, or who wish to change the work they are doing for personal reasons, require careful consideration. Effective reskilling requires an organisational and individual approach.

## Conclusions

The future of the public service will be enabled by new technologies, and shaped by changing expectations of workers young and old. However, it will be designed by governments. Governments will choose which tasks to automate, where to invest in needed skills and how to develop a workforce that is forward-looking, flexible and fulfilling. For this reason, the future of the public sector will be different than in the private sector, and will advance at its own pace, ideally learning from successes and failures in other organisations and sectors, and leading by example, to embed and reinforce public service values. This future will not come about naturally. Governments will have to take an active role in setting a vision for this transformation and making the necessary investments to achieve that vision.

The following actions are suggested to guide governments in considering the contextual, skills and talent management aspects of digital transformation.

Digital transformation requires leaders and their organisations to:

- Be aware of the digital skills that a workforce requires to keep pace with digital evolution
- Communicate a clear and understandable vision of the role of digital and actively champion the benefits of digital government
- Establish a learning culture that encourages and provides safety for employees to experiment
- Support different ways of working with necessary policies, tools and technologies.

Establishing the skills for a digitally enabled state requires:

- A broader digital skills strategy for society as a whole ensuring all are equipped with the necessary skills to thrive in the digital age
- Public servants equipped with the digital user skills that support digital government maturity
- Diverse and multi disciplinary teams consisting of well-trained digital and non-digital professionals reflecting a blend of digital government socio-emotional skills and behaviours to design and deliver trustworthy and proactive services with users' needs in mind
- Leaders that model digital government user skills and actively shape the environment to create a digitally enabled state

Creating a path to a digital workforce requires:

- Proactive recruitment strategies that promote the public sector as an attractive, trustworthy and transparent employer



- Well-designed, fair, trusted and attractive reward systems that support clear career planning
- Managers who emphasise job growth and professional development through multidisciplinary teams
- Investment in digital talents by offering regular feedback loops and mentoring programmes, and providing training in both formal and informal ways Encouraging job mobility and a diversity of career choices for public servants.

The capacity of public services to be more resilient to face both the megatrends linked to the future of work and potential unexpected crises will rely on the design of post-pandemic policies in many areas, including people management. As governments design and implement recovery plans impacting most sectors of national economies, there is an important opportunity to also reflect on the public service workforce that is needed to deliver these effectively today and into the future. The following questions could help spark this reflection.

- A forward-looking public service is one that is able to identify the emerging technical skills will be increasingly needed, and the competencies needed to ensure resilience in an increasingly uncertain future.
- A flexible public service in the future will be one where different kinds of people work from more locations and different times, contributing their skills and experience to projects, across multi-disciplinary teams, in different institutions.
- The public service of the future will attract, retain and make best use of the skills it needs by providing fulfilling work experience to an increasingly diverse range of employees.

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## **PUBLIC ADMINISTRATION IN A NEW REALITY: FACTORS OF EFFICIENCY**

### **Abstract**

The article presents some proposals and recommendations to improve efficiency in public administration.

**Keywords:** anti-corruption; challenges; civil service; public administration; a model of dynamic concentric spheres; new reality; whole-of-government approach; human resources; expressive strategies; digital technologies.

### **Expressive Strategies and Response Flexibility**

The high degree of uncertainty, complexity and ambiguity, rising geopolitical tensions, the Covid-19 pandemic and rapid development in information technologies put high demands on the quality of public administration with civil service at the core.

Due to widespread internet access and social networks citizens are well informed about solutions in other countries, they can compare and assess decisions of their governments against certain benchmarks, creating a virtual quasi-competitive environment.

In the new reality, we are witnessing the rise of citizens' expectations, which changes the very nature of the government-citizen relations, and the issue of trust takes on increasing importance.

Another challenge is the rise of populism [1], which exacerbates the contradictions between country's long-term priorities and short-term interests of politicians.

At the same time, the exponential growth of knowledge and revolutionary innovation offers new opportunities to improve the quality of public services and to enhance processes within the state machinery.

In this context, governments, on the one hand, have to stay committed to strategic priorities associated with long-term global challenges, such as climate change, demographic shifts, depletion of natural resources, and changes in the structure of the labour market, and, on the other hand, to search for short- and medium-term responses to the current global, regional and local crises. Therefore, governments are forced to deploy an expressive type of strategic planning, which is focused on adapting to changes in the internal and external environments, and continuously refining their missions and vision.

### **Digital Technologies and Responsibility**

*The pandemic has inevitable accelerated the digital transformation of public administration. The governments of many countries have managed to successfully adapt various online platforms and cloud technologies to ensure the smooth functioning of government agencies and remote public service delivery.*

*Across the world, there was a transition to online learning, telemedicine gained active development, mobile applications were developed to track social contacts, physiological state of people, and much more.*

*It can be argued that public administration is reaching a new technological level. In this context, it is worth bearing in mind that the possession of new technologies requires a new level of responsibility, as the cost of mistakes increases.*

The most striking example is nuclear energy, which can be utilized both for the benefit of civilizations and to cause irreparable damage leading to a universal catastrophe.

In view of this, the importance of human rights protection, ethical demands and corporate culture is increasing. Improvements in the quality and speed of public service delivery should not be made at the expense of human rights and freedoms.

Thus, there is a need to find a new balance corresponding to the new reality. At the same time, access to high-speed Internet should become a fundamental human and civil right.

#### **Whole-of-Government Approach and Clear Inter-Institutional Relations**

An significant prerequisite for building an efficient public administration system is to adopt a whole-of-government and whole-of-country approaches. At the same time, it is necessary to ensure clear interinstitutional boundaries and in doing so it is extremely important to invoke the principle of balance of powers, resources and responsibilities.

The level of public trust will be higher if the society knows what level of power (or what government institution) is responsible for addressing a particular issue, or for delivering particular services. At the same time, government institutions should be responsible only for what they have been given the relevant powers and resources.

It is also crucial to have a clear delimitation of powers between political and career civil servants.

#### **Hierarchical vs Flexible Structure**

Hierarchical structures are not always able to respond swiftly, but often able to mobilize resources in a fairly short time to respond to short-term challenges. However, the quality of their forecasts and recognition of people's real needs is rather low.

In this regard, it is advisable to leverage networked, decentralized and flexible systems.

The development of flexible structures is relevant not only in relation to management levels, but also to the internal structures of government institutions. Considering current development trends, it is considered that along with traditional departments, sections and units of government institutions, ad-hoc or interim groups and structures will play an increasing role.

It also seems promising to adopt new modern management methods, such as agile, project, and change management, kaizen, and others.

#### **Information Flows and The Law of Progressive Simplification**

One of the common problems of the countries in the region is the circulation of huge flows of information in the public administration system used for the sake of accountability rather than for decision-making. Therefore, it is important to continuously work towards reducing bureaucracy and preventing any artificial increases in such flows.

The experience of the countries of the region shows that super centralized control systems are inefficient. Meanwhile, best practices show the importance of moving from 'performance monitoring' towards 'results monitoring' [2].

The law of progressive simplification is considered equally valid for public administration systems. Simplification of business processes within the government administration, as well as optimisation of processes for public service provision, should be prioritised to enhance the efficiency of public administration.

Modern information technologies allow to redesign many business processes, helping to reduce information flows. For example, in China, the transfer of 140 electronic public services to the blockchain platform made it possible to simplify the process, to abandon paper documents and to reduce the cost of service maintenance by 40% [3].

## **Human Resources and Corporate Culture**

While institutional changes are important, the focus should still be on the quality of human resources, both country-wide and in civil service especially.

The systems of recruitment, promotion and retention of personnel must be enhanced considering the availability of 'high-speed lifts' for the most talented personnel, along with strengthening the support for meritocracy.

New technologies offer great opportunities for developing more flexible forms of employment and organizational structures. A person can work combining different forms of employment contracts, working remotely or in a conventional work pattern.

The use of various flexible work arrangements for civil servants, on the one hand, allows reducing administrative costs, and on the other hand, creates conditions where employees give more appreciation to work atmosphere, environment and relationships.

In this context, the priority should be given to the development of flexible recruitment schemes and contracts, including ad-hoc ones, and reduction of working hours in civil service systems in the region.

Some recent studies have identified a tendency to overemphasize the concept of the office per se [4]. It is worth noting that this tendency is present in the public sector as well. An example is Belgium, where government offices are designed in an open space format with a limited number of work stations. Conventionally, out of 50 employees in a department, only 30 can be present on site at one time, taking their seats on a first-come first-served bases. The rest work remotely.

Civil servants in government agencies in Lithuania can control their working hours themselves. One can start his/her working day at 7 a.m., and another person can start at 9 a.m. Those who have babies can work half-day in the office and half-day from home.

Different studies demonstrate that in the new reality people have reconsidered the value of their time and relationships within an organization, especially the attitude of their supervisors, and secondly, they give preference to flexible work arrangements [5]. Representatives of Y and Z generations, who are currently employed, have different views on work<sup>33</sup> and are already changing internal processes [6-7].

These data suggest that the formation of a completely new corporate culture and a work environment, where respect for dignity, work, time, rights and freedoms is at the core, is gaining greater importance. Motivation and remuneration systems require continuous improvements.

## **Transparency and Combating Corruption**

Large-scale corruption is a serious challenge to sustainable development of countries in the region. The analysis shows that only the Baltic states and Georgia have achieved some tangible results in addressing the issue [8].

The eradication of corruption in the judicial and law enforcement systems is the key to the success of anti-corruption efforts.

Improving human resources management in law enforcement agencies is an integral part of corruption prevention.

A clear delimitation of functions, powers, and responsibilities between the agencies responsible for combating corruption will positively influence their efficiency. Estonia is the case in point; there are three government agencies responsible for combating corruption. The function of one includes criminal prosecution against public officials ranging from department directors to the Prime Minister. The second one reports to the Ministry of Internal Affairs and conducts criminal prosecution against persons holding positions at the level up to department directors. The third agency investigates corruption cases in the above two agencies, as well as in the prosecutor's office and courts.

It is necessary to ensure transparency in the selection of judges by introducing the practice of hearings of candidates at meetings of representative bodies, at the regional level inclusively.

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<sup>33</sup> 'live to work'

Information about candidates for judicial positions should be posted in the Internet and media beforehand.

To ensure the independence of judges, it is also important to reconsider the powers of court chairs. In particular, chairs should neither interfere either in the process of justice, nor in the processes of selection, promotion, rotation, formation of a personnel pool, training and disciplinary proceedings against ordinary judges.

Ensuring transparency and accountability of public finance and expenditures is still high on the agenda. The introduction of blockchains in public procurement, tax administration, and distribution of public goods should become a strategic priority.

Some countries in the world are already implementing blockchain technology in the public sector. For instance, in Slovenia, there is an electronic resource providing real-time information on all transactions of government bodies. In Canada, the Catena Blockchain Suite has been introduced, which ensures the issuance of grants and online recordings of all information [9]. In China, blockchain has been introduced in prisons to prevent bribes [3].

### Contradictions and Nesting Doll

Broadly speaking, public administration can be represented as a model of dynamic concentric spheres (in other words, '*matryoshka*', or a nesting doll model). The model allows to see the relationship between the political, administrative, and operational and technological systems.

Civil service which is part of the operational and technological system, as such, is a small inner nesting doll, an administrative system is a medium one, and a political system is a large outer nesting doll [10].

Consequently, the outer nesting dolls (higher-level systems) shape the growth boundaries for the inner nesting doll (the nesting doll can grow up to a certain size only).

That is, the operational and technological subsystem can progress up to the limits and corridors of opportunities embedded by the administrative system, . In its turn, the administrative system will improve its efficiency, which entails an automatic increase in the performance of the operational and technological system, up to the limits laid down by the political system. .

Thus, the degree of development (or one may say, the size) and the elasticity of each outer nesting doll predetermine the growth limits and boundaries (or frames) for the inner nesting dolls.

This model helps to explain the paradoxes in the development of countries that can be seen when exploring international indices and evaluations. For example, the countries in our region tend to hold high positions in a number of rankings (*HDI, The Ease of Doing Business, e-Government, etc.*), and to lag behind on a number of other indices (*Corruption Perceptions Index by Transparency International, Control of Corruption and Rule of Law dimensions in the World Bank's Worldwide Governance Indicators, Fragile States Index*) [8].

Generally speaking, the countries in the region take higher positions in the areas related to the activities of career civil servants and the possibility of investing in the development of operational and technological systems (civil service, budgeting, public procurement, e-government, etc.). At the same time, they take lower positions in the areas (rule of law, level of corruption, inter-elite conflicts) that are associated with the underdevelopment of the political system because the political system links the career and destiny of political civil servants with the public opinion.

In this regard, it is crucial to advance the political system in the countries of the region, so that by expanding its boundaries it could create room for improvement and development of the administrative, and operational and technological systems. Its higher elasticity in institutional transparency and accountability will offer opportunities to enhance the quality of the public administration overall.

### Knowledge and Experience Sharing

In the face of emerging challenges and threats, each government, operating in a unique historical, socio-economic, and cultural context, is searching for new ways and methods to solve the issues. At the same time, reviewing the experiences of other countries can help one to find 'best fit' solutions

for their own settings. In this regard, the role and importance of permanent platforms for the swift exchange of experiences and knowledge is increasing. The Astana Civil Service Hub (ACSH) is one of such internationally recognized platforms.

Established in 2013 as a joint initiative of the Government of Kazakhstan and UNDP, the ACSH today includes 42 participating countries and more than 80 institutional partners from all over the world, including the OECD, the United Nations Office for South-South Cooperation, the American Society for Public Administration (ASPA), the Asian Association for Public Administration (AAPA) and many others.

As part of its Capacity Building and Peer Learning pillar, the ACSH successfully promotes peer-to-peer<sup>34</sup> Alliances. The ACSH has established the Alliances of Practitioners on Public Service Delivery (2016), E-Government Development (2018), and on Transformation and Innovations in Governance (2019).

The pandemic and the new reality have emphasized the importance of joint actions, increased the demand for the exchange of experience and knowledge. Given that, the ACSH initiated a Virtual Alliance of Practitioners to support the governments of the participating countries in their response to Covid-19 through the exchange of knowledge and dissemination of best practice.

The platform has accumulated over 40 practical materials and useful resources presenting the experiences of some countries and international organizations in fight against coronavirus (in the areas of public administration, public services, education, medicine, and economy), all being available on our website.

## **Conclusion**

Nowadays, there are many factors affecting the quality of public administration, reviewing all of them would certainly exceed the limits of this article.

Therefore, the paper emphasizes the most important ones, such as flexibility of strategies, digital technologies, information flows, quality of human resources, corporate culture and a work environment, anti-corruption, an organizational structure, a whole-of-government approach, clear inter-institutional relations, and the political system. Based on the analysis of these factors, some practical recommendations are proposed, which, in case of consistent implementation, can help to secure the desired quality of public administration.

At the same time, in a broader context, for all the countries the urgent tasks is to educate the society and to understand how to build a balance the long-term goals of the state, the public, and the economy, with the medium- and short-term interests of politicians.

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<sup>34</sup> P2P Learning Alliances are developed based on the P2P Learning Guide of the Effective Institutions Platform (EIP), which is founded in the OECD Secretariat. Peer-to-peer (P2P) learning is a knowledge exchange mechanism that enables practitioners from countries with similar socio-economic context to find common problems and best solutions in civil service reform; and provides for strengthening cooperation through joint activities and regularly exchanges of knowledge, experience and ideas.

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## **DIGITAL TRANSFORMATION IN THE MEMBER STATES OF THE EEU: UNIFICATION OF LEGISLATION AND PUBLIC ADMINISTRATION**

### **Abstract**

Today, digitalization is the main trend of states' development. Thus, the EEU member states in recent years are gaining some experience in unification of legislation in the socio-economic sphere. The changes taking place in one of the member countries require a similar approach to solving issues in other countries. Digital transformation in all spheres of life requires instilling in society a culture of open communication, exchange of knowledge and joint creativity. An equally important priority is digital factors, which will be fundamental elements of the digital transformation. One of the factors is the construction of an international level infrastructure. At this point, it is important to conduct a comparative-legal analysis of the processes of digitalization in the EAEU member states. And also, along with these changes, it is necessary to work out the normative-legal regulation of these changes in society and in the state.

**Keywords:** digitalization; transformation; unification of legislation; “smart country”; innovation; EAEU integration; harmonization of legislation.

Global processes of convergence of legal systems are inevitable. They lead to their closer cooperation and unification. Globalization is “a process of unification and integration of mankind, accompanied by increasing quality of life and level of welfare of mankind, acceleration of economic and political development of countries, intensification of exchange of technological, scientific and cultural achievements between different countries and peoples”; “total unification”, etc. [1, c. 170-173].

Thus, M.N. Marchenko believes that at the “global and regional” levels it is necessary first of all to distinguish the following general trends:

- a) universalization and unification of law;
- b) wider formation and active use of the principles of law in the regulation of social relations;
- c) strengthening the role and importance of judicial law in the form of precedent and jurisprudence;
- d) expansion of the legal sector relating to human and civil rights [2, P. 508-509].

The National Development Programme of the Kyrgyz Republic until 2026 [3] aimed at improving the well-being of citizens has been developed within the framework of the National Development Strategy of the Kyrgyz Republic until 2040 [4] with the principle of continuity based on long-term strategic goals of the country with a human-centred approach and an emphasis on the fundamental commitment to “leave no one behind” the Sustainable Development Goals [5].

Thus, in the adopted National Development Strategy of the Kyrgyz Republic for 2018-2040, the contours of the digital transformation of the country were outlined. This concept complements and expands the program of digital transformation, defines the structure, management system and foundations of the process of digitalization of the country.



The Kyrgyz Republic began the process of digitalization at the state level with the adoption of the Concept of Digital Transformation “Digital Kyrgyzstan” - 2019-2023. [6]

One of the important components is to provide universal broadband Internet access throughout the Kyrgyz Republic. Modern digital infrastructure will create new platforms of interaction between the state, the private sector and citizens. There will be an opportunity for the widespread implementation of “smart” solutions, be it “smart cities”, “smart farms”, “smart factories” or “smart transport”.

Thus, these factors will serve as the basis for the development of the digital economy in the Kyrgyz Republic. The state should become a catalyst and conductor of the latest technological solutions and innovations in society. We should systematically encourage the development of our own solutions by stimulating the emergence of technology start-ups, internal company developments, scientific research by the academic community, and the creation of innovative technology parks and laboratories.

However, the technological solutions and innovations developed and attracted cannot be the goal itself: the goal is the active absorption and use of these solutions by companies to increase their productivity and competitiveness. The first beneficiaries of digital technologies can be the traditionally strong sectors of our country’s economy, such as tourism, agriculture, telecommunications, banking, light industry and construction. Moreover, the country should actively study the needs of our partners and export technologies, using the opportunities and mechanisms provided by international and regional associations, such as the EAEU and the WTO.

The digital transformation of the country will not be complete without the digitalization of the entire state. This process should be based on such principles as the state is a platform, digital by default, digital from start to finish, and the focus of digital services on mobile devices.

The Kyrgyz Republic has already achieved certain successes in the digitalization of the electoral system, integration and interaction of state bodies through the unified system “yundyk”; certain services of state bodies are digitalized and accessible via the Internet through the unified Portal of Electronic Services. Without losing the pace, state agencies should design client-oriented digital services. A culture of data-driven strategies and decision-making must be fostered. The executive branch should become a platform that further stimulates the participation of citizens and the private sector in improving the quality of public services. Necessary actions to protect fundamental government interests and the interests of citizens should be constantly reconciled, ensuring sufficient cybersecurity [7] and protection of citizens’ personal data [8].

Effective regulatory and legal planning mechanisms and management systems are necessary for the successful development and implementation of the Digital Transformation Concept. For each of the above-mentioned tasks of the digital agenda, appropriate responsible authorities should be assigned and competence centers should be created from representatives of public authorities with the involvement of business, the civil sector and development partners.

The High-Tech Park could become a platform for dialogue, which is an example of the development of digital business and the export of digital services with the support of the state. An innovation cluster could also be created on the basis of the Park, which would include a regional center of excellence for the development of digital skills in partnership with leading national and regional universities, enterprises and associations, as well as an accelerator center for the development of innovations and startups.

Thus, efforts to accelerate digital transformation and socio-economic development, backed by coordinated actions of government agencies, the business sector and civil society, will enable the country to join the leaders of the digital economy.

With rapid technological development and innovation, the economic growth of the Kyrgyz Republic can be achieved through the solution of three priority tasks in the medium term.

1. Digital transformation of business processes and production chains, implementation of financial technologies, provision of competent specialists and development of digital platforms.
2. The digital economy development strategies of the Kyrgyz Republic’s partner countries, the EAEU 2025 digital agenda, the revival of the digital Silk Road through the “One Belt, One Road” program and other international initiatives to develop the regional digital infrastructure

open new opportunities for the private sector to expand markets and create new types of goods and services and participate in the global production chain.

3. The development of digital technologies and the lowering of barriers to their development will create entirely new economic opportunities.

In order to create a favorable policy and regulatory environment that promotes innovation, infrastructure development in the digital economy, strengthening communication and cooperation with other sectors, given the cross-sectoral nature of digital technology and requires timely improvement and analysis of legislation and acts on an ongoing and continuous basis.

Activities will be aimed at identifying and overcoming the existing legal barriers to effective digital transformation by developing the necessary legal and regulatory framework and ensuring its implementation. The purpose of improving the regulatory framework is to introduce reforms aimed at protecting intellectual property, creating flexible mechanisms for piloting innovation through “regulatory sandboxes”, protecting and encouraging investment in innovation, supporting small and medium businesses, etc.

It is necessary to create a harmonized legislation and regulatory framework for the integration of EAEU member states and the implementation of digital transformation. It requires the involvement of various organizations, including public authorities, the private sector, research and educational institutions, the media, and the general public. It is important to have an experienced managerial and technical staff, constantly improving the necessary skills, as well as a consistent policy to develop the skills of the general public and raise public awareness of the expected economic and social dividends of digital development [9].

The successful implementation of digital technologies is only possible if, among other things, the technological compatibility of digital infrastructures, platforms and solutions necessary for an efficient, inclusive and secure digital economy is ensured.

The main directions for the creation of the EAEU digital space can be seen as: ensuring the strengthening of economic integration processes and international cooperation; creating a favorable environment for the implementation of regional digital initiatives; creating a common digital infrastructure and digital platforms; digitalization of the leading economic sectors of the economy and union markets. One should keep in mind the risks associated with ignoring the Digital Agenda.

These include the “brain drain” from the region, the growing influence of global players in the EAEU digital space, the loss of competitiveness of goods and services, and the threat to the region’s digital sovereignty.

To develop the Digital Space and implement the EAEU digital agenda until 2025, it is necessary to carry out the following work:

- First, it is necessary to form the institutional and legal basis for the Digital Agenda. Here it is important to provide for the distribution of responsibilities and powers between management bodies at the Union and national levels;
- Secondly, it is necessary to allocate sufficient financial resources for the implementation of the Digital Agenda, taking into account the long-term and complex nature of transformations;
- Third, there should be publicly available educational programs for the development of digital literacy, as well as special programs aimed at increasing the level of digital skills among the general public. A combination of these skills is necessary for the development of the digital economy;
- Finally, we should start with widespread broadband access, supporting the development and implementation of safe and reliable cross-border cross-sectoral digital platforms and digital solutions.

The EAEU is on the threshold of a historic evolution, in which digital technologies will have a fundamental impact on all sectors of the economy and the social sphere.

The stakes are high, and it is important not to miss the time. An integrated EAEU, which has achieved high rates of economic growth, global competitiveness and a high level of social welfare as a result of the digital transformation process, will be an indicator of success.

As you know, back on January 26, 2016 the Board of the Eurasian Economic Commission approved the decision to prepare in 2016 the Concept for the formation of a single digital space of the EAEU and the creation of a special working group. On March 17, 2016 the Board of the Eurasian Economic Commission adopted Decree No. 6 “On the creation of a working group to develop proposals for the formation of the digital space of the Eurasian Economic Union”. Immediately thereafter, a group of experts headed by the Minister began to hold field consultations in the member states of the Union, the main purpose of which was to discuss the specifics of possible digital transformations in the Union (as opposed to automation and informatization) and to prepare first proposals [10].

How does the process of digitalization take place in the EAEU member states?

Thus, the provision of state and public services and, in particular, e-services, is regulated by two key documents: the program of the Government of the Republic of Armenia for 2017-2022 and the e-Government strategy [11].

In order to ensure the digital transformation of the economies of the Eurasian Economic Union, the implementation of the Digital Agenda and the initiatives and projects under development within the Eurasian Economic Union play a significant role. Today, the challenges of digital transformation require uniting and joining efforts to implement modern and advanced digital solutions and technologies, such as tools for analyzing “big data”, “smart” risk management, machine learning, artificial intelligence, etc. In 2016 amendments and additions were made to the Civil Code of the Republic of Armenia [12], the Law of the Republic of Armenia “On the Use of Cash Registers”, the Law of the Republic of Armenia “On Trade and Services”, the Law of the Republic of Armenia “On Consumer Rights Protection”, which aimed to introduce and develop a framework for e-commerce in the Republic of Armenia. In particular, the Civil Code of the Republic of Armenia defines the security features of electronic communications, the provisions of electronic communication networks related to the offer and acceptance. These changes in the legislation of the Republic of Armenia have enshrined the possibility of concluding contracts by means of electronic signature, which has the same legal force as a contract concluded in written form. For example, the Law of the Republic of Armenia “On Trade and Services” provides requirements for the seller to ensure effective electronic communication with the consumer. The Law of the Republic of Armenia “On Protection of Consumer Rights” stipulates additional provisions regarding the return of goods purchased electronically, information provided by the seller to the consumer, as well as the protection of consumer rights. According to the Law of the Republic of Armenia “On the Use of Cash Registers”, cash register registration is not mandatory in cases of electronic commerce.

For several years, the Republic of Belarus has been consistently pursuing a policy aimed at ensuring a “digital breakthrough” - a radical transformation of the economy based on digital technologies. This is a national priority and one of the most important drivers of social and economic development of the state. A number of normative legal acts have been adopted that define the institutions and tools for the development of the information society, the procedure for implementing measures in the field of informatization, the provision of electronic public services through the nationwide automated information system, and ensuring the protection of information. Such normative legal acts include: Presidential Decree No. 515 of November 8, 2011 “On Some Issues of Information Society Development in the Republic of Belarus”. [13], the Council of Ministers of the Republic of Belarus on August 9, 2011 N° 1074 “On provision of electronic services and implementation of state functions in electronic form through national automated information system”, the Council of Ministers of the Republic of Belarus on February 10, 2012 N° 138 “On the basic electronic services” and several others. The President of the country has set an ambitious task to turn Belarus into an IT country, for the solution of which Decree No. 8 “On the development of the digital economy” was adopted in December 2017. The document reflects a profound understanding of modern trends in the development of IT business; unique conditions have been created for further development of the advanced IT industry in Belarus, the use of advanced technological solutions to fundamentally transform the traditional sectors of the economy. The adoption of the Decree allowed the Hi-Tech Park to increase software exports by 38 percent in 2018 compared to the previous year, amounting to 1.414 billion USD.

The objectives of the state program “Digital Kazakhstan” [14] are to accelerate the pace of development of the economy of the Republic of Kazakhstan and improve the quality of life through the use of digital technology in the medium term, as well as to create conditions for the transition of Kazakhstan’s economy to a fundamentally new development trajectory, ensuring the creation of a digital economy of the future in the long term.

Currently, during the full-scale implementation of the State Program “Digital Kazakhstan”, work continues in five main areas:

In terms of implementation of Smart Cities, unified approaches to the implementation of digital technologies (“benchmark standard” of the Smart City) have been developed. The requirements for the assessment of 5 priority areas, such as education, health, security, transport and housing and utilities are defined. Particular attention is paid to the social block.

The Decree of the President of the Russian Federation “On the Strategy of development of information society in the Russian Federation for 2017-2030”. [15] approved the Strategy of development of information society in the Russian Federation for 2017-2030. The aim of the Strategy is to create conditions for the formation of a knowledge society in the Russian Federation. The Strategy sets the development of trade and economic relations with strategic partners of the Russian Federation, including within the Eurasian Economic Union, as one of the national interests in the digital economy. In order to manage the development of the digital economy in Russia, the Digital Economy of the Russian Federation program was approved by Order No. 1632-r of the Government of the Russian Federation on July 28, 2017. Due to the fact that effective development of markets and industries in the digital economy is only possible with developed platforms, technologies, institutional and infrastructural environments, the program focused on the two lower levels of the digital economy (five basic directions for the development of the digital economy in the Russian Federation until 2024), defining development goals and objectives:

- key institutions that create the conditions for the development of the digital economy (regulatory regulation, human resources and education, and the formation of research competencies and technological groundwork);
- the main infrastructural elements of the digital economy (information infrastructure, information security).

The adopted program was aimed at ensuring the coordinated development of the digital economy in the EAEU and took into account the main directions for implementing the EAEU digital agenda until 2025, approved by the Decision of the Supreme Eurasian Economic Council “On the Main Directions for Implementing the Digital Agenda of the Eurasian Economic Union until 2025 [16].

In accordance with the Main areas of implementation of the Eurasian Economic Union’s digital agenda until 2025, a special project within the digital transformation of the management processes of integration processes is the expansion of the integrated information system of the EAEU, as well as the creation by the EAEU member states of the necessary services for business entities and citizens.

Thus, in the EAEU member states the processes of digitalization are taking place at different rates and at different levels. In our opinion, this is also reflected in the integration processes between the states. In this context, it is important to harmonize legislation and create conditions for the unification of legal documents in the areas concerned.

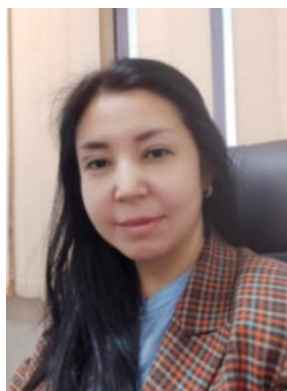
Based on the challenges of digital transformation, we need a legal transformation, i.e. unification of the entire system of public administration with regard to digitalization issues, and granting powers to the executive authorities to use innovative approaches and advanced pilot models in implementing the Concept of Digital Transformation “Digital Kyrgyzstan”. Flexible normative regulation should be introduced in such segments as e-commerce, data protection, etc.

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## **THE IMPACT OF ELECTRONIC GOVERNMENT SERVICES ON POLICY-MAKING PROCESSES IN THE KYRGYZ REPUBLIC**

### **Abstract**

The article discusses the importance of introducing information and communication technologies in public administration in modern Kyrgyzstan. It shows that the digitalization of the activities of public authorities and their interaction with society through electronic public services in the republic has passed through three stages: through the creation of institutional structures, the infrastructure of e-government and the transfer of state and municipal services in electronic format. Attention is drawn to the inconsistency of the policy of the country in the provision of electronic public services and Kyrgyzstan is still at the initial stage of development of the system of public electronic services, i.e. at the stage of two-way interactive interaction between the state and the population. The importance of political will to conduct a successive personnel policy in the field of digitalization of public services and the system of control over the implementation, adopted laws and programs is actualized.

**Key words:** public administration; public policy; information and communication technologies; digitalization; e-government; electronic public services; state websites.

The increasing role of information and communication technologies in the activities of public authorities is one of the main factors in the modern state of the XXI century, in the period of formation of legal and democratic countries. Their mass use and widespread dissemination leads to radical changes in all spheres of society: political, economic, social, cultural, etc.

The development and implementation of public policy of any state is based on the vital interests of society, the basic needs of the corresponding stage of development of this state. These basic interests are determined by the supreme bodies of state power together with political

parties, civil society, the business community, representatives of science and culture. The task of bringing state policy in line with the needs, demands and expectations of citizens is solved by their comprehensive study and analysis, and then making political decisions.

The introduction of information and communication technologies in government relations is reflected in the concept of e-government. E-government, in turn, is understood as the digitalization of the activities of public authorities and their interaction with society through information and communication technologies. The fundamental relationship between the government and society is the relationship arising from the provision of public services. The key importance of public services in the system of interaction between government and society is the fact that the population mainly applies to public authorities to receive various services. And the mentioned sphere is one of the main indicators of government-society relations and certainly creates the image of the state, including its legitimacy and effectiveness. The relevance of the topic of the article under consideration lies in the essence of the system of electronic public services, which means the process of transformation of internal and external interactions in the system of public administration through the introduction of information and communication technologies, to improve the quality of public services and ensure the constitutional rights of citizens.

Information communications influence the construction of the political agenda, the analysis and formation of alternatives to political decisions, improves control over the course of their implementation, creates cost-effective, convenient mechanisms of “feedback”, political participation of citizens and ensuring the openness of power. This article will consider whether the development of electronic public services affects the effectiveness of political power, mechanisms of political governance and feedback, openness of power.

The concept of “electronic public services” originates from the term “post-industrial society” widely used in sociology and political science, which is used to express the highest stage of evolution of modern Western society. D. Bell, an American sociologist and publicist noted that post-industrial society, is a society where priority has shifted from the predominant production of goods to the production of services, organization of the educational system, research, improving the quality of life, a society in which technical specialists have become the main professional group, in which the implementation of innovations has become dependent on the achievements of theoretical knowledge.

Post-industrial society implies the formation of a new class, whose representatives at the political level act as experts or technocrats” [1]. He drew attention to the fact that changes in the American political and economic systems were dictated by the large-scale transformation of machine technology into intelligent technology. This process leads to the fact that in the economy the service sector comes to the fore.

The creation and provision of public electronic services in the Kyrgyz Republic (hereinafter the KR), as in many countries around the world, has become one of the main objectives of improving public administration in the context of digitalization of society. The creation of e-government in the republic was carried out to eliminate corruption factors in the system of public administration and conditions for unhindered, timely receipt by citizens of quality services, as well as the required information for this purpose.

In 1991-2010 the state policy regarding reforming the system of providing public services was declarative and fragmentary. Real steps to reform the system of public and municipal services began only after 2010 [2]. Reforming the system of providing public and municipal services by the government of the Kyrgyz Republic began in 2011 and is aimed at creating a new quality of relations between the government and society [3]. In these years came the understanding that the inefficient system of public services hindered the economic and social development of the country and was a fertile ground for the spread of corruption and the growth of public protests the government.

Reform of the system of public services in the Kyrgyz Republic took place in 3 stages. At the first stage in 2011-2012 an inventory and sorting of services in ministries and agencies based on the existing list was carried out. It was at this stage the initial regulatory framework, the Unified Register of public services, which systematized 385 services, instead of 20,000 public services, which included a list of daily functions of public authorities, were formed.

At the second stage in 2013-2015 standards and administrative regulations of public services were developed, which is a systematic set of requirements for a public service. Administrative regulations for public services were also approved and the Information and Communication Technology Council under the Government of the Kyrgyz Republic was formed, which was to coordinate the activities of government agencies in the implementation of e-government. In this case, preparation and holding meetings of the Council, solving current issues of the Council's activity is carried out by the e-government Center of the Government of the Kyrgyz Republic.

The key importance at this stage of public services reform was the creation of a mechanism for the development and preparation of government decisions through the formation of the Government-level Interagency Commission for the Reform of Public and Municipal Services, with the Ministry of Economy of the Kyrgyz Republic serving as the coordinating body. As a result of the work of this commission 386 public services were recommended for inclusion in the Unified Register of public services. Additionally, departmental working commissions were created at the level of state bodies. The focus of the work of noted commissions was the formation of the institutional and legal framework of the system of public and municipal services.

The third stage from 2016-up to the present day is aimed at transferring a number of state and municipal services into digital format through ICT. At this stage, the main policy documents, and regulations on the digitalization of public services were adopted. The government of the republic took over the state regulation of e-governance, the Council for e-governance and ICT development was created, an interagency commission was created to ensure the coordination of projects for the transition to e-governance in the state bodies. The authorized state body for digitalization of public services and e-government in the form of the Ministry of Digital Development of the Kyrgyz Republic was formed, which provides organizational, technical, information and analytical support for the transition to e-government in the republic. Also, the law establishes that all government agencies may independently determine the procedure for e-governance in their activities. However, it should be noted that the Council is the supreme body to coordinate the activities of state bodies for the transition to electronic governance. The Council must annually publish a report on the implementation of plans and programs for the transition to e-government. Since 2021, the Unified Portal of Public Services and the system of electronic interaction "Tunduk" began to function.

The State portal of electronic services of the Kyrgyz Republic currently provides 127 electronic services, Most of the services are informative in nature, for example how to find out the status of execution or non-execution of any service, and public services themselves are provided in small numbers and at the stage of filing applications or requests, or related to clarification of information in the question-answer format [4].

Currently, the system of providing public services in electronic form in the Kyrgyz Republic is at the initial stage of its formation and development, i.e. at the stage of two-way interactive interaction.

By 2022 in Kyrgyzstan, according to the Unified register (list) 387 public services are provided, of which 238 are paid, 149 are free, including 96 types in education (of which only 4 are provided in electronic form), 56 in health care (of which 8 are provided in electronic form) [5].

In accordance with the Standards of public services [6], 201 are partially provided in electronic form.



*Table 1: Electronic government services in Kyrgyzstan by 2022.*

Nº	Name of electronic public services	Quantity
1	Receipt in full	20
2	at the stage of filing an application (inquiry)	90
3	in question-answer format on the web-site	48
4	provision of access to different information	33
5	at the stage of sending results	4
6	notification about the readiness of the results	4
7	online receipt	2
Total		201

As can be seen from the above, mainly public services are provided in electronic form at the stage of applications/requests - 90, followed by services related to clarification of information in question-answer format - 48, then services related to access to various resources of state bodies - 33, and electronic services provided in full - 20 and are mostly informative in nature.

At the stage of sending the results and informing about the readiness of the results 4 electronic services and receiving online public services only 2.

According to the Decree of the President of the Kyrgyz Republic “On urgent measures to enhance the implementation of digital technologies in public administration of the Kyrgyz Republic”. [7] of December 17, 2020, the government was instructed to ensure the transfer of information via “Tunduk” SEIS between public authorities on a free-of-charge basis, including information on state and municipal services, as well as to eliminate the demand from citizens for various information and certificates, which can be obtained through SEIS “Tunduk” from January 1, 2021.

As of September 2021, in Kyrgyzstan, there are 23 Population Service Centers (hereinafter - PSCs) [8], of which 5 operate in Bishkek. The main idea of creating the Population Service Centers in Kyrgyzstan was to provide convenience for the population in obtaining quality public services. CSCs should provide citizens with public services on a “one-stop-shop” principle, the elimination of paperwork, bureaucracy and corruption, and other administrative barriers. However, the CSCs of the republic initially began to function under the State Registration Service, in this connection, they provide services of passport registration, registration of the population, vehicles, civil registration, and obtaining various information and reference materials [9]. However, one can hear a lot of dissatisfaction in society regarding the constant queues and poor quality of services. Authorities explain this by the fact that the population habitually goes to large and well-known CSCs in Bishkek, even though the localities have their CSCs, which creates large queues, which accordingly affects the quality of services [10].

The provision of state information in Kyrgyzstan using electronic technologies can be grouped into the following groups:

1. Single portal of public discussion of the draft normative legal acts of the Kyrgyz Republic <http://koomtalkuu.gov.kg> As of January 2022, the total number of draft normative acts posted on the portal was 610. A total of 12 proposals have been registered on the site.
2. Electronic consultations are when citizens can express their opinions and positions regarding various public problems, including through social networks. and representatives of the authorities provide access to the opinions and positions of citizens. For example, an automated mechanism of feedback from the state controlling bodies. Obtaining from entrepreneurs an objective and prompt assessment of the activities of state regulatory authorities, for example in the tax service.
3. Pre-election campaigns. Information and communication technologies are used in election campaigns, including the exchange of voters’ opinions, discussion of parties’ election programs, and candidates’ online debates.

4. Conducting surveys of public opinion on topical areas of activities of government agencies using info communications. The National Statistical Committee of the Kyrgyz Republic began to conduct an annual assessment of the activities of public authorities through a survey of the population of Kyrgyzstan. All these technologies promote the political participation of citizens and the feedback of authorities to them.
5. System of interdepartmental electronic interaction “Tunduk” [www.tunduk.gov.kg](http://www.tunduk.gov.kg). According to the site, as of January 1, 2022, 148 government agencies and commercial organizations exchange data in the system [11]. A total of 67.8 million data exchanges between government agencies and 103.3 million data exchanges between the state and commercial organizations in electronic form [12].
6. Website of the National Statistical Committee of the Kyrgyz Republic ([www.stat.kg](http://www.stat.kg)). This portal publishes open statistical data on almost all areas of state activity.
7. Centralized data bank of legal information of the Kyrgyz Republic on the website of the Ministry of Justice of the Kyrgyz Republic <http://cbd.minjust.gov.kg>. On this site, users have access to normative legal acts of the Kyrgyz Republic.
8. Open Data Site <https://data.gov.kg> On the site, 15 government agencies publish their data in 12 categories, such as public administration-72 arrays, economy-132, education-71, healthcare-70, state budget-53, industry-43, elections-37, transport-11, investments-7, culture-2, tourism-2, safe city-1.

However, despite the impressive number of participants connected to the system of electronic interaction “Tunduk”, the openness of the websites of the National Statistics Committee of the Kyrgyz Republic, the Ministry of Justice of the Kyrgyz Republic, as well as the state site of open data the number of public services provided in electronic format is small. This indicates the declarative nature of the connection of government agencies to the system of electronic interaction “Tunduk”. Government agencies often do not express a desire to share their information databases, as such data is provided to citizens on a paid basis, which ensures the sustainable functioning of government agencies that provide paid public services. Interdepartmental interaction takes place through the provision of various information and data by ministries and departments.

Thus, the system of providing electronic public services in the republic has certain results, through the creation of institutional structures and infrastructure of e-government. Kyrgyzstan is at the initial stage of development of the system of public electronic services, that is, at the stage of two-way interactive interaction between the state and the population, in which citizens are allowed to request some information, to contact employees of government agencies by e-mail, the opportunity to participate in discussions online, to leave comments.

Advances in the provision of electronic public services are accompanied by contradictions such as ineffective human resources policy; lack of competent professional staff in key government agencies for the digitalization of public services, lack of awareness and incentives for the public to use electronic public services, low digital literacy of the population, weak infrastructure.

Relevant remains the need to build an effective system of management of the processes of digitalization of public services through the introduction of a system of control over the implementation of laws and programs and ensuring customer focus by identifying the interests of consumers of public services, based on which to further design the necessary transformations of public services (improving the regulatory framework, optimization of administrative procedures, automation, and informatization of processes) and the need

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## PROBLEMS OF DIGITALIZATION IN LOCAL GOVERNMENT BODIES

### Annotation

In this article, the author considers the problems that arise during the transition to digitalization in local governments. The author noted that today, despite some successes in digitalization, for example, in the field of the electoral system, the interaction of state bodies, where certain services have been digitized, there are also problems. Such as: insufficient technological equipment; low level of modern digital competencies and professional qualifications of state and municipal employees; the problem of inequality of citizens' access to digital technologies and services; far from all local governments are equipped with modern computers in the field.

To solve the problems, it is proposed to: increase the level of digital competencies and professional qualifications of municipal employees, develop, and conduct widespread training in these competencies, especially at the regional level; to introduce the positions of a software specialist into the staff list of the "aiyl-okmotu" ; development of electronic services and portals for the smooth and timely receipt of high-quality municipal services by citizens using modern information technologies.

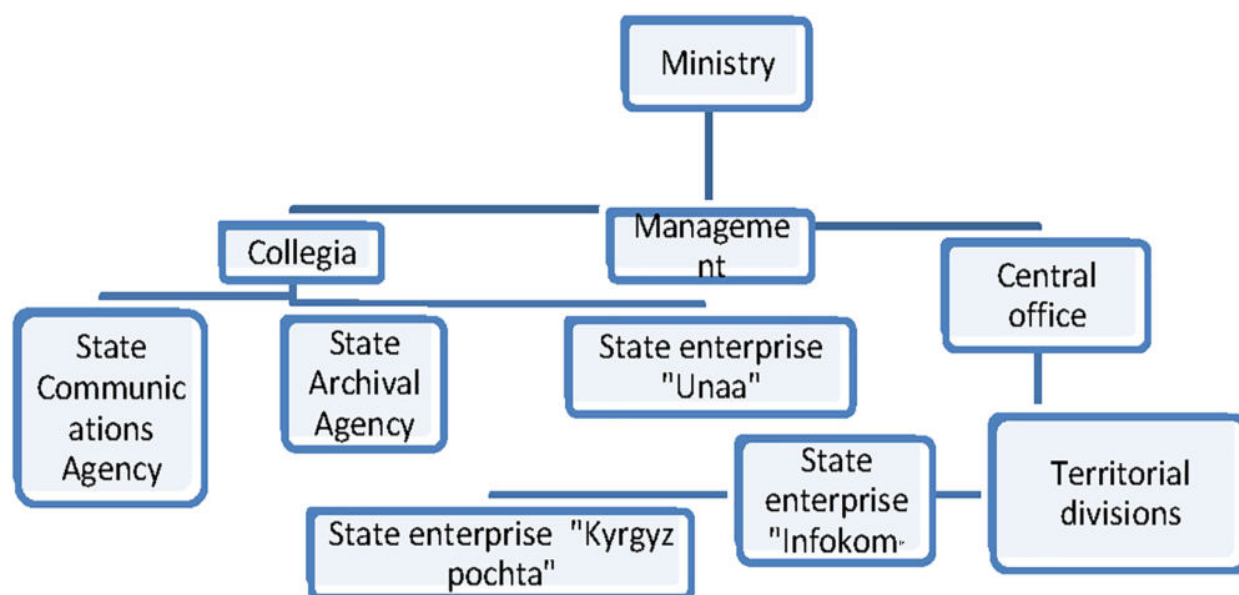
**Keywords:** Information technology; digitalization; government agencies; local governments; services; Internet; Ministry of Digital Development; "aiyl-aimak"; mayor's office; problems.

In recent years, there has been an intensification on the part of the state to introduce and implement the Digital Transformation Concept Digital Kyrgyzstan 2019-2023, approved by the Security Council of the Kyrgyz Republic dated December 14, 2018 No. 2. The strategic goals of the Concept are in line with the National Development Strategy of the Kyrgyz Republic for 2018-2040.

Digitalization is the process of transition to new models of management processes, which is based on information technology. Modern digitalization will contribute to the creation of a platform for interaction between the state, business, and citizens. There will be an opportunity for the widespread implementation of "smart" solutions, whether it be "smart cities," "smart farms," "smart factories" or "smart transport." [3]

The state body whose purpose and tasks are the implementation of state policy in the field of digitalization and e-government, state and municipal electronic services, identification systems, population registration, electrical and postal communications, acts of civil status, cybersecurity, archives is the Ministry of Digital Development of the Kyrgyz Republic. This ministry was established by Decree of the President of the Kyrgyz Republic "On the Cabinet of Ministers of the Kyrgyz Republic" dated May 5, 2021 No. 114 because of the merger of the State Registration Service under the Ministry of Justice of the Kyrgyz Republic and the State Digital Development Service under the Government of the Kyrgyz Republic. The purpose of the association is the implementation of digital transformation. Next, consider the structure of the Ministry of Digital Development.

*Scheme 1. Structure of the Ministry of Digital Development of the Kyrgyz Republic*



As you know, the above structure is new, the current one, before that there were reorganizations for one reason or another. Our state needs not only a regulator and not only in the field of telecom operators, but also a regulator in the field of information systems, which establishes not only rules, but also regulates all these processes. Because without it, many types of state activities are no longer possible.

Decree of the Cabinet of Ministers of the Kyrgyz Republic dated January 12, 2022 No. 2-r was adopted, to implement the National Development Program of the Kyrgyz Republic until 2026, approved by Decree of the President of the Kyrgyz Republic dated October 12, 2021, No. 435, Decree of the President of the Kyrgyz Republic "On urgent measures to enhance the introduction of digital technologies in State Administration of the Kyrgyz Republic" dated December 17, 2020 No. 64. [4]

The right to access to information is a constitutionally enshrined right in the Kyrgyz Republic, it is regulated by:

- Art. 33 of the Constitution of the Kyrgyz Republic of April 11, 2021;
- Article 19 of the International Covenant on Civil and Political Rights (ICCPR) of December 16, 1966. Art. 19 of the International Covenant on Civil and Political Rights states that "everyone has the right to freedom of expression", this right includes freedom to seek, receive and impart information and ideas of all kinds, regardless of frontiers, orally, in writing or through print or artistic form of expression, or by any other means of one's choice"; [5]
- Law of the Kyrgyz Republic "On Guarantees and Freedom of Access to Information" dated December 6, 1997;
- The Law of the Kyrgyz Republic "On access to information held by state bodies and LSG bodies of the KR" dated December 28, 2006.

According to the speech of the Deputy Head of the Cabinet of Ministers Aziz Aaliev, the KR noted that the aylokmotu will provide citizens with documentation services, as well as work to eliminate the requirement of several types of certificates, everything should be in electronic format. [7]

According to Zalkar Karybekov, Deputy Director of the Department of Population Registration and Civil Status under the Ministry of Digital Development of the Kyrgyz Republic, soon in 156 ayil-okmotus selected according to the criteria of remoteness, located more than 35 kilometers from regional centers, they will be delegated the provision of public services for population registration and civil status. [9]

Currently, the authorities have set a goal - to introduce electronic management. Tasks of local governments:

- modernization of the information structure;
- development of electronic services and portals for timely receipt of municipal services by citizens;
- improvement of electronic document management;
- ensuring information security;
- elimination of corruption phenomena.

Local governments are also developing a draft local budget with the inclusion of digitalization costs in it and approves a unified digitalization policy. As part of the implementation of digitalization, local governments interact with state bodies: state district administrations, the State Committee for Information Technologies, and Communications of the Kyrgyz Republic.

To date, since 2018, our country has achieved some success in digitalization through the unified Tunduk system. For example, in the field of the electoral system, the interaction of state bodies, where certain services have been digitized. The procedure for requesting information and / or documents that are under their control from legal entities and individuals in paper form has been abolished by state bodies and local governments. The exchange of such data is carried out through the system of interdepartmental electronic interaction “Tunduk”. In 452 aiylaimaks, the digital platform “Sanaripaimak” operates, the main purpose of which is to increase the efficiency of the work of local governments and the automated provision of public services. “SanaripAimak” is designed to automate the process of creating a household book, improve the efficiency of local governments and automate the work of specialists in the provision of state and municipal services, where electronic data is exchanged between state bodies and LSG bodies.

The information system for human resource management “E-kyzmat”, an electronic document management system was introduced, and the process of leasing agricultural land was automated.

Public and municipal services are provided to the population in the format of a “single window”. Let us list the state bodies and local governments of the Kyrgyz Republic that have switched to electronic document management (Table 1):

*Table 1.*

**State bodies and local self-government bodies of the Kyrgyz Republic that have switched to electronic document management [8].**

№	Name	Quantity
1.	Statebodies	37
2.	Plenipotentiary Representatives of the President of the Kyrgyz Republic in the regions	7
3.	Districtstateadministrations	40
4.	CityHall	32
5.	Aiyl-okmotu	452
6.	City keneshes	21
7.	Municipal and state enterprises	52

Table 1.shows that almost all state bodies and local governments have introduced electronic document management.

But, despite the achieved certain achievements, there are unresolved issues. According to the Decree of the President of the Kyrgyz Republic dated December 17, 2020, UE No. 64 “On urgent

measures to enhance the introduction of digital technologies in the public administration of the Kyrgyz Republic of electronic services”, one of the paragraphs noted to consider and submit to the Jogorku Kenesh the draft Digital Code as a single document, considering inventory of normative legal acts. But the Digital Code has not yet been adopted. If such a document is adopted, it will directly streamline and activate the process of implementing digitalization in our country.

Problems that arose during the transition to the digitalization of local governments:

- insufficient technological equipment and equipment;
- low level of modern digital competencies and professional qualifications of state and municipal employees;

- the problem of inequality of citizens' access to digital technologies and services. With the digitalization of public administration, the problem of inequality of access between different social groups is becoming increasingly acute, since there are still settlements in remote and hard-to-reach mountainous regions of the republic, there are problems associated with the lack of stable and high-speed Internet traffic;

- far from all local self-government bodies are equipped with modern computers in the field;

- employees of aiyl-okmotu apparatuses do not all have computer literacy at the level of an experienced user. The personnel issue is acute, due to staff turnover, most aiyl-okmotu offices employ elderly employees who either want to work until retirement, or young specialists without significant work experience;

- there is an insufficient level of digital literacy among the population;

- the process of digitalization slows down the frequent change of government members responsible for digitalization;

- lack of a platform on the implementation progress and results of digitalization in the republic;

- another of the most important problems is data security. With the development of information technologies comes the development of threats - hacking and theft of data, alteration, and falsification of information, which can incur great losses for local governments.

To solve the problem, you need:

- overcome the digital divide between different social groups;

- increase the level of digital competencies and professional qualifications of civil servants.

A modern civil servant should have more extensive competencies and skills since the process of digitalization affects all structures of state bodies. It is necessary to develop and conduct widespread training in these competencies, especially at the regional level;

- to introduce the positions of a software specialist into the staff list of the aiyl-okmotu;

- development of electronic services and portals for the unhindered and timely receipt by citizens of high-quality municipal services using modern information technologies. The most important thing is to provide universal broadband Internet access throughout the Kyrgyz Republic.

The Kyrgyz Republic should take its rightful place thanks to technology and innovation. This is the provision of quality services to the population, increasing transparency, efficiency, accountability, and the fight against corruption, increasing the level of involvement of citizens in the processes of municipal decision-making.

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## THE USE OF DIGITAL TECHNOLOGIES AND MECHANISMS IN ASSESSING THE ACTIVITIES OF PUBLIC CIVIL SERVANTS

### Abstract

The article discusses modern digital approaches to the assessment of the activities of state civil servants of the Kyrgyz Republic. World practice shows that within the framework of public administration, an important aspect of improving efficiency in the activities of servants is the functioning of an objective and comprehensive system for assessing professional activity, that reflects the quality of employees' performance of their official duties, as well as the degree of achievement of goals, in other words, performance indicators. Indicators depend on the level of professional readiness of the employee, his interest in the high-quality performance of his official duties, human resources and the effective use of professional skills and knowledge.

It is possible to evaluate the professional activities of employees qualitatively and quickly by introducing new approaches and digital mechanisms. The improvement of the evaluation system through the use of effective digital mechanisms will allow to objectively assessing the importance of the effectiveness of the activities of each servant, improving the level of professionalism, skill, and qualifications.

**Keywords:** public administration; public civil service; public civil servant; institute of public service; personnel potential; career planning; professional activity; performance indicators; performance evaluation system; digital approaches in public administration; digital evaluation mechanism; performance efficiency.

The state policy on the development of the institution of public service in modern conditions requires a special approach and the introduction of modern effective mechanisms, since this institution is the key lever of the preferential evolution and intensification of the state.

The development and implementation of optimal mechanisms with the use of digital technologies to carry out an objective assessment of the activities of a public civil servant, improving

his professionalism and qualifications is an urgent task today not only of the state administration of the Kyrgyz Republic, but also of many other countries of the world. After all, this significant activity is directly aimed at protecting the rights, freedoms and interests of citizens of a particular legal state.

The creation of a holistic and unified system for evaluating the effectiveness of civil servants will become a springboard for selecting the best candidates for the authorities who can become a driving force in the development of the country, will contribute to the development and disclosure of the abilities and talents of civil servants to achieve success in areas important for the realization of the goals of the government and the state. The evaluation of the effectiveness of the work of civil servants also identifies and eliminates the weaknesses of their activities, which ultimately makes it possible to improve the efficiency of the authorities. Taking into account the above arguments in favor of introducing an assessment of the effectiveness of professional and official activities of civil servants, state bodies should use special methods for assessing the professional activities of civil servants, taking into account the specifics of their activities and goals [13].

And so, the assessment of the activities of state civil servants of the Kyrgyz Republic is a whole system aimed at the development of public administration as a whole, achieving performance in activities, career planning, increasing the personnel potential of employees, professionalism, skill, personal and business qualities, including appropriate qualifications of personnel, motivation and stimulation of employees, prevention of corruption, as well improvement of the institute of state civil service.

The integrated orientation in the process of evaluating the effectiveness of the activities of civil servants is more based on the principle of “sustainability of criteria”, which, in turn, come out of the tasks of the state body and its personnel service [6].

The Kyrgyz Republic has been pursuing an active policy of reforming the State civil service in recent years. All these actions, of course, are aimed at improving the institution of public service. However, it should be noted that not all reforms were effective.

Today, it is very problematic to keep a state civil servant in service in a particular industry on the basis of only a high or sufficient salary to maintain the standard of living. The times and conditions are not the same ... If a person is intelligent, he constantly needs to grow.

For five years, a new perspectival system for evaluating the activities of state civil servants of the Kyrgyz Republic has been functioning, the mechanism of which allowed quarterly evaluation of the work and experience of employees.

Evaluation of employees' activities (hereinafter referred to as evaluation) is carried out in order to improve the quality, effectiveness and efficiency of the work of a state body, a local government body by stimulating employees to achieve high results in professional activities [1].

The current mechanism for evaluating the activities of State civil servants of the Kyrgyz Republic is not sufficiently perfect. In October 2021, a new Law of the Kyrgyz Republic on State Civil Service and Municipal Service was adopted, which also defines the procedure for evaluating the activities of state civil servants. A state civil servant and a municipal employee are subject to certification no more than once every two years to determine their compliance with their position, the level of their professional training, and career prospects. The procedure, conditions and other issues of certification of state civil servants and municipal employees are determined by the President. Certification of employees is carried out in order to determine the conformity of the position, the level of professional training and career prospects [1]. Thus, the current system of evaluating the activities of employees, which has been functioning since 2017, has been replaced by another, more precisely, the old system, which has been implemented since the adoption of the first civil service legislation in the country and was more formal than effective. Therefore, it is assumed that after some time, practice will rather show the irrelevance of the system returned with some modifications.

In accordance with the regulation on the procedure for certification of state civil servants and municipal employees of the Kyrgyz Republic, approved by the decree of the President of the Kyrgyz Republic, certification is a form of identifying professional knowledge and skills of an employee,

stimulating his professional development, determining the effectiveness of his activities and includes the following components:

- assessment of the direct supervisor (from 0 to 10 points);
- computer testing (from 0 to 10 points);
- interview (from 0 to 10 points).

Each of the components indicated in this paragraph is evaluated on a 10-point scale (inclusive). The maximum score that can be obtained based on the results of the certification is 30 points.

1. The forms of the assessment forms of the immediate supervisor and the interview are approved by the head of the state body and local self-government body.
2. According to the results of the attestation, the employee is given one of the following assessments:
  - corresponds to the position held, it is recommended for promotion;
  - corresponds to the position held;
  - does not correspond to the position [1-2]. As can be seen from the presented, the evaluation system requires more practical improvement. The first thing that needs to be done is to digitize the mechanism for evaluating a public civil servant by a direct supervisor, since this assessment, for various reasons and factors, may not always be carried out objectively. The immediate supervisor gives the employee an assessment according to the following indicators:
    - completeness and quality of work;
    - organizational skills;
    - responsibility and diligence;
    - politeness and tact (ethics);
    - hard work;
    - the ability to independently and promptly make informed decisions;
    - initiative/creativity;
    - ability to negotiate, communication skills;
    - the ability to manage personnel (for senior staff);
    - self-criticism, the ability to see their mistakes and admit them [6].

So, today there is a need to introduce an effective mechanism that should be systematically and constantly aimed at the point development and promotion of an employee, at planning his career growth, at achieving efficiency and productive results in activities.

Global digitalization makes it possible to widely apply effective mechanisms in various sectors of development at the state, local and private levels. Digital technologies are a clear indicator of the maximum reduction in the level of corruption.

The introduction of digital technologies can be considered as a tool for improving established practices and procedures for managing results, including solving previously identified problems [21].

The use of rapidly developing digital technologies and mechanisms in assessing the professional activities of public civil servants can also affect the qualitative improvement of the current system for evaluating their activities and not only that.

The introduction of digital technologies also makes it possible to solve the problem of excessive complexity of performance systems that require taking into account the opinions of all interested parties and maintaining a balance of interests. If in the pre-digital era, the degree of taking into account the position of stakeholders who are not public authorities largely depended on the public authority, then with the advent of new technologies, the degree of involvement of citizens and their influence on decisions made increases significantly, while the possibility of formalism when taking into account their position, on the contrary, decreases. In addition, the use of some sources of "big data" in principle does not require additional efforts from stakeholders to form their position. Taking into account the possibility of automating monitoring and evaluation procedures, the limitation on the number of indicators on the basis of which a particular task can be evaluated is less important than before; on the contrary, the involvement of data from various, including unstructured, sources is welcome for evaluation [70-71].

It should be noted that the newly introduced certification system has one effective digital mechanism in order to evaluate the professional activities of public civil servants. This is the passage, subject to certification by employees, of computer testing for knowledge of legislation (general and subject) and for identifying professionally significant personal qualities of an employee (logical test) [6].

Further, in order to objectively assess the business and personal qualities of the attested person, the attestation commission conducts an interview with him.

The regulation on the certification of a state civil servant stipulates that the discussion of the professional and personal qualities of the person being certified, in relation to his official duties and powers, should be objective [8]. However, the question arises, how to identify the objectivity of the discussions? As such, the mechanism is not set out in the regulation, so it is proposed to create a digital mechanism for these actions.

As international and domestic practice already shows, the use of digital technologies in all spheres of public policy leads to a real improvement in the situation in a particular area, the prompt resolution of significant issues and tasks assigned to the state.

The State civil service carries with it the main tasks of the state for the development, promotion and competition in the world space among countries that thrive safely from day to day. Any state in its development path, of course, strives to show regular effective results and achievements. In this regard, the assessment of the activities of state civil servants, who are capital levers for the effective promotion of the institution of state civil service, should be carried out at the proper level, objectively, transparently and in good faith with the use of the latest information and communication technologies that are available for use in production in modern conditions.

Many foreign countries have succeeded in using digital technologies for the successful development of public administration policy within the framework of the development of the institute of public civil service, including the improvement of digital methods of evaluating the activities of public civil servants.

Based on our scientific research over the past five years, various recommendations and solutions have been proposed and proposed to improve, improve and implement an effective system for evaluating the activities of public civil servants, which is an urgent issue of today's realities of public administration. Of course, the development and application of digital technologies and mechanisms for evaluating the activities of public civil servants also remains an important component of development, subject to regular study.

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## INTRODUCTION OF E-GOVERNANCE IN THE KYRGYZ REPUBLIC

### Abstract

This article is aimed at the introduction of e-governance in Kyrgyzstan. In the last two decades, the problems of improving the efficiency and quality of management have been the most important area of research, the results of which determine the principles for reforming public administration institutions.

Introduction of e-governance. In order to implement the National Development Program of the Kyrgyz Republic until 2026, approved by Decree of the President of the Kyrgyz Republic dated October 12, 2021 No. 435, Decrees of the President of the Kyrgyz Republic „On urgent measures to enhance the introduction of digital technologies in the public administration of the Kyrgyz Republic“ dated December 17, 2020 No. 64, „On further measures to improve the availability and quality of the provision of state and municipal services to the population“ dated February 8, 2021 No. 27, „On urgent measures to develop the healthcare sector and improve the quality of life and health of the population in the Kyrgyz Republic“ dated February 8, 2021 No. 23, „On measures for the development of the agro-industrial complex of the Kyrgyz Republic“ dated February 8, 2021 No. 25, in accordance with Article 6 of the Law of the Kyrgyz Republic „On Electronic Governance“, Articles 13, 17 of the constitutional Law of the Kyrgyz Republic „On the Cabinet of Ministers of the Kyrgyz Republic“.

The interdepartmental system of electronic interaction „Tunduk“ is an information system that allows state and municipal bodies, as well as legal entities, citizens and organizations to exchange information necessary for the provision of state and municipal services in electronic form.

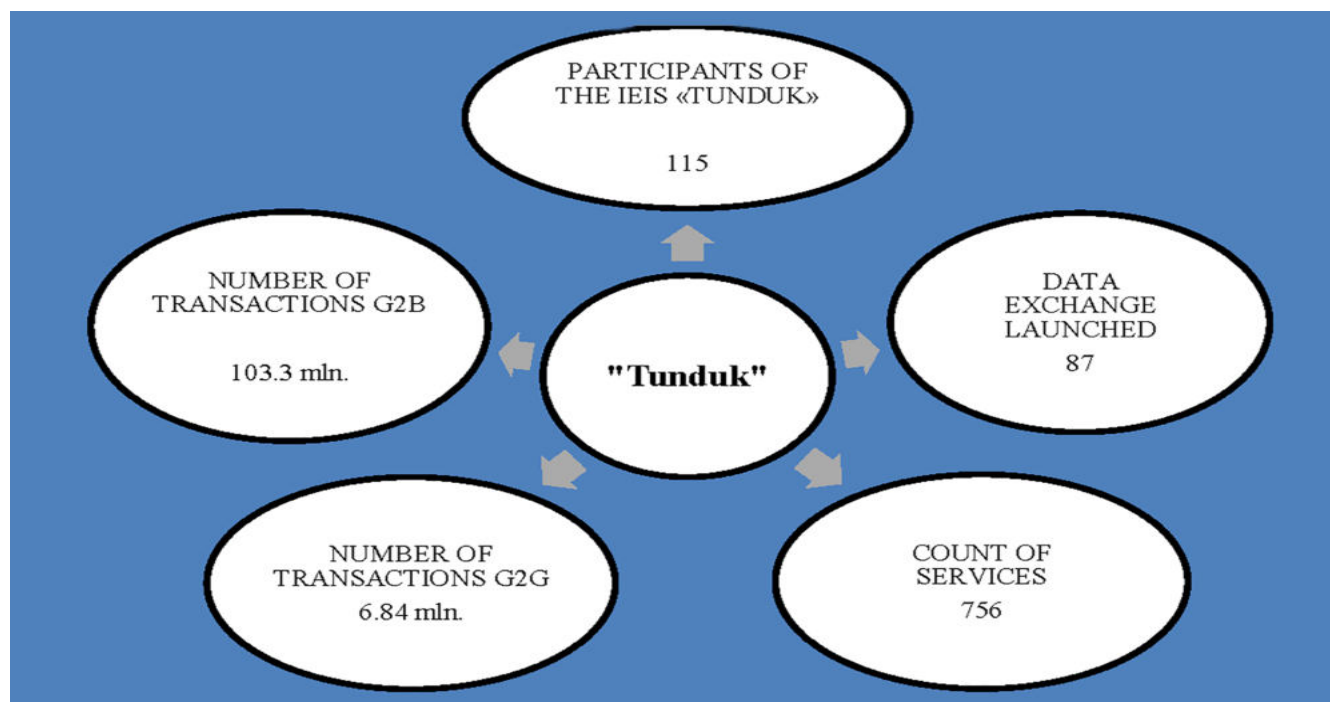
At present time, the scientific justification and development of approaches to the digital transformation of public administration institutions are based on a change in the fundamental understanding of the essence of the state.

**Key words:** Parliament; Apparatus; activity; geopolitical; electronic; economic; municipal; digitalization, electronic and digital government, quality of governance, risks and barriers to the development.

The Kyrgyz Republic gives great importance to the introduction of information technologies in order to improve the efficiency of public administration, as well as to reduce the human factor and the corruption component in the state bodies of the country.

One of the main results of digitalization of public administration should be a significant improvement in the conditions for ordinary citizens and entrepreneurs to receive state and municipal services. Electronic interaction between citizens and the state significantly saves money and time for citizens and reduces the cost of maintaining the state bodies. The introduction of digital technologies contributes to the transparency of interaction between business and citizens with officials and serves as a tool to increase public confidence in the state. [1]

The Electronic interoperability system „Tunduk“ is designed to ensure the safe exchange of data between state bodies, local self-government bodies and commercial organizations. The goal of the „Tunduk“ project is to increase the efficiency of management in public authorities, significantly reduce corruption and reduce bureaucratic barriers for citizens and entrepreneurs by automating and ensuring reliable data, high-quality and prompt receipt of public services. The project has been implemented in full-scale mode since 2018 and has been successfully implemented to date. The “Tunduk” system is designed to improve the efficiency of interaction between state authorities, ensure traceability of goods and services, as well as reduce bureaucratic barriers for citizens and entrepreneurs and reduce corruption through automated data exchange between state and municipal authorities directly, without the need to request information from citizens.



*Picture 1. The state agency “Tunduk”*

**Principles of functioning of the “Tunduk” platform:**

- transparency: when passing information through the “Tunduk” system, the authenticity, reliability and integrity of data use is ensured;
- availability of information for the participants of the “Tunduk” system means that data exchange is possible through the interaction of information systems at any time without the need for human intervention;

- privacy is achieved through data encryption and two-level authorization. The Tunduk system is protected from temporary interruptions and cyber-attacks;
- technological neutrality (platform independence): The information systems of the participants of the “Tunduk” system are adapted to the general rules of data exchange without the need to rewrite information systems for one specific system. The “Tunduk” platform does not depend on the type of software, i.e. it does not matter what software is used in the state body, the “Tunduk” system can adapt to any database;
- versatility: participants of the “Tunduk” system have the opportunity to request access to any services provided through “Tunduk”. [1]

### **Stages of implementation of the “Tunduk” system»**

The software on which the Tunduk system operates was transferred to the Kyrgyz Republic by Estonia in 2016. In the pilot, i.e. experimental, mode, the system began to work between some departments on the basis of the order of the Government of the Kyrgyz Republic dated October 14, 2016 No. 436-R.

In April 2018, for a full-scale launch of the system, the State Enterprise “Tunduk” was created. Currently, all state bodies are connected to the system “Tunduk”.

If in 2018, the annual data exchange between state agencies amounted to 363 thousand transactions, and between state agencies and commercial organizations there was no transfer of information at all, then by October 2020, the data exchange between state agencies reached 40.0 million, and between state and commercial organizations – 53.3 million transactions.

### **International experience**

Currently, the Estonian information system “X-road”, on the basis of which the system “Tunduk” works, is being developed in 20 other countries. according to experts, the electronic interoperability system in Estonia can save up to 1 billion euros and 800 years of working time annually.

In 2019 in Estonia:

- more than 1,000 commercial organizations and 487 government agencies were connected to the X-road system;
- there were 2,600 information services;
- In 2019, there were almost 1 billion data exchanges;
- 99% of public services were provided in an online format;
- 52,000 organizations indirectly use X-Road databases»;
- 99% of citizens have ID cards;
- 70% use the Internet regularly.

### **Catalog of interdepartmental interaction solutions.**

In the system, you can view:

- list of participants of EIS “Tunduk”;
- security servers connected to EIS “Tunduk”;
- subsystems in EIS “Tunduk”;
- services that participants can exchange via the EIS “Tunduk”;

**State Portal of Electronic Services.** In order to improve the quality of public services provided to citizens in electronic format, the state enterprise “Tunduk” in 2020 began to modernize.

This information system provides the provision of state and municipal services in electronic form. Even today, much can be obtained with the help of the state portal of electronic services. Citizens are already interested in the following services:

- obtaining a certificate of real estate



- applying for a criminal record certificate on the territory of the Kyrgyz Republic (free of charge)
- information about marriage
- provision of information from the address and reference bureau
- information about the availability of agricultural livestock
- information about pension savings (accumulative pension fund)
- checking the presence/absence of tax arrears
- information about the vehicle (+availability of fines)
- information on payment of transport tax
- information on the accruals of insurance premiums of the insured person (information on wages)
- applying for benefits “balaga suyunchu»
- obtaining other certificates and documents from 19 state agencies under the “Tunduk” system.

The system is actively developing and improving on a daily basis. It integrates new databases and information systems. To enter the portal of electronic services, you must have a cloud-based electronic signature, which is issued free of charge in public service centers, or using a biometric passport-an ID card of 2017 (in this case, you must have a card reader and remember your ID card password). In addition, in the personal account of a citizen on the portal, a service is implemented, using which citizens have the opportunity to control the transfer of their personal data, a citizen can find out which state agency and to whom his personal data was transferred. [2, c.61]

**Mobile application „Tunduk” of the State Portal of Electronic Services.** The mobile application „Tunduk” of the State portal of electronic services is a quick access to state electronic services.

Using the mobile application, you can:

- get services online;
  - apply for the service;
  - pay for state and municipal services.
- State system of electronic communications.** The state system of electronic communications has been created so that citizens can apply in electronic format to state bodies, local self-government bodies and officials. The state system of electronic communications functions in cooperation with the state portal of electronic services, the system of interdepartmental electronic interaction „tunduk“, the unified identification system and other information systems. Citizens and entrepreneurs can apply to state and municipal authorities with official electronic messages that are signed with an electronic signature, as well as receive appropriate responses from state and municipal authorities. The system allows citizens to track the progress of processing an appeal to state bodies and receive notifications about changes in the status of their appeal.

**Unified identification system** - this information system is designed to identify users of electronic portals of state bodies and departments, as well as non-governmental organizations, to ensure authorized access to information. [1]

**Register of e-government Infrastructure and Register of Basic information Resources.** The information systems Register of e-government Infrastructure and Register of Basic information Resources ensure that the register of all automated information systems, software, data processing centers, hardware and information registers registered with state and local self-government bodies of the Kyrgyz Republic is maintained. Data in the databases are entered based on existing information systems, data processing centers and hardware equipment that is available to the state. Users of these digital registers are the state bodies of the Kyrgyz Republic and local self-government bodies. Legal entities and individuals can use the information placed in both registers as a consumer. [2, c.3]

**COVID-19 projects: „Electronic application for food assistance“** During the COVID-19 pandemic, the „Electronic Application for Food Aid“ system allowed citizens to apply for humanitarian aid from the state. For government agencies, the system has ensured a coordinated work on the distribution of aid to vulnerable populations, preventing the distribution of aid to persons suffering from the consequences of the introduction of a state of emergency or not being in a difficult situation.

**The national monitoring system.** The national monitoring system is an information system that serves as a tool for state leaders in the analysis of large amounts of data under the jurisdiction of a particular state body, in the form of statistical reports accompanied by infographics. The information system „Strategic Planning System „ is designed for unified accounting, storage and provision of information on approved state strategic documents (strategies, concepts, activities, programs, „road maps“ and plans), as well as ensuring effective control over the implementation of the above activities by the responsible authorities within the specified time frame. Users of the „Strategic Planning System „(are the state authorities of the Kyrgyz Republic and local self-government bodies. Citizens will be able to view up-to-date information. [2, с.4-5].

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## **A LOOK AT A POVERTY IN KYRGYZ REPUBLIC: TRENDS, CAUSES AND A WAY TO BEAT IT**

### **Abstract**

This article analyzes the trends and causes of the increase in poverty in the Kyrgyz Republic. The poverty rate in the Kyrgyz Republic has been growing for the last 2 years. The poverty rate increased by 13.2% compared to the period before the pandemic. According to official statistics, every third citizen of the Kyrgyz Republic is poor in 2021. The fact that the increase in poverty continues in 2022 is the reason for serious concern. The article also examines differences in poverty rates across regions of the country. The article attempts to present the most successful measures to alleviate poverty in the countries of the world, including China.

**Keywords:** poverty rate; poverty assessment methods; National Multidimensional Poverty Index; poverty alleviation programs; urban poverty; rural poverty.

There are no poverty alleviation programs in the Kyrgyz Republic. In the National Development Strategy of the Kyrgyz Republic, the word “poverty” occurs 6 times: in the context of the development of irrigation system, improvement of the social protection system, development of the system of adaptation to climate change, the need to reduce child poverty and the transition to a multidimensional poverty assessment [1]. And that’s it. So, poverty is not identified as a problem, and accordingly there is no policy to beat poverty. Maybe this situation was relevant for 2018, when this strategy was developed. During that period, the poverty rate continued to decline.

In the National Development Program of the Kyrgyz Republic 2026, which was developed in 2021, the word “poverty” occurs already 8 times [2], which shows the growing concern of the government regarding this indicator. This document acknowledges the increase in poverty due to the economic crisis during the coronavirus pandemic in 2020. It also sets target indicators to be achieved by 2026: poverty rate - 20%, child poverty rate - 25%. But only improving the quality of education is indicated as a measure to beat the poverty. It should be noted here that the Sustainable Development Goals assume a reduction in the poverty rate in the world to 3% by 2030.

It is necessary to analyze the dynamics and causes of the increase in the poverty rate in order to determine whether poverty is a national problem for the Kyrgyz Republic and whether it is necessary to take special measures to beat it.

Different dimensions of poverty may be too complex to capture in one indicator. Therefore, there are different options for assessing the level of poverty in the country: absolute, relative and subjective. Assessment methods also differ.

For instance, the National Statistical Committee of the Kyrgyz Republic (hereinafter referred to as the NSC KR) calculates the poverty level based on the data of the Integrated Household Survey.



Figure 1. Dynamics of the poverty rate in the Kyrgyz Republic (2022 - World Bank forecast), %

Data source: NSC KR, WB.

In 2020, the long-term trend of poverty reduction in the Kyrgyz Republic was interrupted. The increase in poverty in 2020 is objectively related to the coronavirus pandemic, but the value of the indicator for 2021 raises concerns. With the removal of restrictions that were effecting during the pandemic, considering the restoration of business activity, the resumption of trade, the increase in the poverty rate is still 8%. This shows that a fairly significant part of the population was on the verge of poverty and its growth is influenced by factors other than the pandemic.

The difference between the level of poverty in urban (11.0%) and rural (29.3%) areas is significant and at the end of 2020 this indicator equals to 18.3%. It should be noted here that 66% of the population of the Kyrgyz Republic lives in rural areas [data source - NSC KR]. In absolute terms, if we take the data for 2021, it turns out that there are about 2.25 million poor people in the Kyrgyz Republic, of which about 80% live in rural areas. The numbers are alarming, with 566,000 poor people growing in one year (2021 vs. 2020). Here it should be taken into account that the general poverty line used by the NSC KR when calculating the poverty rate is 45,797 soms for 2021, that is, 3,816 soms per month.

There is an increase in poverty rate in 2021 in all regions of the country. In 4 regions of the country, the poverty rate is about 40%. If we analyze the change in the poverty rate, we can see that in the city of Bishkek the poverty rate in 2021 compared to last year increased by 19%, in the city of Osh by 13%. So, with no coronavirus restrictions, the restoration of business activity, poverty is still growing, and at a very fast pace.

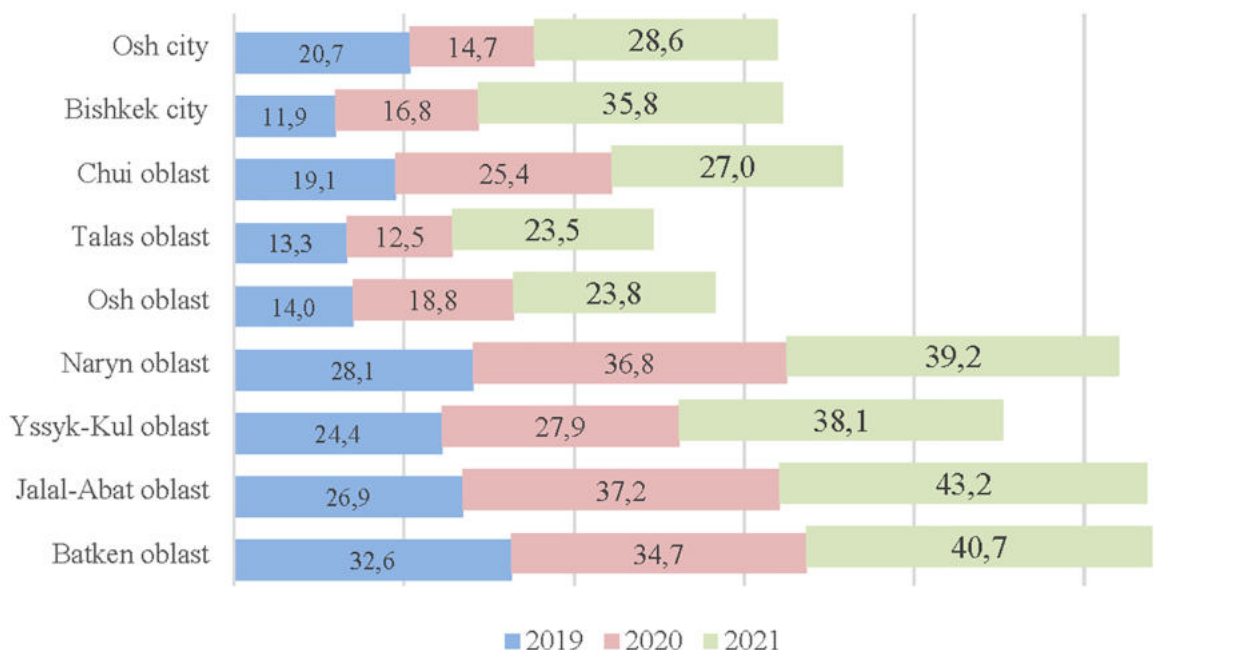


Figure 2. Poverty rate by region of the Kyrgyz Republic for 2021, %

Data source: NSC KR.

Another method of poverty assessing is a multidimensional assessment of poverty. Such an assessment is a set of various indicators that include elements of assessing poverty in terms of income, deprivation.

In the Kyrgyz Republic, in 2020, for the first time, the National Multidimensional Poverty Index (NMPI) [3] was developed and published, which also takes data from the Integrated Household Survey as a basis, but the data was taken for 2016 (NSC KR). The NMPI for the Kyrgyz Republic structurally includes 5 dimensions of well-being.

Table 1. NMPI for the Kyrgyz Republic, 2016

Dimension	Indicator	Definition/meaning: A person is considered disadvantaged if he lives in a household,	People suffer from deprivation, %
Monetary poverty	Extreme poverty	where there is an annual deflated consumption per capita which is below the extreme poverty line	25,6% "leaders" - Naryn, Batken, Jalal-Abad regions
Education	Education level	wherein at least one person did not receive education	42,7%
Health	Hand washing practice	where there is no place to wash hands with soap and water	7,5%
	Indoor air pollution	where the main kitchen appliance is a primus (kerosene or oil stove) or oven/fireplace	27,8% "leaders" - Batken (76.3%), Osh (51.6%), Jalal-Abad (51.1%) regions

Food security	Calories	which consumes less than 2100 kcal per capita per day	47,9%
	Dietary variety	which consumes less than 7 food groups out of 10	40,6%
Living conditions	Availability of hot water	wherein there is no active hot water supply	90,1%
	Overpopulation	less than 18 square meters per person	73,6%
	Reliability of power/ electricity supply	in which in last year there was a power/electricity outage at least once a month	23,2%
	Drinking water	having no access to an improved water source inside premises	39,7% "leaders" - Batken (70.2%), Osh (65.7%), Naryn (62.9%) regions
	Sanitation	not connected to the existing sewerage system	72,5%

Overall, 50.3% of the population of the Kyrgyz Republic is multidimensionally underprivileged/ poor according to the NMPI. Attention should be paid to the problems of drinking water supply, availability of hot water and sewerage. There is also an obvious lack of preschool institutions and a problem with housing provision for the population. The share of the multidimensionally poor rural population is 20% higher than the share of the urban population. Jalal-Abad, Naryn, Batken, and Osh oblasts report higher rates of multidimensional poverty and NMPI.

It should be noted that the results of the NMPI do not contradict the data on the poverty rate of the NSC KR.

There is definitely a connection between the poverty rate in the regions, according to the NSC KR and the NMPI calculations, with the value of the gross regional product per capita.

Jalal-Abad, Naryn, Batken and Osh oblasts have a higher percentage of multidimensional poverty. According to the NSC KR the poverty rate is the highest in same regions - Jalal-Abad, Naryn, Batken and Osh oblasts. And the gross regional product (hereinafter referred to as GRP) per capita is the lowest in Osh, Batken, Jalal-Abad and Naryn regions [data source - NSC KR]. So, here is an obvious pattern.

Thus, different methods of assessment show that the increase in the poverty rate is an extremely urgent problem for the Kyrgyz Republic. The causes of poverty are the lag in the growth of money incomes of the population from the growth of inflation, undeveloped housing conditions and problems with housing provision for the population, low GRP, dependence on migrants' remittances and a decrease in the quality of education, which leads to an imbalance in the labor market.

There are no measures to beat poverty in the main development documents of the country, although it is recognized that the poverty rate is growing. Also, there are no country and local programs poverty alleviation in the Kyrgyz Republic.

It is expected that such documents should be in the country, where every third citizen is poor. To develop them, the country can refer to the experience of other countries in poverty alleviation. In this context, we have to mention the successful fight against poverty in the neighboring country – China, where just like in the Kyrgyz Republic, most of the poor lived in rural areas.

China's poverty alleviation program has been a top priority over the last decade. 740 million people or 94.4% of China's rural population were lifted out of poverty between 1978 and 2017. This

figure represents 70% of people worldwide who have moved out of extreme poverty in the same time period. The State Council of the People's Republic of China has the poverty alleviation committee that coordinates the implementation of the national program.

According to the World Bank's "Four Decades of Poverty Reduction in China" China's poverty reduction success relied mainly on two pillars. The first pillar was economic growth, supported by economic transformation, which provided new economic opportunities for the poor and raised average incomes. The second pillar was government policies to alleviate persistent poverty, which initially targeted areas disadvantaged by geography and a lack of economic opportunities, but subsequently focused on poor households, irrespective of their location. China's success benefited from effective governance, which was key to the successful implementation of the growth strategy as well as the evolving set of targeted poverty reduction policies. China also benefited from some favorable initial conditions at the time of opening up, such as a relatively high level of human capital [4].

China is always ready to share experience and mechanisms to beat the poverty. The fight against poverty in China has become truly national, no matter what province you are in, any citizen, any local official will tell you what measures are being taken, what has been done and what remains to be done. A huge role is given to improving the quality of life of the population, improving infrastructure, providing access to quality education and medicine, supporting agriculture and entrepreneurship. The experience of China in the poverty alleviation has begun to be applied in neighboring Uzbekistan, which may already be able to show significant results over the next 5 years.

So, in order to ensure sustainable development, the Kyrgyz Republic should already now pay serious attention to the problem of poverty in the country, adopt and adapt the experience of its neighbors.

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## FINANCIAL SYSTEM OF THE KYRGYZ REPUBLIC IN THE TERMS OF THE WORLD CRISIS

### Abstract

The article discusses the main trends in the development of the financial system of the Kyrgyz Republic within a crisis period. The study focuses on fiscal policy, public loans and the wellbeing of households. External and internal factors that caused serious market shocks are also analyzed.

**Key words:** income; expenses; a crisis; government loans; households; external factors; internal factors.

**Problem statement:** The article discusses the main trends in the development of the financial system of the Kyrgyz Republic in the context of the Covid-19 pandemic. An important place in the financial system is occupied by the state budget, aimed at financing the activities of the state in the implementation of socio-economic tasks. The financial crisis caused by Covid-19 had a negative impact on the development of the financial system of the Kyrgyz Republic.

**Research methods.** In the process of collecting information on this topic, the authors conducted a comparative analysis of their own research and conclusions of the National Statistical Committee of the Kyrgyz Republic, the United Nations Development System under the technical guidance of the United Nations Development Program (UNDP) and the Asian Development Bank (ADB).

The crisis at the macroeconomic level was caused by external and internal factors. As for external factors, they have arisen due to border closures, trade measures, rising prices in the international market, appreciation of the reserve currency and the negative effects of Covid-19 pandemic around the world. The closure of borders with China at the beginning of 2020, which completely stopped the import of consumer goods from it, caused a significant blow to the clothing industry and entrepreneurs involved in the re-export of goods, which covered a great part of budget tax revenues.

The internal factor of the crisis was the impact of the coronavirus on the health of the population,



the introduction of quarantine measures by the Government of the Kyrgyz Republic. The first case of infection was registered in the Kyrgyz Republic on March 18, 2020.

External and internal factors together caused the following shocks:

- loss of revenues of the republican and local budgets, which means a decrease in public spending on goods and services;
- loss of income in the industrial sector of the country;
- problems in the clothing industry, in textile production enterprises, in the production of clothing and footwear, leather and other leather products;
- reduction in household incomes, causing a sharp decline in demand in general;
- a noticeable decrease in amount of remittances from migrants;
- decreased demand for tourism services in the country;
- problems in the activities of insurance companies;
- delayed wages, pensions and social benefits.

All of the above shocks caused a crisis in the entire financial system, public finance and fiscal policy. Figure 1 shows the share of tax revenues in the structure of state budget revenues.

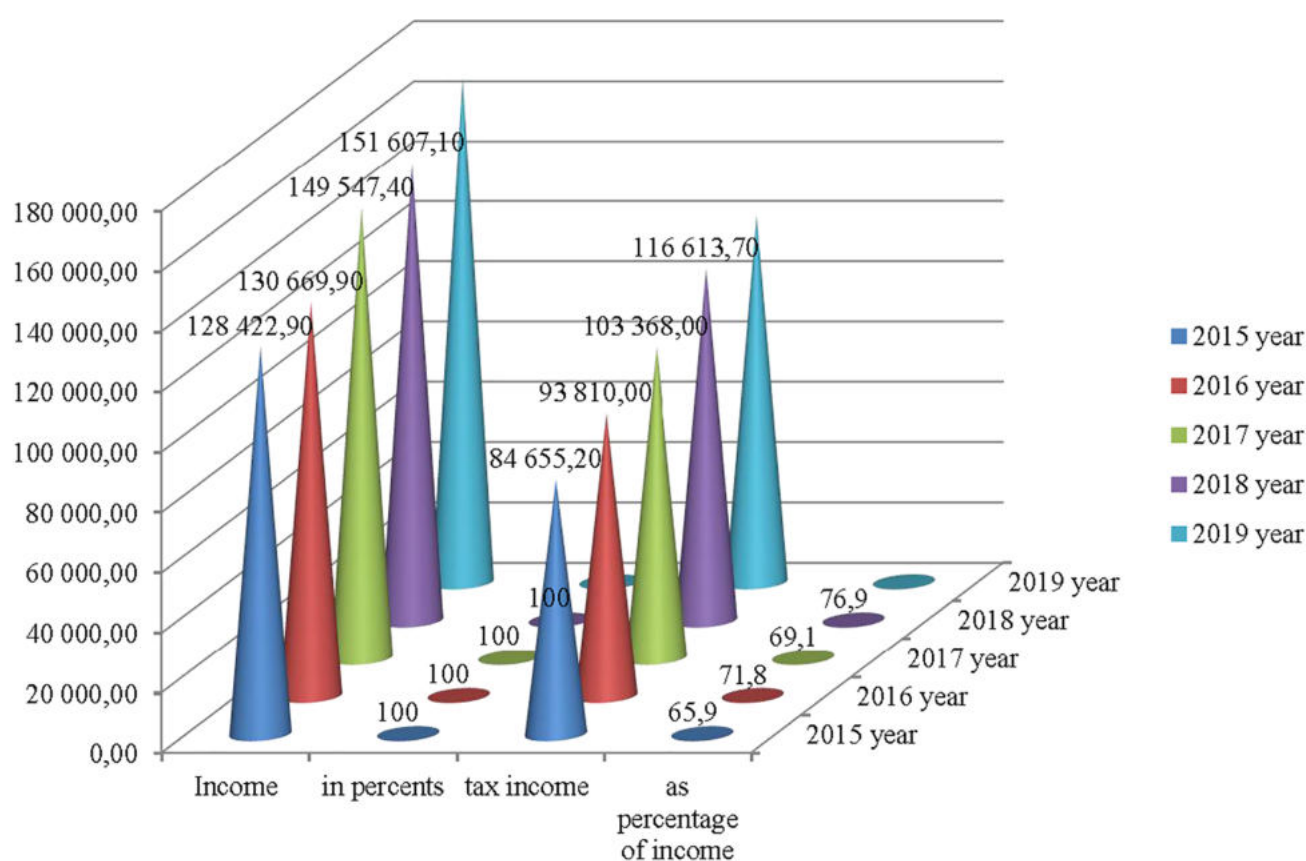


Figure 1. State Budget of the Kyrgyz Republic (million soms) 35

As it can be seen in Figure 1, as of January 1, 2020, quotient of tax revenues by state budget revenues amounted to 72.6 percent, having decreased by almost 4.4 % compared to the 2018 data. In this regard, quotient of tax revenues by GDP also decreased by 0.9 % (Figure 2).

<sup>35</sup> Developed by the authors based on the statistical data of the NSC KR 2020

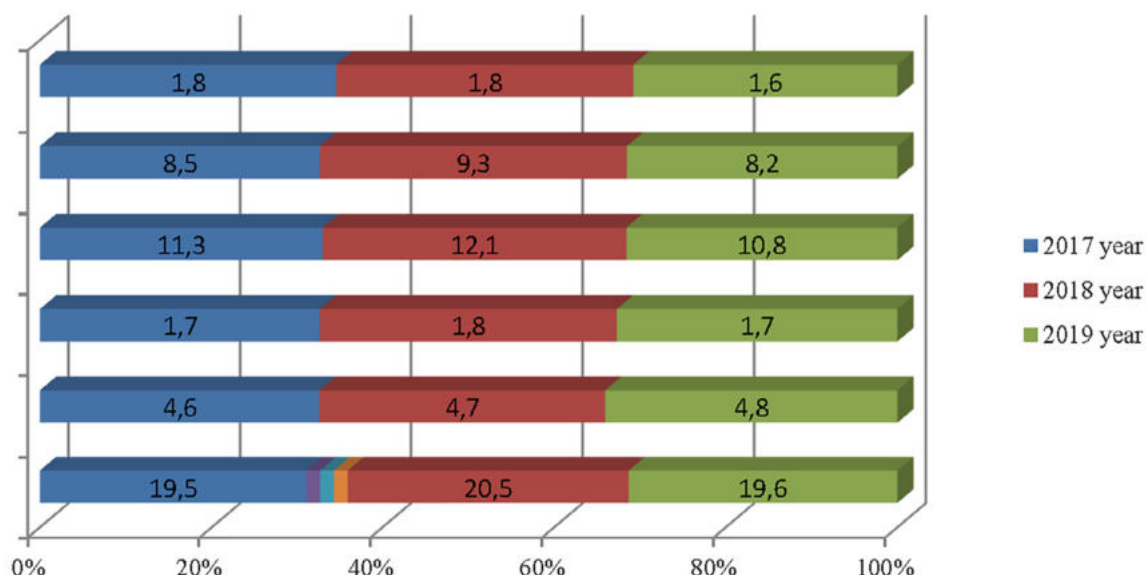


Figure 2. Execution of the revenue part of the budget of the Kyrgyz Republic (as a percentage of GDP)<sup>36</sup>

Due to the decrease in spending on goods and services in 2019, quotient of taxes on goods and services by the country's GDP decreased by 1.3 percent, VAT and excise tax by 1.1 and 0.2 percent, respectively.

More than 90% of government revenues typically come from domestic sources such as taxes, social security contributions and non-tax revenues. In 2019, foreign grants accounted for 2.2% of GDP. Part of government spending, financed by foreign concessional loans, also accounted for 2.2% of GDP in 2019. In 2019, foreign aid in various forms financed about 13% of total government spending [3].

External and internal factors related to COVID-19 caused tangible shocks in the sectors of the economy. In particular, the volume of production in the industrial sector decreased by almost 2.8% in the first 5 months of 2020. 38 percent is occupied by the Kumtor Gold company in the structure of production volume. The profitability of this company did not decrease with COVID-19, as the price of gold rose. It was planned to mine gold at the Jerooy gold deposit in 2020, but gold mining had to be postponed due to the closure of borders. And only on March 17, 2021, the Jerooy mine field was launched. In the teleconference mode, President of the Russian Federation Vladimir Putin said that the reserves of gold at Jerooy are about 90 tons, and silver - 25 tons, and there are impressive volumes of Russian investments in the territory of the Kyrgyz Republic – about 600 million dollars.

The garment industry represents the country's manufacturing sector, employing 10 percent of the population. Also, this sector provides 0.5 percent of GDP and almost 3 percent of industrial production. About 7 percent of manufactured products are exported. Due to the pandemic, most sewing shops faced the problem of obtaining materials for tailoring and spare parts for sewing machines, which were mainly shipped from China. That is why there was a noticeable downward trend in the output of textile products, clothing and footwear by 12.8 percent in the second quarter of 2020. The number of textile enterprises, the production of clothing and footwear, leather and other leather products decreased by 5 units, which is equal to 4.5 percent. According to the actual data of 2019, shoe tailoring decreased by 547.4 thousand pairs, or by 15.4 percent [5].

Moreover, the exchange rate of the yuan against the national currency of the Kyrgyz Republic increased, which negatively affected the competitiveness of domestic producers in this industry, as the cost of finished products increased due to the rise in the cost of raw materials and materials from China. This situation has led to a decrease in demand for textile products produced for promotion in the markets of the Russian Federation.

The negative impact of the COVID-19 pandemic on households was confirmed in a one-month (October-November) 2020 survey conducted by the National Statistical Committee of the Kyrgyz

<sup>36</sup> Developed by the authors based on the statistical data of the NSC KR 2020

Republic for the period from late March to October 2020. Quarantine measures have left the vast majority of labor migrants in the Russian Federation without wages, which is why they began to return to their homeland, where there were minimal opportunities to find work. The survey and analysis were carried out on a representative sample of the Integrated Household Budget and Labor Force Sample Survey, which covered urban and rural areas in all regions of the country. The sample analysis covered 4,954 households, resulting in a sample coverage of 98.8 percent.

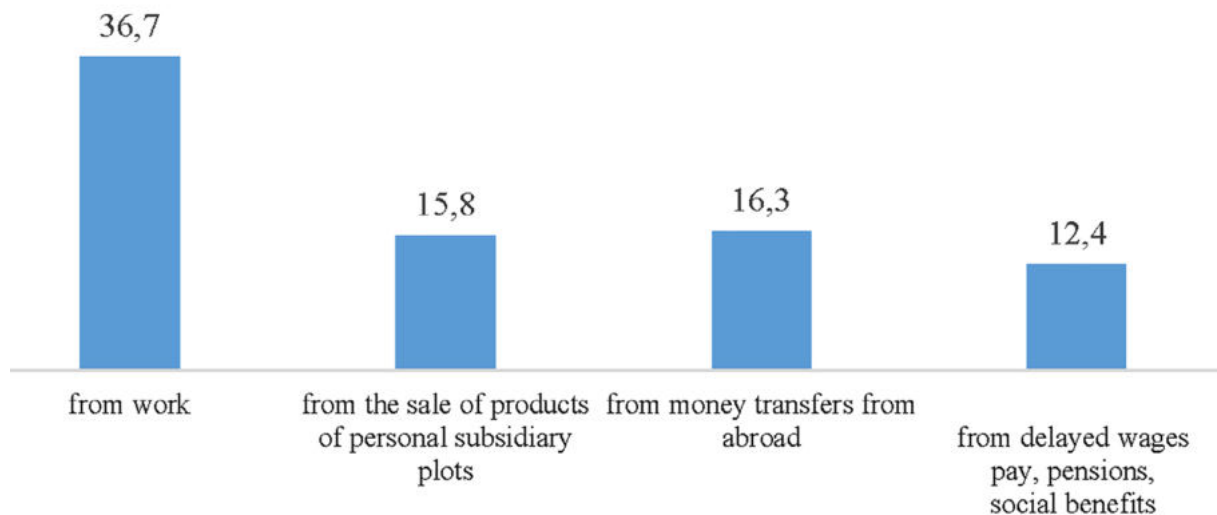


Figure 3. Households reporting a decline in income (in %) <sup>37</sup>

Migrants to the Russian Federation are mostly from villages where more than 70 percent of the population of 6.5 million Kyrgyzstan lives. Remittances from abroad significantly decreased in households of Jalal-Abad (38.9 percent), Osh (25.8 percent), Batken (24.2 percent) regions and Osh city (16.1 percent).

Declines in income led to some household measures to minimize financial problems, as reported by over 72 percent of households (Fig. 4).

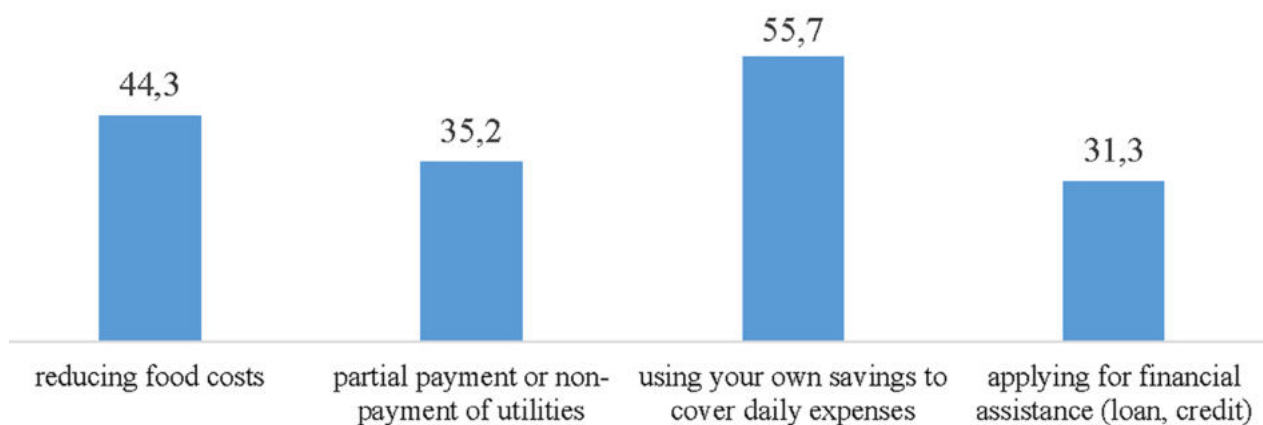


Figure 4. Household measures to reduce financial hardship (in %) <sup>38</sup>

Due to declining incomes, 44.3 percent of households cut back on food spending, 35.2 percent paid partly or did not pay utility bills at all, 55.7 percent used investment funds, and 31.3 percent of households borrowed money [4].

<sup>37</sup> Cluster survey on the impact of Covid-19 on children and women in Kyrgyzstan, summaries of key findings. Bishkek, Kyrgyzstan: NSC KR and UNICEF

<sup>38</sup> Cluster survey on the impact of Covid-19 on children and women in Kyrgyzstan, summaries of key findings. Bishkek, Kyrgyzstan: NSC KR and UNICEF

The Covid-19 epidemic has created an economic crisis around the world. According to the monitoring of domestic and foreign analysts, the tourism sector suffered the most. The situation with the pandemic has made it impossible to attract foreign tourists due to the closure of borders and flights, as a result, the activities of all travel agencies were frozen. According to the NSC KR, the share of the tourism business in the republic's GDP in 2019 was 5.2% [5].

This situation has occurred in all spheres of the country, meanwhile, there was an increase in prices for goods and food products of daily demand. As a trade measure, on March 22, 2020, the Government of the Kyrgyz Republic introduced a 6-month ban on the export of wheat, flour and certain other food products, as well as disinfectants. However, these measures were of a preventive nature, since our country imports these goods, and does not export them to other countries. The measures taken by the Republic of Kazakhstan in early April 2020 to ban the export of grain and flour, which lasted until June 2020, were tangible for the Kyrgyz Republic. These short-term measures caused an increase in the price of flour and other foodstuffs.

Considering additional external borrowings to cover the state budget deficit and leveling the negative impact of the Covid-19 epidemic, there is an assumption that the difficult situation regarding the repayment of government borrowings will persist in subsequent years. Moreover, it is impossible not to consider the risks arising from a noticeable change in the exchange rate of reserve currencies, which may lead to a weakening of the som in the future and to an increase in external debt in terms of the national currency.

*Table 1. Public Debt of the Kyrgyz Republic (by the end of year)<sup>39</sup>*

	2015	2016	2017	2018	2019
<i>million. som</i>					
Public debt - total	289 195,5	281 450,9	311 846,2	311 834,6	319 474,7
including:					
External	273 711,8	259 110,5	280 905,1	267 228,6	268 179,8
Domestic	15 483,7	22 340,4	30 941,1	44 606,0	51 294,9
<i>As % of GDP</i>					
Public debt – total	67,2	59,1	58,8	54,7	51,6
including:					
External	63,6	54,4	53,0	46,9	43,3
Domestic	3,6	4,7	5,8	7,8	8,3

Table 1 shows the growth of public debt. In 2019, compared to 2018, the volume of public debt increased by 7.7 million soms or by 2.5%, which is influenced by external debt, which is 84 percent of the total debt.

The Kyrgyz Republic, like many other countries, has been significantly affected by COVID-19. The state budget funds are depleted, most sectors of the economy have received less revenues, so in order to improve the situation, the government needs to:

- constantly pursue a policy of reducing the state budget deficit, mainly by reducing government spending on administrative apparatuses and some large cultural events;

- continue to carry out activities to support business;

- improve the law environment for business, withdraw them from the shadow economy [1];

- remove the existing barriers to foreign trade relations;

- implement programs to protect the system of social support for the population, especially multi-child families and the elderly, if possible;

- conduct carefully the monetary policy in order to prevent further weakening of the national currency, since this is not the time for shock therapy [2].

<sup>39</sup> Statistical Yearbook of the NSC KR 2020

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## IMPACT OF MINING INDUSTRY ON THE ECONOMY OF THE KYRGYZ REPUBLIC

### Abstract

This article examines the impact of the mining industry on the economy of the country. The role of this industry has increased significantly recently.

**Keywords:** mining industry; world economy; mining business; mineral resource base; economic growth; mining companies.

According to the general theory of economic growth, until now the availability of natural resources has been considered as a determinant of growth. Those countries with rich deposits of oil, coal, etc. have achieved prosperity for their country.

The mining industry is considered a huge industry of the modern world economy: about 6 thousand companies and 2.5 million people employed, as well as the informal component - the traditional mining business (about 20 million people). It also includes many stakeholders: government, investors, contractors, suppliers, indigenous people, trade unions, research organizations, and consumers. Historically, interest in the mining industry has changed as scientific and technological advances have evolved and the type of economic formation has changed. For example, the rapid growth of this sector of the economy was caused by the Industrial Revolution and the formation of industrial production. During this period the demand for iron, coal and other minerals available for extraction grew rapidly. Further development and expansion of the mining industry in the XIX-XX centuries was due to the initiative of countries that were at that time the industrial leaders. This occurred through, firstly, the strengthening of the extraction of already known minerals, secondly, the extraction of more and more new types of minerals, and thirdly, the extraction of minerals in the colonial countries. In the industrial era, mining was seen as a subordinate industry, since the volume of mining and mining production depended directly on the available technological capabilities for their processing and on the demand of other sectors of the economy. [1]

Further, when the service sector began to grow, the specific weight of the mining industry in particular and other industries as a whole, began to decline in the world GDP. At the same time, this share for each country is significant, because the source of this growth can be either services or financial speculative or industrial services. In this regard, the role of mining in each individual economy differs considerably. However, the share of services in GDP and employment is primarily due to an increase in the capital intensity of industrial production, not to the deindustrialization of the economy. The global economic crisis of 2008 proved this - the service-type economy is very vulnerable, so many countries began to return to the industrial type of economy, which caused the growth of interest in the natural resources sector.

Kyrgyzstan occupies a significant part of the Tien Shan and Pamir-Alai mountain systems, which account for 75% of the country's territory. Absolute marks range up to 539m. above the

Baltic Sea level and up to 7439.3 m (Victory Peak). The average height of the territory of the republic is 2750m. The total area is 199.9 thousand square meters, of which 30% of the area is located at altitudes from 3000m, 30%-at altitudes above 3000m.

There are quite a lot of vast intermountain valleys in Kyrgyzstan, which account for 25% of the country's territory.

Kyrgyzstan's prospects are not limited to well-known deposits, and the republic is becoming a new ore province of unconventional metals, which will significantly expand the mineral resource base of the domestic mining industry and improve the geography of their placement.

During the years of Soviet power, a significant mineral resource base of non-ferrous, precious rare and other metals was formed in the country. At the same time, the leading role belongs to such metals as mercury, antimony, tin and gold.

The subsoil of the Kyrgyz Republic contains a variety of minerals. Rational geological extraction of them and rational, economic use should fully provide not only the needs of the economic complex, but also increase the export opportunities of the Republic. Features of the history of geological study and exploration of deposits of Kyrgyzstan are due to the general course of economic development of the region. Several main stages (ancient, pre-revolutionary and post-revolutionary) of mineral prospecting and accumulation of geological knowledge about the Kyrgyz Tien Shan are outlined. The richness of minerals in Central Asia favoured the development of mining in the slave-owning period.

The history of the gold industry in Kyrgyzstan is of exceptional interest. Already because since the III-VIII centuries AD the traces of mining of primary and placer gold have been preserved. And gold mining was carried out rather successfully that is proved by the grandiose scale of ancient works in a number of areas of the republic. There are traces of gold mining at Bozymchak, Angren, Kichi-Sandyk, Kuru-Tegerek, Aktash, Chonra, Kumbel, Kichi-Alai, Chatkal, Sandalash, Suusamyr, Uzun-Akmat. Naryn, Talas and other places. Gold mining in Kyrgyzstan has really been going on since ancient times, even before the era of the Mongol invasion.

The development of the mining industry in Kyrgyzstan has long been associated not only with gold. Along with gold, silver, copper, tin, and iron, the peoples inhabiting Central Asia have long recognized lead, mercury, and antimony. At present more than 15,000 deposits and ore occurrences of different types of natural resources are known in the country, some of which were explored and evaluated in the Soviet era with the calculation of reserves by industrial categories and taken into account by the State Balance of reserves of mineral deposits. The mining industry accounts for about 60% of the total industrial production of the Republic. (According to the results of 8 months of 2021, revenues from the mining industry to the budget amounted to 12.7 billion. som) [2].

The market economy sets tasks for the development of export-oriented sectors of the economy, which include the mining industry, which provides hard currency to the Republic, promotes the development of related sectors of the economy and solves employment problems.

Kyrgyzstan, as mentioned above, has significant resource and economic potential for economic and social development. There are large deposits of minerals, large reserves of fuel and energy, water, mineral resources, land, biological resources. However, the level and efficiency of the use of these important resources, factors of production remain low.

Mineral resources play an important role in ensuring sustainable economic growth. Being the basis of the economy, they are in many ways. determine the potential of the country, the development and placement of its production forces. Therefore, those States that have been able to create a solid mineral resource base and ensure its rational use have undeniable advantages over other countries. Kyrgyzstan, with significant resources, has real opportunities to boost the country's economy. In the republic, the extraction and processing of mineral raw materials is a priority in the development of the national economy. [3]

The availability and rational use of land, water, mineral resources have a serious impact on the improvement of national economic proportions, the steady growth of the economy and the



social sphere, the allocation of production forces, the specialization of production. At the same time, it is of great importance to conduct an economic policy that takes into account, first of all, the national interests of the state.

Cardinal structural shifts in the raw materials complex can be ensured, and the development of basic industries on this basis can only be achieved by combining gradual entry into market relations with flexible state regulation. [4]

The technical and economic structure of both the raw material base and the export-import of raw materials requires improvement. It is possible to expand mutually beneficial cooperation in the extraction and in-depth processing of certain types of raw materials and production waste, expansion of iron exports, etc. It is in this direction that it is necessary to stimulate the development of market relations, the development of appropriate economic standards and programs, and the use of raw materials potential. The effective development of extractive industries can be ensured provided that the world's experience and production technology and labor organization are fully taken into account, while creating effective motivations for work that stimulate the reduction of production costs, improving its quality and productivity in specific conditions.

Regulation of the development of extractive industries can be carried out on the basis of national programs, by setting marginal prices for the most important types of raw materials, products, goods and services, determining quotas for the export of the most important types of raw materials, products from particularly scarce types, etc. Due to their capital intensity, many scientific, technical and economic programs for the development of the mineral resource base can be solved with appropriate financial and technical assistance from the state. The development of the mineral resource base requires unified methods of exploration and geological and economic assessment of deposits. In a market economy, the issue of rational and integrated use of raw materials is becoming more and more urgent. It is known that almost all types of mineral raw materials extracted from the subsoil have a complex character. So, in addition to iron, iron ores partially contain titanium, cobalt, vanadium, sulfur, copper, silver. But the degree of integrated use of mineral resources in the mining industry as a whole is still completely insufficient, and this requires radical improvement. Mining and processing enterprises are economically weakly interested in the fullest and most comprehensive use of ores and in fact do not bear material responsibility for the loss of useful components. In recent years, there has been a significant increase in interest in the use of natural resources, in the development of theoretical and methodological issues related to the integrated use of raw materials.

The development of the economy is unthinkable without a sound state scientific and technical policy in the field of mining. Only the creation of new knowledge-intensive industries will allow the republic to get out of the state of economic crisis and rush into the ranks of new, rapidly developing industrial countries. To solve this problem, taking into account the regional peculiarities of the Republic and its natural resources, it is necessary in the field of fundamental and applied research to concentrate the activities of all scientific institutions on solving such priority areas of research and development in the Kyrgyz Republic in the field of mining, as:

1. Problems of complex study, extraction and processing of minerals on the territory of the Republic.
2. Comprehensive studies of natural, man-made and ecological processes in mountainous areas and disaster forecasting.
3. Problems of developing resource-saving high-tech technologies for processing inorganic and organic resources.
4. Complex use of mineral raw materials.
5. Training of highly qualified engineering and technical personnel to support mining and processing industries.

The creation of the material and technical base of the national economy is connected with the further development of heavy industry, which, as is known, rests on the use of mineral resources such



as coal, oil, ferrous and non-ferrous metal ores. Therefore, with the rise of the national economy, consumption increases, and consequently, the extraction of these minerals.

A characteristic feature of mineral raw materials is the limited and non-renewable nature of its reserves. Therefore, of particular importance is the problem of creating resource-saving technologies that ensure a more complete extraction of minerals from the subsoil, rational and integrated use of them, the maximum possible extraction of all valuable components at all stages of processing.

In the long term, for the effective use of mineral resources of Kyrgyzstan, it is advisable to actively attract foreign investment through the creation of joint ventures, since the presence of proven reserves of mineral resources in the republic allows 2-3 times to increase the extraction of minerals.

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## IS THE KYRGYZ REPUBLIC READY FOR THE VENTURE CAPITAL MARKET?

### Abstract

The relevance of the research results presented in the article lies in the search for effective ways to develop innovation in the Kyrgyz Republic, by creating a venture capital market, and its effective intrusion for transition from pre-industrial economy to knowledge economy. In today's knowledge-based economy, a perfect system for financing all stages of the innovation process plays a key role. There are numerous sources of funds raised to ensure the production of an innovative product: public (budgetary), private (domestic and foreign), funds from various funds, corporate, etc. The study was conducted on the basis of systemic and integrated approaches. The following research methods were applied: retrospective, statistical, graphical and comparative analyses. The work is based on data published in public sources.

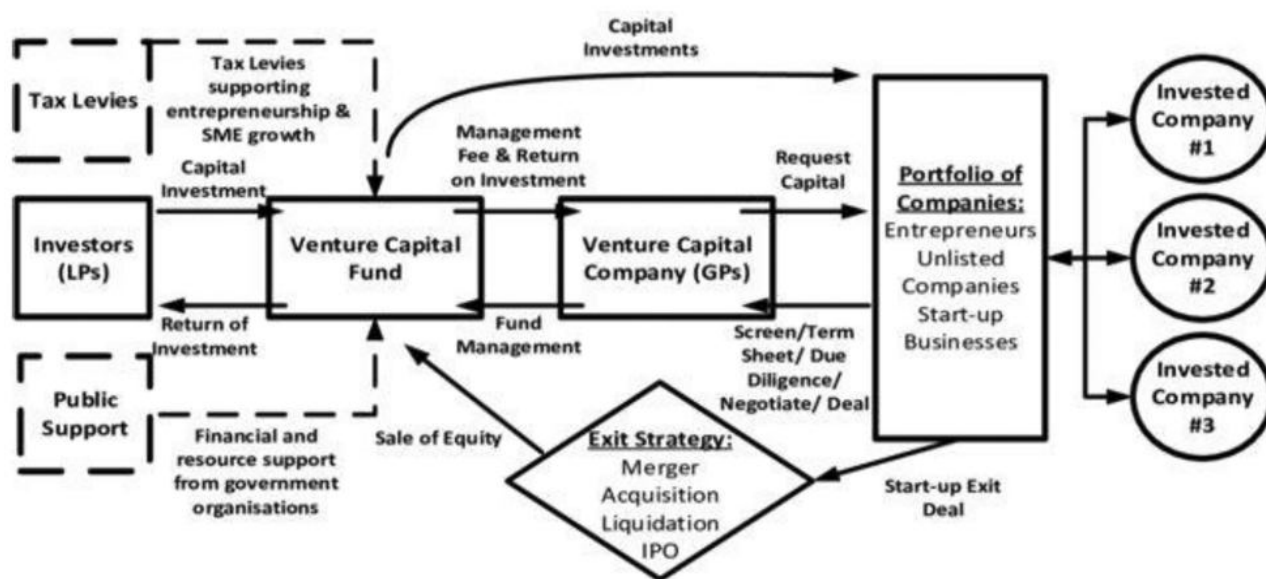
**Keywords:** innovation; investment; venture capital market; financial market; research and development; banks; insurance companies; banking sector; government; state; assets.

### Introduction

The world is undergoing global change. The speed of all these changes is accompanied by innovation. The venture capital market has been and remains the main source for the implementation of innovations. Since the financing of innovation activities is a high-risk operation, the Kyrgyz Republic is in need of creating funds that are ready to finance this type of activity. In foreign practice, various financial institutions such as investment, insurance companies and pension funds participate in the creation of funds to finance innovation. In a number of works authors specify venture financing - hybrid financing, combining all spheres of both bank and other financial institutions. Venture financing is seen as a hybrid form of providing innovative companies with the necessary investment. This form should combine effective elements of the functioning of both capital

markets and banks.[1] (Fig. 1) In the process of growth, most innovative companies go for an IPO, which in turn leads to a multiplier effect. New companies emerge on the stock exchanges and their shares attract increased interest from financial market players. The number of transactions is increasing, which will have a positive impact on the dynamics of the financial market as a whole. Is Kyrgyzstan ready for such processes? Is there a need for venture capital financing? In other words, is there supply and demand for venture capital financing in the Kyrgyz market? What will be the role of the financial market in the development of venture capital financing? Is the Kyrgyz financial market ready for high-risk operations? To answer these questions, let's first look at the current state of the country's financial sector, and then in the next article we will look at the successful experiences of other countries and the applicability of these experiences to our circumstances.

Figure1. Organization of venture capital



Source: <https://www.wallstreetmojo.com/venture-capital>

It is well known that the financial market reflects the state's economic situation. It is a reflection of general economic realities. In other words, the financial market is in the same state as the state of the country's economy. All fluctuations in the economy and politics of a country are directly reflected in the financial market.

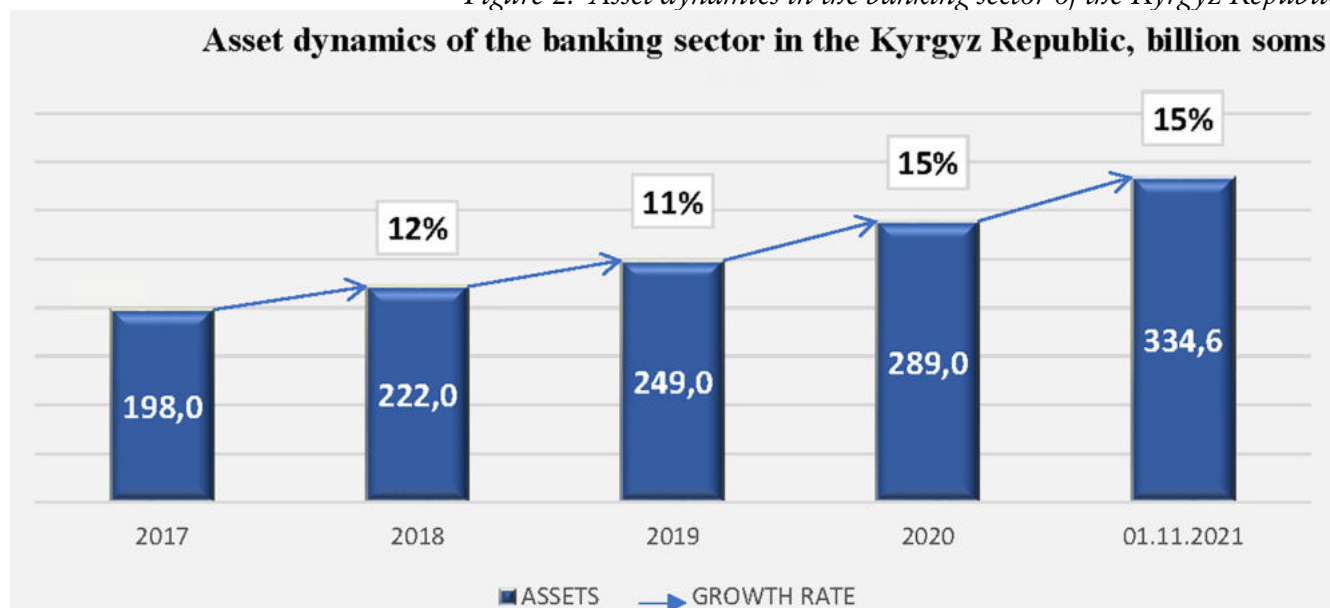
#### Overview

The modern financial market is a place where the needs of borrowers to raise funds and the needs of lenders to place funds with a view to making a profit are met. The number of transactions depends on how many projects there are in different areas of the country. Traditionally, the financial market is divided into a banking market and a securities market. The peculiarity for our country is that the investment - stock market is not as well developed as the banking market, and the same can be said about the insurance sector and pension funds. The dynamics of the assets and loan portfolio of commercial banks can be seen in Fig. 2 and 3. Having studied the dynamics of the assets and the loan portfolio of the banking sector over the last five years, we can conclude that confidence in the banking sector has a growing trend.

There Now let's take a quick look at the insurance market. We will again refer to the data of the State Financial Supervision Authority of the Kyrgyz Republic. As of January 1, 2020, 17 insurance (reinsurance) companies are operating in the Kyrgyz Republic, of which:

- 12 organizations with 100% Kyrgyz capital;
- 5 organizations with non-resident participation.

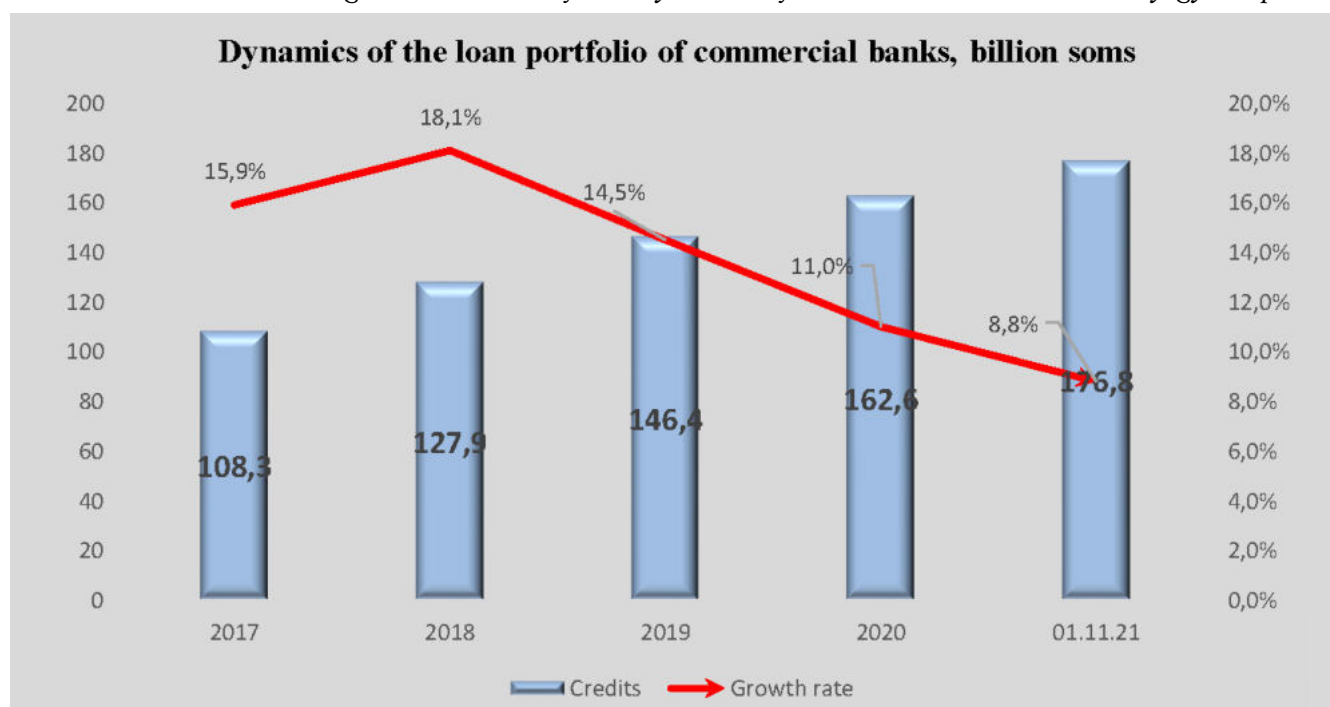
Figure 2. Asset dynamics in the banking sector of the Kyrgyz Republic



Source: Open data National Bank of Kyrgyz Republic [2]

has also been an increase in the credit portfolio of commercial banks (Figure 3).

Figure 3: Loan Portfolio Dynamics of Commercial Banks in the Kyrgyz Republic



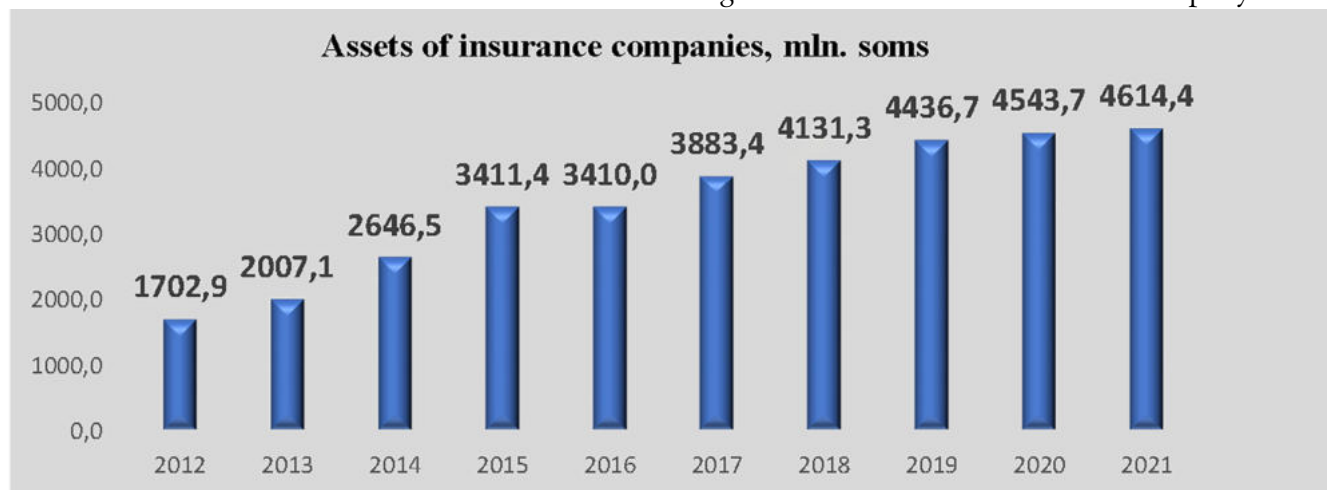
Source: open data the National Bank of the Kyrgyz Republic [2]

According to the retrospective analysis of changes in the assets of insurance companies in the Kyrgyz Republic in recent years has a stable growth of 2-3.5% annually and over the past 5 years the growth of assets amounted to about 18.8% (Figure 4)

Consider the state of the pension system. According to the State Service for Regulation and Supervision of the Financial Market under the Ministry of Economy and Finance of the Kyrgyz Republic, there are currently 2 accumulative pension funds operating in the market: Non-State Pension Fund „Kyrgyzstan“ and NPF „Dordoi Salym“. Under current Kyrgyz law, an accumulative pension fund is a legal entity engaged in attracting pension contributions and making pension

payments on the basis of a license in accordance with the legislation of the Kyrgyz Republic: - for non-state pension provision to fund participants in accordance with the agreements on non-state pension provision; - as a participant in the system for mandatory pension insurance in accordance with the legislation of the Kyrgyz Republic on obligatory accumulative pension insurance; - as a participant in the system of mandatory pension insurance in accordance with the legislation of the Kyrgyz Republic on obligatory pension provision. Only data on the assets of the non-state pension fund „Kyrgyzstan“ are published in open sources, the second fund named „Dordoi Garant“ and now „Dordoi Salym“ only have information on share issues and assets of 41,2 billion KGS in open sources. (Figure 5).

Figure 4: Evolution of insurance company assets

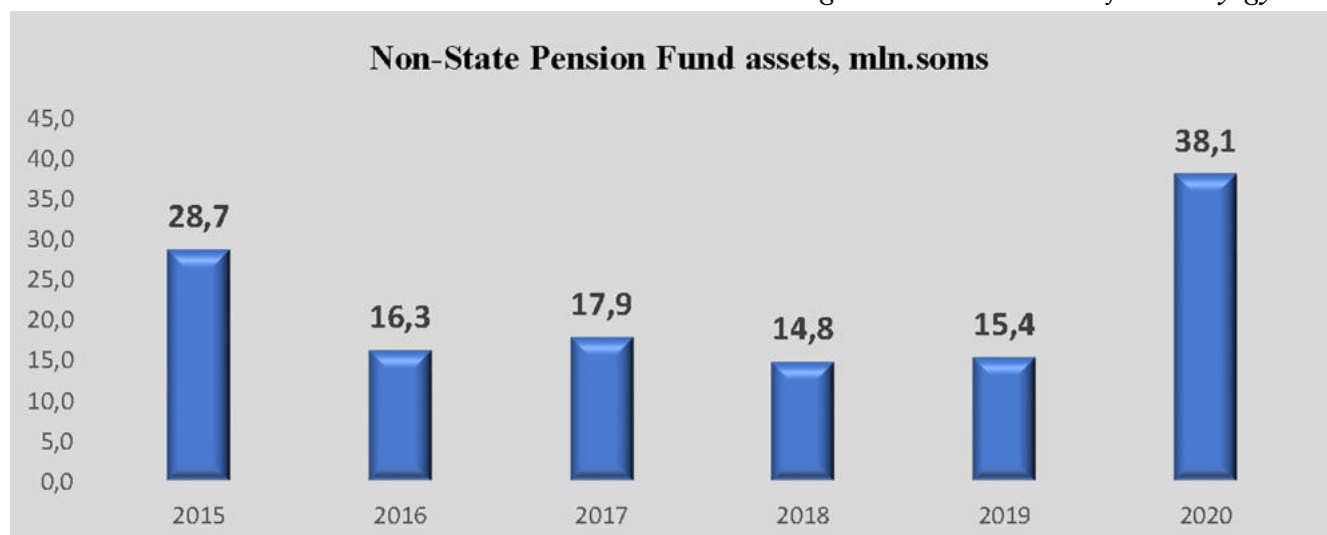


Source: Developed by the authors on the basis of open sources of the National Statistical Committee of the Kyrgyz Republic

Perhaps the state is limiting the investment opportunities of the pension system? Having looked at the legislation in this area, we will see that there are requirements for the composition and structure of pension savings, which are set by the Government of the Kyrgyz Republic. In accordance with the Decree of the Government of the Kyrgyz Republic No. 590 of August 19, 2015. „On Approval of Rules for Investment of Pension Savings“, the list and maximum share of assets in which pension savings may be invested is determined:

- Government securities - not less than 40 per cent of the value of pension savings;
- Secured bonds of issuers of the Kyrgyz Republic, which are traded on stock exchanges of the Kyrgyz Republic - no more than 30 percent of the value of pension accruals;
- Shares of issuers of the Kyrgyz Republic established in the form of open joint stock companies listed on stock exchanges of the Kyrgyz Republic - not more than 40 percent of the value of pension savings;
- Mortgage-backed securities and housing certificates issued in accordance with the legislation of the Kyrgyz Republic - not more than 15 percent of the value of the pension accruals. For the purposes of this Regulation, mortgage-backed securities shall mean mortgage-backed bonds and housing certificates;
- Deposits in financial-credit organizations - not more than 30 percent of the value of pension savings.

Figure 5. Pension assets of NPF Kyrgyzstan



Source: [https://fsa.gov.kg/docs/file/actreport/447-\\_2019\\_-.pdf](https://fsa.gov.kg/docs/file/actreport/447-_2019_-.pdf) [3]

It is allowed to invest in secured bonds of one issuer of the Kyrgyz Republic, in shares of one issuer of the Kyrgyz Republic, in mortgage securities (housing certificates) of one issuer of the Kyrgyz Republic, in deposits of one credit organization - not more than 10 percent of pension savings for each type.

Pension savings may be placed or invested in corporate securities of issuers of the Kyrgyz Republic included in the quotation list (listing) of the stock exchange in the first (highest) and second (next highest) category.

As we have seen, the legislation of the Kyrgyz Republic in the area of regulation of pension funds' activity in our case is loyal to investments into securities. So, the reason lies elsewhere. It is possible that the market is not fulfilling the main function of transforming savings into investments; the lack of market pricing methods, low interest of issuers in entering the open capital market, the desire to keep large blocks of shares in the ownership of issuers, lack of understanding of market opportunities for capital mobilization, poor financial literacy of individual market participants contribute to this.

Weak capital market development and lack of a solid base of institutional investors represented by insurance companies and pension funds with sufficient financial resources to invest them in securities, low level of use of investment opportunities in the market due to insufficient financial literacy of the population on financing instruments also limit the financial market opportunities to transform the population's savings into long-term investments required for sustainable economic growth and improvement of welfare.

In developed stock markets, the key role is played by professional participants called investment funds that manage their clients' investment portfolios due to competent and balanced accumulation of funds. Three investment funds are active in our country; their total assets have doubled in the last five years (Figure 6).

Figure 6. Assets of investment funds

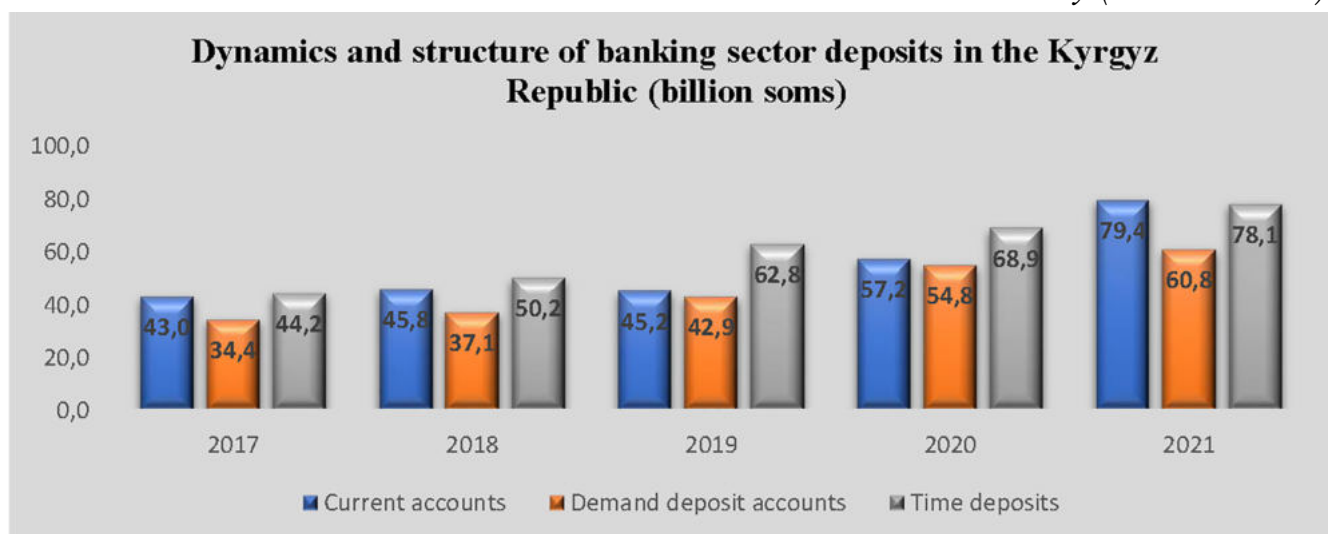


Source: Created by the authors based on public data from the National Statistical Committee of the Kyrgyz Republic

At the moment, securities of most companies are illiquid and hardly traded on the stock exchange. The market for blue-chip and industry leaders has not developed. According to securities market specialists, the reason is that the so-called „big“ shareholders of such issuers (including the government as a shareholder is no exception) are wary of issuing shares and selling them to a wide range of investors in order not to reduce the efficiency of a company's management.

The stock market lacks large-scale IPOs of large companies and financial instruments of interest to the general public. This contributes to the fact that citizens' savings are mainly invested in short-term bank deposits, foreign currencies (Figure 6) or microfinance and microcredit organisations (Figure 7)

Figure 7: Dynamics and structure of banking sector deposits in the Kyrgyz Republic by maturity (in billion KGS).



Source: open data the National Bank of the Kyrgyz Republic

If we look at the structure of financial Kyrgyzstan, we see that it consists of the following organisations in Table 1.



*Table 1 Number of financial market participants in the Kyrgyz Republic*

Name	Quantity		Name	Quantity
Banks			Other market participants	
Commercial banks	23		Trade organizers	2
Non-banking financial institutions			Brokerage activities	39
Microfinance companies	10		Depositories	1
Microfunding companies	83		Investment funds	3
Microcredit agencies	35		Mutual funds	2
Credit unions	86		Trustees	9
Credit bureaus	2		Pawnshops	420
			Insurance companies	17
		Of issuers on the Kyrgyz stock exchange	27	

Source: open data from Financial Market Regulation and Supervision Service under the Ministry of Economy of the Kyrgyz Republic

What is interesting is that most of the assets rotate, apart from commercial banks, not in institutional but in non-institutional organisations. By analysing this financial sector over the last 5 years, we have seen an increase of 2.1 times! (Figure 8 )

*Figure 8. Dynamics of change in assets of non-banking financial-credit operations.*



Source: Created by the authors on the basis of data from the National Statistical Committee of the Kyrgyz Republic

From this fact of growth in total assets and the increase in the number of participants in this sector, we are once again convinced that citizens' savings are invested mainly in short-term bank deposits, foreign currencies (Figure 7) or microfinance and microcredit organisations (Figure 8).

In order to change the situation in the financial market, the Government carried out extensive work during 2016 – 2019 to improve legislation and development in the securities market, which created conditions for the issue and circulation on the stock market of new financial instruments, such as: gold-backed bonds, collateralised debt securities, derivative financial instruments (options, warrants, futures, forwards, warehouse certificates), mortgage-backed securities, Islamic securities



The situation on the stock market is somewhat different. If we look at the trading dynamics on the Kyrgyz Stock Exchange, we see a lot of volatility, which is what characterizes the Kyrgyz stock market. The role of the classical stock market in financing investment and economic development is very limited, dominated by bank participants and virtually absent institutional participants and retail private investors. According to the open data of the Financial Market Regulation and Supervision Service under the Ministry of Economy of the Kyrgyz Republic (FMSRS) As of January 1, 2020, 73 legal entities are engaged in professional activities in the securities market of the Kyrgyz Republic, which have been issued 108 licenses for the following types of activities[4]:

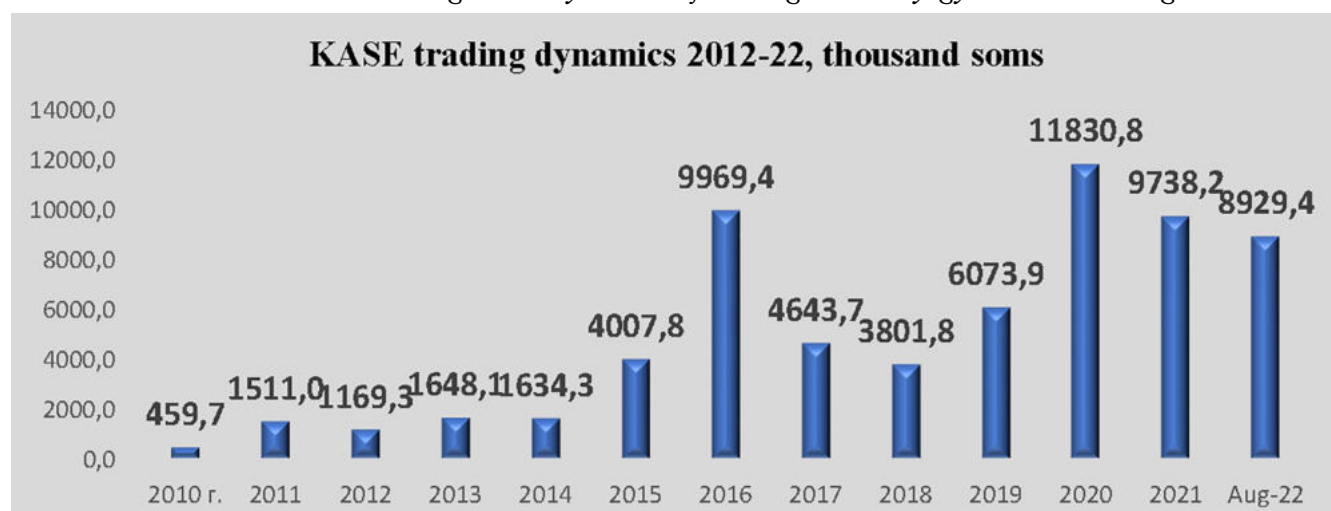
*Table 2. Number of licences issued to securities market participants*

Name	Quantity
Organizers of trading on the securities market	2
Depository activities	1
Brokerage activities	39
Dealer activity	35
Maintenance of the register of security holders	19
Trust management of investment assets	9
Investment Fund	3
<b>TOTAL</b>	<b>108</b>

Source: open data from Financial Market Regulation and Supervision Service under the Ministry of Economy of the Kyrgyz Republic

According to foreign financiers interested in the Kyrgyz stock market, the trading activity on the Kyrgyz stock exchange is very low, the exchange system is not very liquid and both the primary and secondary securities markets are underdeveloped (Figure 9).

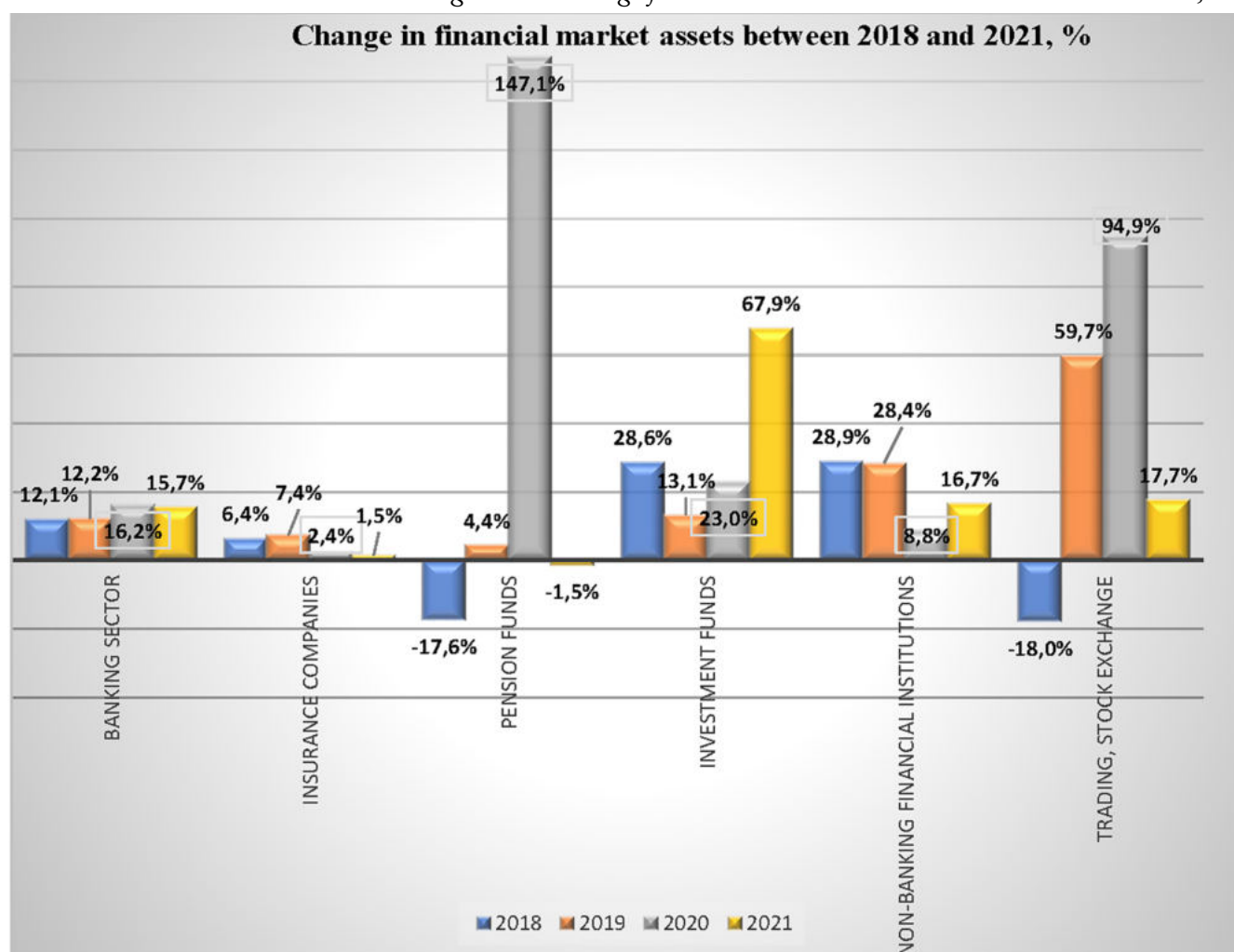
*Figure 9. Dynamics of trading on the Kyrgyz Stock Exchange 2012-2022.*



Source: compiled by the authors on the basis of open data of the Kyrgyz Stock Exchange

Given the enormous differences in the assets of the various sectors, let us try to reconcile them by estimating the dynamics in the various sectors as a percentage of the previous year over the last five years. This will allow us to understand the picture of the Kyrgyz financial market, which may attract the interest of both domestic and foreign investors (Figure 10).

Figure 10. Change financial market assets between 2018 and 2021, %.



Source: compiled by the authors

Having analysed the data, we can conclude that the most stable and growing sectors are banking and non-banking financial institutions, which once again confirms our idea that investors are more interested in investments in less risky, short-term investments, where specialized knowledge of financial management is not required. Volatility of 90 to 165 percent does not inspire confidence among domestic investors. This also confirms the second point about the degree of confidence in particular financial market institutions. In terms of internal investments, trust in the capital market was undermined in the 1990s, when a wave of privatisation swept up a great number of investment funds like mushrooms after the rain, accumulating financial surrogates, called privatisation coupons in shares of nationalised companies, where in the end the major holders of shares and owners were company directors, and shares of numerous small shareholders were dispersed and had no significant votes at general meetings of shareholders, which resulted in the following: - the nationalisation of state-owned companies; - the nationalisation of state-owned companies; - the privatisation of shares of state-owned companies. Legislation on minority rights did not exist at the time, leading to the destruction and sale of enterprises and their conversion into private hands. All this ultimately led to disastrous results. In addition to the destruction of enterprises, the confidence of the population as the main domestic investor in the stock market as a whole was undermined. Repeated attempts by the national government to revive the market, decision-making on the introduction of new financial instruments still lacks credibility and domestic investors prefer to play in the simple and understandable market - the micro-loan and credit market.

With a low income level of the population as in our country, the idea of developing a stock market based on domestic demand probably looks illusory or even false. Analysis has shown that the Kyrgyz

Republic does not have enough money supply from the population to act as a „key to launching“ a securities market. There is a need for government measures to stimulate domestic investment and protect their rights. This factor should not be made the only source of growth in liquidity and stock market volume. The government should look for other, flexible ways of development. In such a situation, an increasing priority in public policy for investment in the economy should be given to foreign investment, and, accordingly, the modernisation and development of the economy will depend to a greater extent on the inflow of investment from abroad [5].

Having considered the situation on the financial market, we will move on to the situation on the innovation market. The Global Innovation Index (GII2021) indicates that our country is not in a very good position in the ranking. (Table 3)

*Table 3. Kyrgyz Republic in the Global Innovation Index 2021*

Blocks			Indicator	Rank
Available resources and conditions for innovation (Innovation Input):	1	Institutions	55.7	95
	2	Human resources and research	30.6	70
	3	Infrastructure	35.3	87
	4	market development	49.2	52
	5	business growth	17.9	107
Practical results of the innovation achieved (Innovation Output):	6	Development of technology and the knowledge economy	12.1	102
	7	Creative knowledge	10.2	120

Source: <https://www.wipo.int/publications/ru/details.jsp?id=4564&plang=RU> [6]

Despite the high spending on education of 6% of GDP in the international rankings, government spending on R&D and business-funded R&D remains among the lowest. But it is not all bad. The situation is improving thanks to the efforts of enthusiastic young people to develop the ICT sector. Their efforts, together with the national government, created the High Tech Park (HTP), which has 97 registered residents as of February 2022. According to public data from the HTP website, we can see that the annual growth rate is 81.15% and the quarterly growth rate is in the range of 29%.

There are difficulties in developing innovation in the Kyrgyz Republic, the developers of innovation incur double costs, which makes the innovative product uncompetitive and it becomes unclaimed, leading to a lack of demand for the best qualities of human capital: intelligence, creativity, capabilities and the desire to innovate [7].

Figure 11. Dynamics of gross revenues of HTP residents.



Source: Compiled by the authors on the basis of open data of the HTP

In this simple example from Figure 11, we can see how dynamic the digital sector can be. It is profitable for a country to implement IT projects. The lead time and payback period for many industrial projects starts at a minimum of five years, while the implementation of IT projects from scratch takes relatively little time. Given the low confidence of domestic investors, organic innovation integration with other countries would be the most suitable option for our country. This option is preferable and more realistic as the scientific, technological and production potential has been lost for thirty-one years and its recovery is costly and time-consuming [8]. In recent history, the most notable example of such cooperation is between the Kyrgyz company “The Namba one” (part of the Namba Group) and the Kazakh MOST Ventures Fund. In October 2021, MOST Ventures Fund brought in a number of Kazakh investors to close a full round of \$1 million.

By the way, it is worth mentioning that at the moment there are 22 venture capital funds operating in neighboring Kazakhstan, where the volume of Kazakhstan’s venture capital market is currently estimated at \$80 million. All of this is the result of public-private partnerships, where the state acts as the driving force, creating the legal and institutional framework, and business, in turn, provides financial support.

### Conclusions.

On a global scale, global trends show that transformation is inevitable in all spheres of human activity. All these transformations are the result of the mental work of hundreds of thousands of people, the result of their innovations. Competition is intensifying in all spheres and in order not to run after the departing train, we need financial support which would allow innovators to offer new solutions to society. The greatest financial support can be provided institutionally by venture capital funds, which will accumulate funds in the financial market and distribute risks, provide financial support to startups, scientific research, and then bring them to the public market. And this, in turn, as we have already mentioned, will create a multiplier effect in the financial market, which will favorably affect the economy of our country as a whole.

For this, it is important to show will, to carry out the right steps and to create a legal framework governing the activities of venture capital funds, as advanced participants in the financial market. To ensure the protection of investors’ rights.

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## **THE ROLE OF THE STATE IN THE DEVELOPMENT OF VENTURE FINANCING, ON THE EXAMPLE OF THE EXPERIENCE OF DEVELOPED COUNTRIES**

### **Abstract**

Venture capital originated and began to flourish in the United States, in other countries, according to researchers, the growth of the venture capital industry was not so rapid. A vast amount of research has been done to explore the factors that encourage venture capital activity and which may better explain the differences in the degree of development and performance of the venture capital industry in different countries. Based on this careful review of the successful experiences of developed countries, this article aims to suggest an interesting direction for future research in this area. The relevance of the results of the study presented in the article lies in determining the role of the state on a successful example of supporting venture financing in developed countries. The study was conducted on the basis of systemic and integrated approaches.

**Key words:** economy; innovations; venture capital; venture funds; venture entrepreneurship; stimulation; support; research and development; investors; market.

### **Introduction.**

In the post-industrial economy, the state acts as the initiator, financier, organizer and consumer of the results of innovation processes. The US (SBIC), Finland (SITRA), Israel (Yozma), etc. are classically named as successful examples of global experience of government participation in programs to support the development and financing of venture entrepreneurship [1]. The basis for the choice of the model of support for the venture capital industry were historically established traditions of entrepreneurship, business practices, regional characteristics, institutions.

We know that there are direct and indirect methods of supporting venture entrepreneurship, by financing young high-tech companies that private investors are reluctant to enter, government

programmes to directly and indirectly stimulate venture capital can be aimed at filling the lack of private venture capital markets and creating favourable development conditions for science and technology companies. In terms of international practice, the most common ways in which the state actively participates in the venture capital investment process are as follows:

- demonstrating the ability, as well as the willingness, to share risks with investors;
- stimulating the presence of national private capital in their country's venture capital market;
- attracting public funds (insurance companies and pension funds) to the real economy, whose share in venture capital in Europe is as high as 35% of the total investment.

Among the largest funds with direct government participation (up to 40%) are UK High Technology Fund (UK); Sitra and Suomen Teollisuus-Sijoitus OY (Finland), GIMV (Belgium), funds with KFW (Germany). In addition to active participation and incentives, successful foreign practices have developed a significant set of tax measures to support venture capital, including support for the public investing in venture capital funds. For example, in Canada, Belgium and France, citizens' investments in venture capital funds are stimulated by special tax schemes; in the United States, it is allowed to include losses from investments in venture capital companies with less than \$1 million in capital as a tax deduction when calculating income tax. Visa support programmes for technology entrepreneurs have also proven effective. For example, in the UK, the Tech Nation programme has simplified visa procedures for high-skilled tech entrepreneurs to cover the shortage of entrepreneurs in large corporations and start-ups.

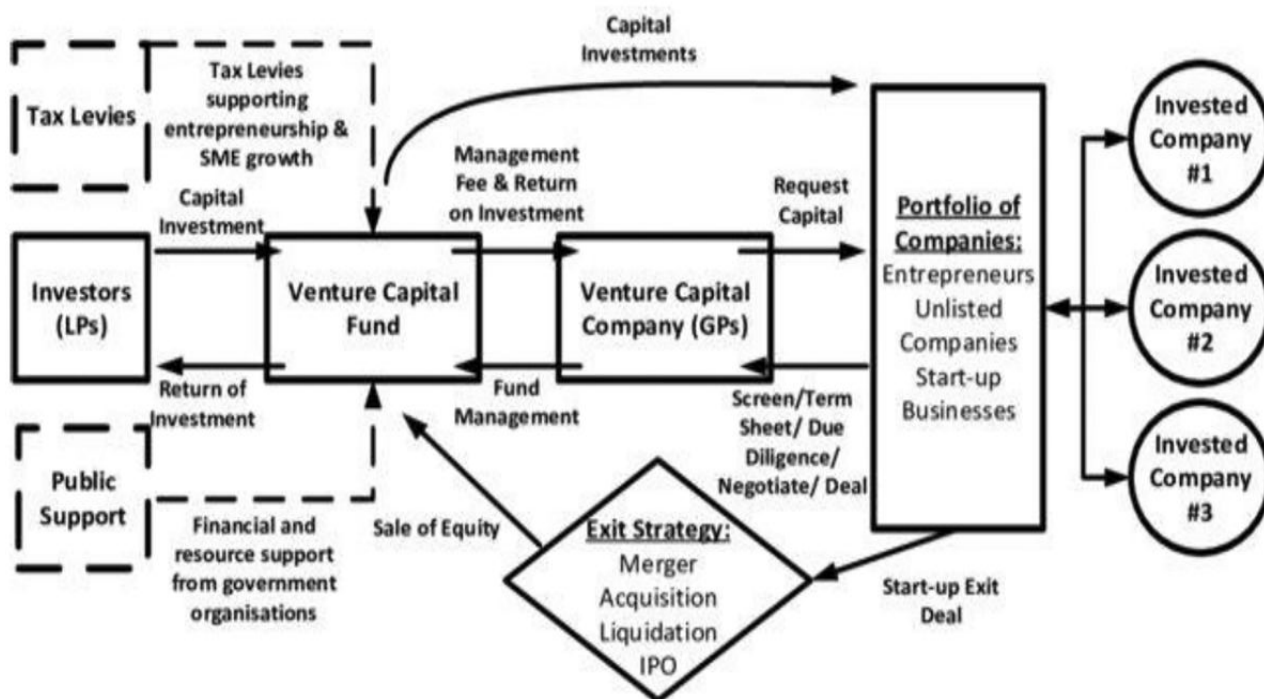
For example, in 2014, the government organisation Tech City UK was granted the right to issue over 200 British work visas per year to non-EU specialists, technology professionals working together were allowed to apply for a group visa [2].

State institutional regulation should be aimed at creating a self-developing venture capital industry, interacting with development institutions and regional industry clusters, and subordinated to state innovation interests aimed at national security, global competitiveness, leadership in NBIC-technology (this is an acronym for the words nano, bio, info and cogno or nano, bio, info, cogno-). Undoubtedly, the role of the state in the economy differs considerably from country to country, depending on factors such as national traditions, socio-economic structure and type of economic system. It is believed that state support and regulation of venture entrepreneurship should be reflected in the monetary, fiscal, customs, depreciation and other policies, taking into account the specifics of domestic legislation.

Among the measures of state innovation policy, researchers name the following

- Establishment of a legislative framework for venture capital investment by pension funds and insurance organisations;
- Stimulating the development of the stock market to provide venture investors with an "exit" and initial public offering of shares in innovative companies; financial support for R&D in the form of targeted grants and tax incentives at the pre-seeding and seeding stages;
- Development of regional innovation systems and innovation infrastructure.
- Monitoring and controlling the efficient use of public financial resources allocated to R&D and venture projects, primarily in the context of priority areas of innovative development;
- The investor's "exit" conditions from the project or business should ensure a "lock-in" return on the initial investment (the government should promote the development of a stock market to ensure liquidity for venture capital investments, and liberalise access to foreign capital). (figure 1)
-

Figure 1. Venture Capital Organizational Structure



Source: <https://www.wallstreetmojo.com/venture-capital>

According to some analysts, the state should assume a part of financing in companies with „critical“ and „breakthrough“ areas, as well as participate financially in high-margin industries and industries with high added value at the stages of emergence and growth of the innovation cycle; the state should also encourage private companies to invest in R&D. In the European Union, the USA and Japan, state support of innovation activities is based on the principle of mutual supplementation between the participants of the innovation process, the essence of which consists in financing works aimed at ensuring continuous technological growth in the country. In Great Britain, Germany and other European countries grant support of innovative projects in cooperation with industry and science and technology is carried out; financial support of projects from the state budget is carried out within the framework of targeted programmes; direct stimulation of innovation consists in providing state guarantees for loans issued by commercial banks and financial participation in innovation. Among the measures of indirect stimulation special attention should be paid to tax stimulation of innovation, first of all, through the application of tax deferrals, tax exemptions, various tax preferences and other tools [3]. (Table 1)

Table 1. State support for innovation around the world

Measures	Country of implementation
Direct	
Direct financing of innovative enterprises (grants, preferential loans, other programmes)	Great Britain, Germany, Norway, Denmark, India, China, USA, France, Sweden
Financial support to venture capital firms in innovative areas	Germany, Greece, Norway, Sweden
Indirect	
Tax incentives for innovative enterprises	Great Britain, USA, Germany, Greece, India, Ireland, Spain, China, France, Norway, Poland, Australia



Information and methodological support to innovation stakeholders	UK, USA, Germany, PRC, Sweden
Support for technology parks and technology incubators	Germany, Denmark, India, PRC, Sweden
Patent incentives	Germany, USA, France, Sweden
Stimulate joint ventures between academic institutions and business structures	Denmark, France, Germany, Great Britain, Ireland, China, Sweden, United States
Stimulate innovation at the small and medium-sized enterprise level	UK, China, USA, France
Support for creators through additional payments to employees for the commercial exploitation of their inventions	France, Denmark, Greece, China, Norway

Source: Kuzmin M.S. „Foreign experience of state support for innovation activities“. [4].

The most interesting and remarkable experience in my view is that of Singapore. As we know, it is a city-state with very limited natural resources located on an area of about 720 sq km. Its government has recognised the essential role of entrepreneurship since it first confronted the economic downturn in 1985. As part of its structural reform of the economy, in the early 1990s it began shifting from its original dual strategy of promoting exports and foreign direct investment to one of encouraging innovation and entrepreneurship, in addition to liberalising various service sectors - finance, utilities and telecommunications. The development of innovation and entrepreneurship in Singapore is characterised by the dominant role of the city state. It could be argued that the ecosystem owes its existence to a series of strategic decisions by policy makers as the country moved from a traditional manufacturing economy to a knowledge-based economy. with good universities, the need for talent still exceeded supply. The solution in the short term was to create incentives such as research support and funding for overseas scholars, assistance with relocation to Singapore and introduction of favourable migration rules. [In the long run, scholarship programmes have been established and partnerships with Duke University and GlaxoSmithKline have been forged to create a research support fund. Today, about six thousand scientists from around the world live and work in Singapore, approximately 52% of those employed in the startup industry are foreigners.

## Conclusion

In conclusion, it is clear from the results of this study that venture capital as an industry has a positive impact on the economy, contributes to job creation and takes the market to new horizons that can capture market share for the next generation, such as the invention of the iPod. Venture capital firms are always on the lookout for the ‚next new product/service‘ as these firms are always looking for a strong management team with a strong competitive advantage in a large potential market, the chance to own part of the organisation to be able to influence the direction of the organisation. As we have already discussed, the key factor for the successful implementation of innovation is the presence of interested parties who are willing to: implement the innovation, be the consumer of the innovation, and most importantly, be the financier of the innovation activity in order to make a profit. Since the financing of innovation activities is a high-risk operation, there is a need to create funds that are willing to finance this type of activity and the role of the government is to create favourable conditions for this and direct financial participation through the creation of venture capital funds

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### **The estimation by main indicators in strategic and programme documents of regional economic systems in the kyrgyz republic**

#### **Abstract**

The sustainable socio-economical state of the Republic of Kyrgyzstan includes the harmonious development of all its regions. Current state of the management practice requires prioritizing the role of strategic planning through identifying key indicators, implementing projects, building facilities, and preparing respecting documentation. Based on these results, in the implementation of the strategy, it is proposed to understand to achieve the indicators in the field of socio-economic development it was specified as the target, implementation of projects, completion of construction and facilities, provided for in strategic planning documents. In this article, the attempt was made to analyze the regions of the country for setting some of the goals. The current management of the documents on the strategic planning is not adequately handled so there is a need to develop a tool that will allow to run public assessment of the socio-economic development together with the regional authorities. Agreement on such a mechanism could turn strategies from “documents on the definition of objectives” into a tool allowing the public to assess progress work with regional executive authorities for the socio-economic development of the region.

**Key words:** strategy; growth points; strategic control; monitoring; indicators; balanced system of indicators; methodology; the innovation economy; performance; period.

There is a general understanding that poor strategic tactics frustrates the efforts made by the previous decision makers. Indeed, even the best plan is mere words if it is not implemented. Many organizations spend significant amount of time and money in an attempt to develop a successful strategic plan, consistent with their means, circumstances and implement it, but proper performance has never been reached.

As it is known, the Concept of Regional Policy of the Kyrgyz Republic for the period 2018-2022, adopted by the Government of the Kyrgyz Republic (No. 194 of March 31, 2017), is being implemented in Kyrgyzstan. In the section called “specialization of the regions”, the key challenges for the regions are identified. There following are the main points of growth for each region. The Batken region has three goals: transport communication, irrigation system and launch of the processing plants. Also, under the development of irrigation systems in the Kyrgyz Republic, the State Program for the period 2016-2017, the construction of two canals and reconstruction of the existing one has just been completed. Also, building of the respective facilities is underway. The Batken authorities are trying to develop the system of transportation but because of the continual delimitation and demarcation of State border with the neighboring Tajikistan the progress is being obstructed. The cross-border communities of the Batken region along the Kyrgyz-Tajik border, is given a special status with many economic concessions. For example, the income tax for entrepreneurs

and individuals reduced twice for the past few months from 10% to 5%, tax and other benefits. At the same time, a number of documents were adopted for the recovery of the region including building of industrial plants. According to the representatives of state bodies, one of the vectors for the development of this area can be transit system and energy sectors.

In the Issyk-Kul region, tourism and agriculture are identified as priority areas. The tourism sector is largely associated with the provision of quality services, as well as preservation of the environment. Some of the anthropogenic impacts include building of wastewater treatment facilities in the cities of Balykchy, Karakol and Cholpon-Ata. There is practically no biological waste treatment at the current facilities [1.13]. The material and technical base of processing waste is obsolete. According to various sources, each year about 1 million tourists visit the lake Issyk-Kul and every year the number of pollutants that include all sorts of plastic and trash dumped into the lake is increasing. This represents a serious ecological threat to the lake, wildlife and people living in the area. The next question is linked to railroads, which became a huge source of environmental pollution. Of the 406 available landfills, only 107 (26%) are authorized [1.13].

The share of private farms in the total volume of gross agricultural output in 2020 in Issyk-Kul region was 13, 8%. For comparison, in Osh region in the same year was 19, 8% [2.15]. According to statistics, up to 5-10% of the number of economic entities in the agricultural sector is increasing annually. In accordance with the laws of Kyrgyz Republic "On specially protected natural areas", "The Issyk-Kul region has the status of a specially protected natural area called "biospheric territory" so that the agricultural work should not be carried out to detriment this territory.

For the Naryn region, the key «growth points» include animal husbandry for meat supply for the domestic and foreign markets as well as the mining industry. The next priority is the development of the energy and the transit system sectors. However, several problems inhibit the animal husbandry industry such as an exhaustion of the pedigree stock [3.8]. Statistical breakdown of first six months of 2021 indicates the increase of meat production in all regions, especially in Issyk-Kul region (102, 5%), Jalal-Abad (102, 4%), in Osh region (101, 4%) and Chuy (101, 0%). With regard to the mining companies, there are conflicts with the local population due to the fact that the mining companies fence off their territories leaving little grassland for the cattle of the people living in the area [4.21].

In Osh region the priority sectors are transport and agriculture. In some areas, completely new roads have been built. Overall, the statistics show the increase of freight transportation for more than 99, 4% mainly due to the growth of the number of individual entrepreneurs. The principles of strategic development of railway transport and logistics are laid out in the respective documents. The Islamic Development Bank finances the North - South alternative road project and the road reconstruction project (75-108 kilometers) of Osh-Batken-Isfana. According to statistics, in 2021 the Osh region was the leader in production of agricultural produce. Nevertheless, the sector has its own problems; in particular, there is an urgent need in better system of irrigation. Due to water shortages, the prices of fodder crops almost doubled.

In Talas region, the main driver is production of environmentally friendly crops for export. The second area for growth is animal husbandry. Most of the country's sown area, more than 50, 8 percent, dedicated to growing grains and legumes (54, 6 thousand hectares). At the balance sheet, compared with the previous year the production of grain and leguminous crops decreased by 5, 1% or 3, 0 thousand hectares. The area under cultivation grew of vegetable crops by more than 255 hectares (ha) compared to 2021 or 5, 6% and amounted to 4, 8 thousand hectares. Collected 208, 3 thousand tons of fruit and berry crops as compared to the same period last year increased by 1.2 percent [5.11-12].

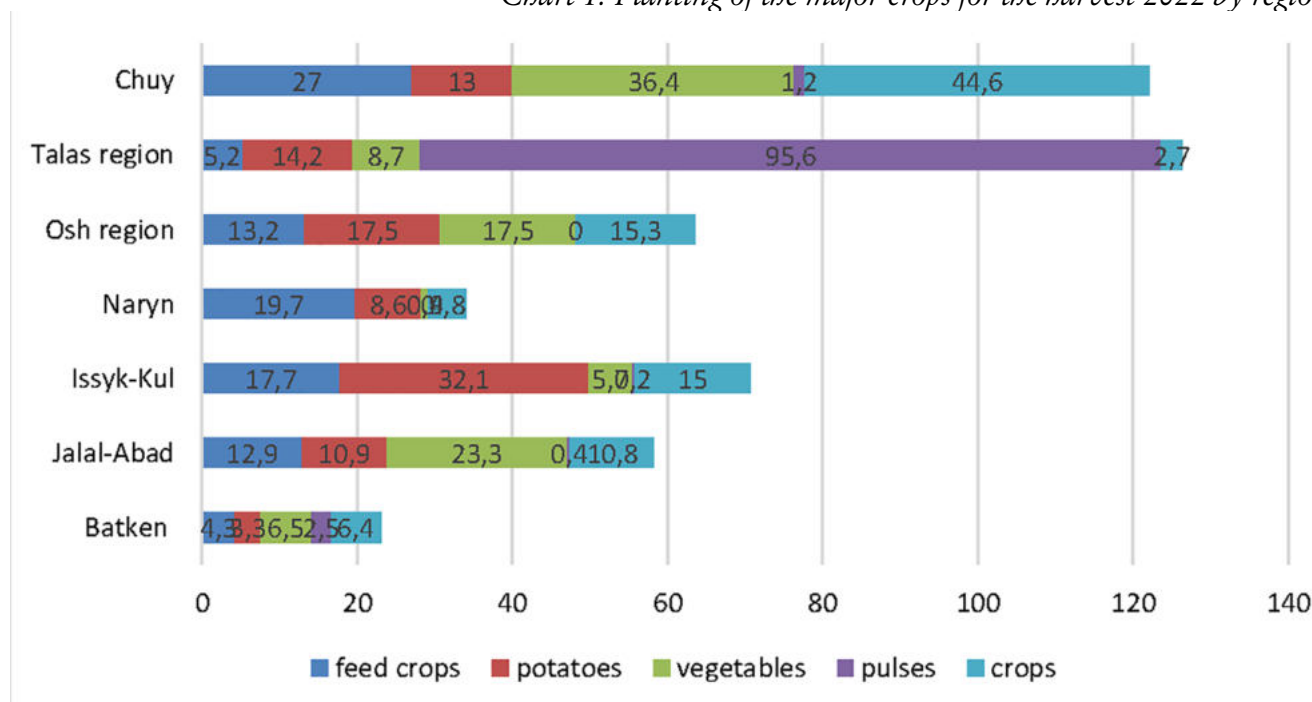
Keeping livestock is an important risk reduction strategy for vulnerable communities as it is an important source of nutrients and traction for growing crops in smallholder systems. Livestock systems have both positive and negative effects. The domesticated animal population decreased dramatically in the recent years mainly due to the weakness of the breeding system and lack of commercial farms with highly valuable breeding material. Another pressing problem is the inadequate supply of material and technical provision.

In Chui region, the processing and the light industries are among the priority sectors. The analysis showed that the processing industries could not survive just by re-equipping the existing enterprises. The innovative modern technologies require diversified production of competitive goods, and increasing exports. In the context of regions, the bulk of the production capacity of the region's light industry is concentrated mainly in Bishkek city-57,7 %, Chuy region-29,7 %, Jalal-Abad region-4,9 %, in other regions share of the industry ranges from 0,01% in Talas region to 4,3% in Osh region. Kyrgyzstan has a market for export of the light industry products (mainly clothing) in Kazakhstan and Russia (the key trade markets) and the rest of the Eurasian Economic Union.

However, there is a risk of increasing fierce competition between the communities and countries for resources and the influence of the markets over the time. Certain steps have already been taken for the successful growth of the economic development in the Concept of Regional Policy of the Kyrgyz Republic but there were, however, also some problems that require solution.

In seeking to address in implementing the strategy we can consider each sector in isolation in the context of regions. For example, in agriculture and specifically with crops (chart 1).

*Chart 1. Planting of the major crops for the harvest 2022 by regions*



The estimates are based on data from the National statistics agency of Kyrgyzstan <http://stat.kg>

As shown in the Chart 1 some crops are predominant and some do not exist, such as pulses in Naryn and Osh regions. Certainly, different types of crops are being affected by the climatic conditions and the soil. Thus, the main causes of inefficient use of the available agricultural land are economic inexpediency, distance rocky surfaces, malfunction of irrigation system network, expansion of the settlements, lack of grain cultures, salinization, water logging, natural disasters, etc. [6.5].

It is necessary to consider implementation of the plans that can be identified by only one particular region to trace the major industries. For example, Chuy region (chart 2).

*Chart 2. The main branches of the economy in Chuy region in 2021*

N.	Name of sector	Percent
1.	The volume index of industrial production	137,5
2.	Manufacturing industry	94,9%
3.	The supply of electricity, gas, steam and air conditioned	4,7%
4.	Water supply, cleaning, waste treatment	0,2%
5.	The volume of minerals production	182,7%
6.	The index of actual volume of textiles and garment industry	103,8%
7.	Livestock production	46,7%
8.	Production in the agriculture	50,2%
9.	The volume of production in agriculture, forestry and fishery	2,3%

The estimates are based on data from the National statistics agency of Kyrgyzstan <http://stat.kg>

As indicated in the Chart 2, some industries are successful and some are not. Not all the planned strategic planning has been fulfilled. The true causes of these problems are a) unsatisfactory development of documents b) inadequate mechanism of monitoring implementation of the strategy. Current strategy, its control mechanisms, and the process of implementation has not been sufficiently elaborated.

The strategic planning must be made together with the professional community: business representatives and interested groups of people. The respective legislative branch must hear the preliminary reading, then the document must be approved by the Ministry of the economy and investment of Kyrgyz Republic. However, very often the strategic control, like any control, is inevitably confronted with difficulties. This is caused mainly by the lack of evidence from monitoring due to insufficient elaboration of the existing indicators. Poor collaboration with inter-agencies could be another part of the problem [7.11]. In accordance with the order of the Government of the Kyrgyz Republic,<sup>40</sup> a single format of socio-economic development of the region was approved. Ministries, administrative departments, public authorities, local administrations have to present forecasts and targets and explanatory notes based on factual data to the Ministry of the economy and investment of Kyrgyz Republic.

A review of the socio-economic development of regions include the following indicators: economic development (the GRP, the GDP, etc.), social development (the average monthly wage, etc.), the State budget (income/expenditures of local budgets, etc.), infrastructure (roads, etc.), the business environment, the investment climate (the number of operating entities, etc.). The pace of development of all sectors of the economy, the foreign trade turnover, the inflow of foreign direct investment, tax collection, coverage of education and other indicators are part of the Action Plan of the national development strategy until 2040.

In the above-mentioned can be also include business development indicators. For example, the balanced system of indicators assesses the work of companies based on four parameters: finance, relationships with customers, internal business processes, training and staff development.

Meanwhile, the researchers determined the basic features of performance indicators as follows:

- Need to be stated in measurable terms, ratio or for displaying the score.
- To be sensitive to change.
- Have to be linearly independent. The need for linearity also means that performance changes through a linear dependence with the value of the indicator.
- Must have reliability. This assurance means that performance must be both under normal conditions and in routine conditions and in unforeseen situations.
- To be efficient, clear and comprehensible.

<sup>40</sup> The Order of the Government of the KR 2017-2022, Resolution No. 354-r, October 28, 2020.

- The indicators are aimed at improving the strategic plan. Progressive performance indicator expresses the necessary changes to increase competitiveness in business performance [8].

The economic indicators are the GDP, the industrial production, the true income of the population, the retail trade turnover, and the investment volumes. Furthermore, the following needs to be taken into consideration: inflation, import/export, unemployment and other numerical factors. These are the main forecast indicators. In many countries, indicators are used to for implementation of the strategic documents: population (increase, reduction), spendings on education (GDP growth), healthcare costs, expenses on basic research, scientific and technological progress.

A strategy on the transition from resource-based economy to economy based on knowledge and innovative technologies is part of the economic indicators of other countries. According to the researchers, the outlook at the increase of these indicators shows inclination toward social and innovation orientation. Of course, it is impossible, in our view, to include some specific indicators in the documents for each region, which can be found only on the common indicators such as the GDP and the GRP. These are mainly for overview and do not offer a detailed information. Still each region has certain economic situations on the available natural resources, infrastructure mechanisms, climatic conditions, the pace of economic development, resources produced, the livelihoods of people and other causes. Therefore, each individual region needs to develop its own strategy to be is part of the general strategy of development of the country.

The ministries and departments use different methods of calculation of the same indicators within the programs and strategies. This creates a lot of confusion and misunderstanding in the process of monitoring. Particular attention should be paid to developing a methodology for the development of a strategy. To reduce the duration for coordination with other departments, the set timing of preparation of the strategic documents should also observed.

The set timelines should be five or ten years or fifteen years. More sophisticated predictive indicators need more time. It is still difficult to predict future events such as Covid-19 or climate change – these can disrupt plans. Therefore, it is important to develop documents for a shorter time intervals. Developing high quality documentation is the first necessity in implementing the strategies.

From an academic perspective, systematic monitoring allows getting an idea of the more considerable regional differences revealed in the speed and depth of transformations, the relative importance of regionalization versus globalization processes, and a better understanding of the meaning and significance of the so-called new regionalism.

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## THE FINANCIAL LEASING DEVELOPMENT IN THE KYRGYZ REPUBLIC

### Abstract

The issues of financial leasing, its role in development of the economy of the Kyrgyz Republic are reviewed in the article. The dynamic of number of leasing companies and cost of financial and operating leasing operations, financial leasing's advantages over loans, their expansion problems are reviewed.

**Key words:** Kyrgyz Republic; financial leasing; operating leasing; loan; sectors' contribution in the GDP production.

At the modern stage of the human society's development, according to the experience of the developed countries they frequently take to financial leasing to carry out technological innovations which require procurement of costly equipment, transportation expenditures, power plants, computer and telecommunication equipment and other fixed assets. Moreover, in the current context of Western sanctions policy against Russia and Belarus, the importance of economic cooperation with the countries of the Eurasian Economic Union (EAEU) grows, creating conditions for the renewal of fixed assets, ensuring industrial growth, as well as through the use of leasing tools, and increasing the competitiveness of leasing. In this regard, it was recognized as important and appropriate to hold annually, (the first assembly was held in November 2018 in Moscow), the "LEASING Eurasia" International Assembly, with national associations of leasing participants in the EAEU countries and the Department for the Development of Entrepreneurial Activity of the Eurasian Economic Commission participating. On October 14, 2021 two key events "LEASING EURASIA" III General Assembly and III Eurasian Summit of financiers and entrepreneurs, organized by the NP "Leasing Union", Council of Russian CCI on financial, industrial and investment activities and the "Banking" magazine ("Kapital-info" Media group) under the support of the national industry associations and

companies of EAEU countries: Republic of Belarus, Kyrgyzstan, Kazakhstan, Armenia, were held simultaneously in the Russian Chamber of Commerce and Industry in Moscow. If we consider the chronology of economic development of the Kyrgyz Republic until 2015, the real economy's share in the country's GDP structure did not exceed 35%, while services and trade accounted for about 60% mainly due to re-export of goods from the PRC to the Commonwealth countries. The economic model existing at that time, was a fundamental constraint of the development of leasing operations in general, and financial leasing in particular.

The situation has started changing since the Kyrgyz Republic joined the Eurasian Economic Union in 2015. The contribution of the real economy to the country's GDP growth has started to grow. If we compare the years 2020 and 2021 (in Figure 1),

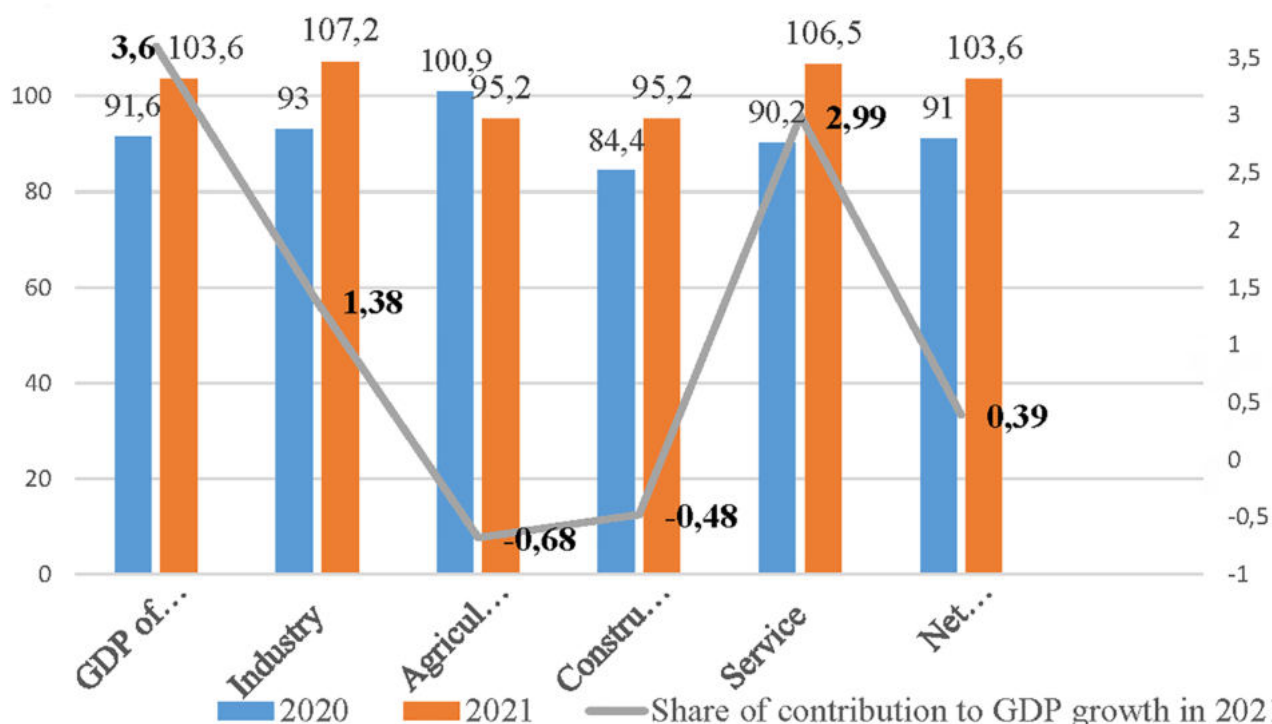


Figure 1. The GDP growth rate by sectors in the Kyrgyz Republic [1]

Kyrgyz Republic's GDP grew for 3.6%, with industry contributing 1.38 % and the negative shares of contribution of such sectors as construction and services is minus 0.68 % and minus 0.48 %, respectively.

The importance of financial leasing in the economic development of many countries around the world is growing year by year and at the same time there are problems in its development. Currently, financial leasing is widespread and is used in parallel with the following methods of financing, such as credit and budget financing, self-financing, corporatization and other methods as well. The main advantage of financial leasing is manifested in dissemination of costly innovations, despite the lack of own financial resources of the enterprise, in the rapid penetration to a market and in gaining a competitive advantage. A quarter or more of the USA investments in machinery and equipment are carried out thanks to applying the leasing specifically.

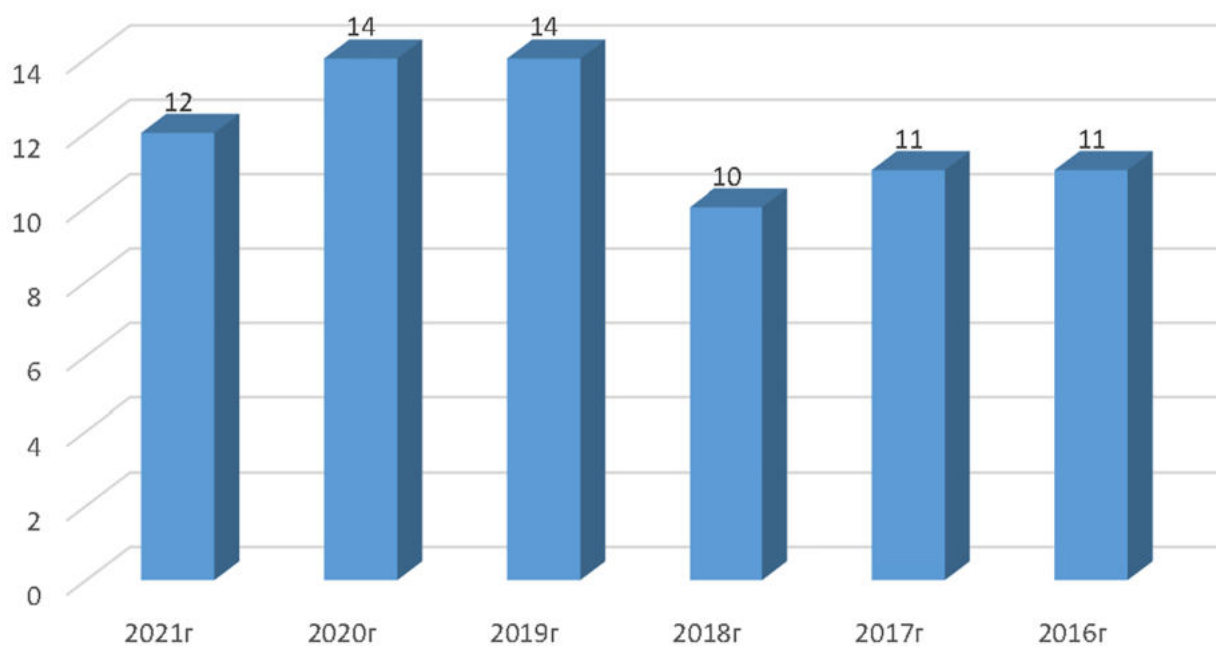
Difference of financial leasing and credit according to data of the table 1.

*Table 1. Particularities of the credit and leasing credit mechanisms*

Credit	Leasing
The financial means are directed to any entrepreneurial activities.	The predominant use of funds for modernization measures to activate the production activities.
When lending a credit, the bank requires additional security such as pledge or order.	In the leasing, the leased asset being on the balance sheet of the leasing company, shall acts as a collateral.
It is difficult to monitor the process of spending of funds as per their intended purpose due to the lack of valid monitoring tools.	Control over spending of funds as per their intended purpose is guaranteed, since the equipment, specifically stipulated, is provided for leasing.
A 100% guarantee of repayment of the credit and interest on its use is required.	The amount of the securities is decreased to the value of the equipment leased, whereas, it serves as a security.
The equipment acquired is reflected on the company's balance sheet and depreciates.	The equipment is not reflected on the company's balance sheet, no depreciation is charged and no taxes are paid on it.
Since the credit fee is covered from its own funds, the company needs to generate income on which all necessary taxes are charged.	Encouraging the development of production thanks to reducing the taxable base as the leasing payments are contained in the cost.

*Note:* The table has been made by author.

The number of organizations involved in leasing activities in the Kyrgyz Republic in the dynamic for 2016-2021 shows insignificant volatility, ranging from 10 in 2018 to 14 in 2021.



*Figure 2. Number of organizations in the Kyrgyz Republic that entered into financial leasing agreements in 2016-2021, units [2]*

Unfortunately, the global pandemic of coronavirus infection has made its adjustments, leading to a reduction in the number of organizations from 22 in 2018 to 12 in 2021, or a reduction by 10 units, which construes 54.5%. Nevertheless, the Russian Federation opened a leasing subsidiary in Kyrgyzstan at the end of 2021. The opening of which was agreed with the Russian company Natspromleasing in August 2021 during the Kyrgyz-Russian business forum in Issyk-Kul. The founders of Natspromleasing-Kyrgyzstan are Natspromleasing LLC and the Russian-Kyrgyz Development Fund. In the nearest plans of the subsidiary's work in the territory of the Kyrgyz Republic the following represent a particular relevance.

Such volatility in the number of organizations carrying out leasing operations has led to a reduction in the number of employees engaged in leasing operations. The maximum number of employees was observed in 2018 (280 men), indicating a complete correlation between the number of organizations and the number of employees. By 2021, the number of employees engaged in leasing operations dropped to 53 men, or reduced by 227 employees, the reduction was nearly 81%.

If we analyze the total value of leasing agreements entered into in the Kyrgyz Republic for the years 2016-2021 (in the Table 2) and the distribution of agreements by type (financial and operational), the value of financial leasing will be:

*Table 2- Total values of leasing agreements entered into in the Kyrgyz Republic in 2016-2021.*

	Number of organizations signed financial leasing agreement, units	Financial leasing agreement's value		Number of organizations signed operating leasing agreements, units	Operating leasing agreement's value	
		Total, thousand, som	Where: with lessees from CIS countries		Total, thousand, som	Where: with lessees from CIS countries
2021	12	1 708 946,4				
2020	14	1 266 912,7				
2019	14	1 448 871,1				
2018	10	1 009 590,0		1	890,4	0
2017.	11	903 553,7	2 761,0	1	900,0	0
2016	11	638 064,1				
2021 in % by 2016	109,1	267,8				

Source: NSC's web-site-www.stat.kg

Over the comparable years the leasing increased by 167% and amounted to 1 billion. 709 million KGS in 2021. And the number of organizations increased only for 9.1% during this period. And operating leasing was observed only in 2017 and 2018, and their amount fluctuated in the range of 890-900 thousand soms.

The researches we conducted, allowed us to identify the following drawbacks and weak points in the matter of arranging leasing operations and leasing companies in the Kyrgyz Republic:

- Weak infrastructure development level for leasing operations and the leasing market;
- the limited range of suppliers of leasing property to recipients of the leasing property;
- The ordinances governing the taxation of property leasing operations are not perfect;
- No electronic database of individuals and legal entities, which are engaged in leasing the property, has been created in the Kyrgyz Republic;

- Individuals and legal entities in the Kyrgyz Republic do not have sufficient level of financial literacy, as they do not know sufficiently the conditions, benefits and risks of the financial leasing, etc.

However, it is gratifying to note that there is a great potential for the accelerated development of leasing operations in our country. For instance, since January 2016, the Russian-Kyrgyz Development Fund (RKDF) has begun to finance leasing operations of entrepreneurs for acquisition of agricultural machinery, equipment used in the processing industries for an average term (up to 5 years in the national currency, up to 7 years in US dollars). Commercial banks partners of the RKDF serve these operations with the following annual interest rate: 5 per cent for a loan in US dollars and 12 per cent for a loan in local currency [3]

Unfortunately, this form of attracting financial resources for the expanded reproduction of fixed production assets, and even for innovative projects in the industry has not been properly implemented in practice, although, leasing has advantages compared to bank loans. But we hope for the prospects of financial leasing and that it will gain its development in the Kyrgyz Republic.

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## MEDIATION IN KYRGYZSTAN: IMPLEMENTATION IN PRACTICE AND OPPORTUNITIES

### Abstract

This article examines mediation as an alternative method to resolve court cases of the Kyrgyz Republic. The advantages of mediation over the court procedure, the basic principles of mediation are presented, visual practical cases are proposed when using mediation tools.

**Keywords:** mediation; mediator; position; interests; parties; litigation; mediation agreement; mediation agreement; decision; responsibility.

Each of us has different situations in life. Sometimes you may have to go to court. The judicial system in every country, including Kyrgyzstan, is difficult, it requires the investment of many kinds, the main of which are: time-related, material and moral. Litigation can last for years, attorneys and representatives are burdensome to pay, every case is a trial for emotional strength.

Is there an alternative? Yes. There is an option of mediation. What is this? Mediation is a specially organized structured negotiations conducted with the help of a neutral mediator between the disputing parties on the basis of good will, the purpose of which is to resolve the dispute and find a mutually acceptable solution that satisfies both parties. Mediation is based on the following principles: voluntary participation, mutual cooperation and equality of each of the parties, exclusive neutrality of the mediator and confidentiality of the entire mediation procedure.

The emphasis is placed exactly on the interests of each party to a litigation or legal relationship, and in mediation, each of the parties has the opportunity to choose the best solution and / or way to resolve the conflict. The dispute within mediation is considered more broadly and takes into account the attitude towards the case of each side, while in the lawsuit individual stance is judged. To highlight, a jointly elaborated decision in mediation is made by the parties themselves unlike decisions made in court. Furthermore, there is an additional problem of implementing a court order. The realization of court ruling may not be peaceful after all, in contrast to the execution of a mediation agreement. Considering world practice, we emphasize that about 90% of mediation agreements are executed voluntarily, and in countries where mediation is mandatory, out of 100% of all disputes submitted for mediation, only 27% return to courts.

Legislatively, the alternative to out-of-court settlement of a dispute in Kyrgyzstan is enshrined in the adoption of the Law "On Mediation"<sup>41</sup>, which regulates relations pertaining to the use of mediation in disputes arising from civil, family and labor relations. Nowadays this institute also works in Kyrgyzstan. For our country, this is a fairly new opportunity, and at the same time, we note that mediation has a large potential and high prospects.

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<sup>41</sup> Law of the Kyrgyz Republic as of 28<sup>th</sup> of July 2017 No 161 "O mediatsii" (About Mediation). Approved by Jogorku Kenesh of the Kyrgyz Republic on 22<sup>th</sup> of June 2017.

The use of mediation in Kyrgyzstan is possible both before and during the resolution of corporate disputes, in commercial, property, civil, family, labor, land disputes and partially in criminal proceedings<sup>42</sup> at the stage of both pre-trial proceedings and in court (the rights and obligations of a mediator are regulated by Article 59 of the Code of Criminal Procedure of the Kyrgyz Republic, conclusion of an agreement on reconciliation, Article 506 of the Criminal Procedure Code of the Kyrgyz Republic). As of today, within 4 years in the Kyrgyz Republic more than 2000 individuals have resolved their legal disputes peacefully without resorting to court.

In Kyrgyzstan, mediation services are offered by the Chamber of Commerce and Industry (CCI) of the Kyrgyz Republic, the NGO “National Mediation Center” (NCM, <https://www.mediationkg.com>) with 7 branches in the regions, the Public Association “Republican Community of Mediators of the Kyrgyz Republic” (RCM <https://mediator.kg>). The register of mediators can be found online, one can get acquainted with their portfolios and contact them through above-mentioned websites.

To emphasize, the most frequent subject of disputes in courts is family disputes. Let’s look at the statistics. In accordance with the data of the Department for Generalization of Judicial Practice and Analysis of Judicial Statistics of the Supreme Court (SC) of the Kyrgyz Republic, the main categories of civil cases in Kyrgyzstan considered by the courts of first instance in 2021 are family disputes<sup>43</sup>, which account for slightly less than half of all (!) cases considered in court, which is one third more than in the previous year. From the case numbers, one half constitutes the divorce cases and a third – alimony and child support payments<sup>44</sup>. As a result, the most common reasons for resorting to mediation are family disputes, especially in the cases of divorce of spouses with minors. This category of disputes accounts for 60%<sup>45</sup> of mediation proceedings.

The courts are overloaded. In accordance with the analytical data, the workload per judge of courts of the first instance in 2021 averaged 36.5 cases in the republic, while each judge has 43.1 cases (in the year of the pandemic in 2020, this value was 33.7) in first instance court in Bishkek. It should be noted that mediation makes it possible, among other things, to reduce the overflow of the judicial system.

Per foreign experience the Netherlands has introduced a novelty that since April 1, 2005, tax disputes can be resolved through mediation as an alternative to others, including litigation methods of resolution. In the Netherlands, since 2004, tax disputes have been successfully resolved through mediation. Administrative disputes in Germany have been resolved using mediation since 2000. Every 10th judge in Germany is an active mediator. In Germany, mediation issues are included in the terms of reference of a full-time judge, who explains to the parties the possible prospects for litigation and thereby practically contributes to the development of the judicial mediation institution.

We will further examine the statistics and experience of one of the many mediation offices located in the Sverdlov District Court of Bishkek, the opening of which was made possible by the project and with the assistance of the NCM. Presented below is the number of appeals by types of disputes. The statistics of appeals to the mediation office in the Sverdlovsk District Court of Bishkek (March 2021-August 2022)<sup>46</sup> are presented in the table.

Disputes/ Mediation types	Family Disputes	Civil disputes	Labor disputes	Criminal proceedings	Land disputes
March 2021 — January 2022					

42 Criminal Procedure Code of the Kyrgyz Republic as of 28<sup>th</sup> of October 2021 No 129 edited as of 18<sup>th</sup> of January 2022 No 4.

43 25 965 cases or 45.86% of closed cases (2020 – 19 840 cases or 45.68%)

44 Disputes on dissolution of marriage constitutes 12 998 cases or 50.06% (2020 – 9 436 or 47.56%), demands of alimony and child support – 9 732 or 37.48% (2020 – 7 855 or 39.59%).

45 <https://www.aa.com.tr/ru>

46 Table is constructed based on registry of appeals

Total appeals (45)	15	11	0	16, including 5 counts of misdemeanor, 5 counts of vehicle accidents	3
Consultations	13	9	0	16	3
Closing mediative contracts and agreements	2	2	0	0	0
January 2022 — August 2022					
Total appeals (32)	15	15	0	2	0
Consultations	12	12	0	2	0
Closing mediative contracts and agreements	3	3	0	0	0
Total appeals (77)	30	26	0	18	3

Methods of appeal: self-appeal and / or by referral of the court. As statistics show, the most frequent appeals, 30 out of 77, are disputes over determining the place of residence of children and regulating the method and order of meetings with children with a small share of inheritance. In civil disputes, 26 out of 77 appeal with regards to the recovery of sums of money, loans, breaches of contracts, including lease contracts, supply of goods, payment for services rendered. For disputes in criminal proceedings, reconciliation of the parties is considered within the realm of non-felony and misdemeanor crimes.

Let us elaborate more on family disputes. Unfortunately, not always and not all couples divorce peacefully through an application to the registry office. In accordance with the Family Code of the Kyrgyz Republic Article 20, divorce in the civil registry offices is possible with the mutual consent of the spouses in the absence of minor children and property claims against each other. Married couples with children and property claims appeal to court for the dissolution of marriage. In this regard, the main issues of the dispute constitute: maintenance obligations (alimony and child support), child custody, determination of the procedure and conditions for meetings with children, division of jointly acquired property. The court issues a ruling. It would seem that after the decision is made the case comes to an end. However, the decision itself, in general, satisfies only one party, in whose favor the decision was made. The other side is dissatisfied, files an appeal, then perhaps a cassation appeal and the decision is ultimately either in one direction or the other. That results in inefficiencies in time with monetary and emotional distress. Unfortunately, the vast majority tends towards this method of conflict resolution. Based on the results of mediator consultations, 13 out of 15 in 2021 and 12 out of 15 in 2022 opted out of mediation. However, there is definitely a positive experience! The mediation agreements have been concluded and are being implemented in 5 disputes resolved through mediation of married couples.

Moreover, after contacting the mediator, there is collateral impact: the parties change their approach to the dispute, the stance in court changes, there is a will to compromise and a more stable and constructive interaction within the parties. As an example, a case study is presented. The dispute resolution takes place in mediator's office in Sverdlovsk Court, Bishkek. The consultation involved a husband, a wife, their three children (two daughters 6 and 4 years old, son 1.5 years old), and a wife's relative. They came to get divorced. How? They themselves do not know. Prior to entry: screams, emotions, mutual accusations take place. The wife denies a possibility of divorce with accusations of the husband not performing his spousal duties. The husband, tired of all the allegations, displaying



interest in his children requests a divorce nevertheless. A relative from time to time shares the details of their family life. Children are either with mom or dad in their arms, the youngest often cries. Working time with a mediator took 3 hours with a break of 15 minutes. The dispute is not mediatable (cannot be resolved) in terms of reconciliation of the parties and mediatable (can be resolved) in terms of "correct" procedures on dissolution of marriage. The outcome was both parties having reached an agreement. The decision is as follows: the husband acts as a plaintiff in court and files a divorce petition (the mediator sent instructions on how to prepare and file it), pays the state fee, upon accepting the claim for proceedings, agrees with the court order and pays alimony and child support, undertakes to rent housing for his wife and children; wife has agreed to a divorce, acts as a defendant in court, receives alimony, allows the father to see the children, sends the children to kindergarten and starts to work..

From my own practice in family disputes, I made several significant observations that I would like to share. When the continuation of the family life of the spouses is no longer possible, the experience and practice of family mediation shows that the most painful part is the custodial conflict over children. Parents argue over the custody often neglecting psychological and material damages to children. In general, spouses attempt to minimize other party's gains, which parallels temporary disregard towards children at the first place. Understanding resources needed to resolve the conflict, mediators are equipped to order priorities of a family dispute: psychology, effective communication, empathy, coaching methods, determining levels of conflict escalation, identify interests, re-framing critical points being a neutral position, organizational skills and legal competence.

However a mediator handles the case, the choice is up to the parties. Mediation is a voluntary process. Here we emphasize the importance of a personal choice of each person who finds herself in a difficult life situation and the acceptance of the responsibility of a person for her choice. It is up to the parties to decide how the future scenario will develop. The mediator listens to the parties, understands and supports each of the parties equally, facilitates parties to listen to one another, manages the negotiation process, organizes discipline and mediation procedures, helps in finding alternatives to resolution of the dispute, checks how realistic is the agreement. The choice is up to the parties. Which choice? Constructive behavior and decision-making? Then the parties follow peacefully. Destructive behavior? The parties continue to a protracted war with numerous losses.

It is very important for all of us to maintain a thread of effective communications, it is essential to hear the opinion of another, at the stage of a dispute, to discern the interest behind a position. Human communicates with a human. Issues could be resolved. Reliability and taking responsibility for oneself constitute a reasonable position in life. Someone or something is to blame for everything is a position of a victim from a psychological perspective. Once a crisis of relations arises, resulting in a conflict, the resolution of issues becomes exacerbated by the past experience of negative emotions, where it is crucial for the parties to "win" over the argument at any cost. When the dispute is not mediatable, in presence of violence, high intensity of emotions, psychological instability, unfortunately, the mediator is powerless.

#### Case study 2.

Mediator's office. The subject of the dispute is the inherited property, namely 1/5 share in the apartment. Dispute between two brothers. The plaintiff (senior) is quite balanced, makes contact. Respondent (younger) - more emotional, with a tough position of refusal. During mediation, the understanding arises that even if the plaintiff wins the process, "Pyrrhic victory" would be achieved. Subsequently the defendant aggressively refused a mediation meeting. A certificate was issued for the court to continue the trial.

#### Case study 3.

Lawsuit. The subject matter of the dispute is real estate. Dispute between family members. The plaintiff is an elderly woman, the mother of three adult children, a daughter and two sons, with one

of whom she lives together (he is a key person in the family and he de jure does not participate in the process). The defendants are her daughter and adult grandson. The grandson is the de jure owner of this property by donation of his mother (daughter of the plaintiff). Daughter and grandson rent their own accommodation as their house is occupied by their grandmother and uncle. Uncle in a state of alcoholic intoxication is aggressive. Another uncle is far abroad. There are other civil lawsuits where the daughter pays alimony to her mother (according to a court decision, all three children are alimony payers), where the grandson evicts third parties. Plenty of negative past experiences. The history is old. Everyone is tired. Health and nerves leave much to be desired for everyone. The lawyer filed a petition with the court to start the mediation procedure. The court considered the application. In a telephone conversation with the mediator, the plaintiff spoke about everyone in negative tones, including the mediator himself, while she is pleased that the words “negotiations”, “make peace”, “peacefully” were voiced several times. In a conversation with the defendants, consent to the mediation was obtained. After the court decision is issued to suspend the consideration of the case, we conduct the mediation procedure. A dispute is mediatable only if both parties are willing to participate in it voluntarily. The task of the mediator in an individual caucus meeting is to work out the mutual grievances of everyone towards everyone, no matter the nature and characteristics of the case. The first stage is to work with emotions and negative states with confidentiality, impartiality and neutrality. The study of positions and interests with the search for solutions can end with a mediated agreement. On its basis, the court issues a settlement agreement. A choice of rejecting a mediation leads to a continued legal battle between the parties. How could the war end?

#### Case study 4.

Sverdlovsk Court, Bishkek. Mediator's office. Husband, wife, two children, sons three years old and one year old. Divorce already received. During the divorce, the conditions for the meetings of the father with the children were not determined. The plaintiff is the father. The respondent is the mother. They were sent to mediation by the order of the court. After the information meeting, they agreed to sign an agreement and apply the mediation procedure. Working time of the mediator: 4.5 hours, including three meetings lasting 60 minutes each, once a week at the agreed time, online, and 1.5 hours drafting and agreeing on a mediation agreement. As far as the output goes: an agreement where the conditions and procedures for the meetings are clearly specified, the interaction of parents regarding children in compliance with obligations. To the credit of the mother is her concern for children. She accepts and allows the participation of the father in the upbringing of children, leaving past experience and negativity in the past, which unfortunately is often not the case in post-divorce parental communication. She understands that for sons and their future, participation in the upbringing of their father is necessary.

Regarding above-mentioned cases, let me additionally point that all participants in the cases are anonymized in order to maintain confidentiality, this information is provided solely for scientific and educational purposes with the permission of the parties. Let's summarize why is mediation a more effective way of conflict resolution?

1. Cost optimization. Litigation costs are multiple times higher than the costs of the services of a mediator. Not only monetary, but time-wise and psychological costs are diminished.
2. Quality solution. The court decides in a one-direction manner. Mediation leads to a common denominator. It is a joint decision.
3. Realistic performance. Implementation depends on the parties themselves by consent, as opposed to judicial enforcement.

What's next? Allow me to present my vision of what can be strengthened to expand the possibility of a mediated dispute resolution.

1. To provide additional information to judges about mediation. To reduce the workload of the judges, especially judges of the first instance.
2. To popularize the institution of mediation through the media and social networks for the

general population. This will allow disputes on minor issues to be transferred to out-of-court settlement methods through mediators.

3. To use the experience of foreign countries with adaptation to our conditions. It is possible to establish a specific list and categories of cases in legal proceedings for consideration in mediation.

Let's be better at communication. Hearing and listening to each other is essential in conflict resolution. Mediation is just about love, understanding and responsibility. Mediation is used as an instrument of consent and reconciliation in a society, which could prove to be significant for our Kyrgyzstan.

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## **MECHANISMS TO ENSURE THE RIGHT TO ACCESS INFORMATION**

### **Annotation**

Topic: Mechanisms for ensuring the right to access information held by state bodies and local self-government bodies. This research examines the legal support of information openness, which is one of the most effective measures to combat corruption.

This work aims to disclose international standards, effective mechanisms, examples, and legal positions important for developing national legislation on the right to access information.

To achieve them, crucial to determine the formulation and solution of the following tasks:

- To analyze the national legislation of the Kyrgyz Republic on the right to access information, foreign legislation, international institutions, and international standards according to the global right to information (RTI) rating;
- To investigate the most effective mechanisms and make recommendations on which to follow.

**Keywords:** Access to information; fight against corruption; requests to government bodies; implementation; compliance; anti-corruption strategy; anti-corruption measures; mechanisms; international standards; global right to information rating (RTI).

The Kyrgyz Republic is in the fight against corruption, using the endless practice of punitive measures targeting corrupt officials. Such actions by state bodies are useless and can cause significant damage by continuing to create favorable conditions for enrichment and concealment of illegal income. One of the fundamental principles of preventing and combating corruption is the right to access information held by state and local self-government bodies. Information openness is a crucial component of anti-corruption measures rooted in fundamental principles guiding the corruption prevention system. This is well reflected in the new State Anti-Corruption Strategy for 2021-2024 of the Kyrgyz Republic.

The UN Secretary-General Kofi A. Annan clearly and correctly defined corruption emphasizing its harmful effects, especially on developing countries: "... *corruption disproportionately harms poor countries because it diverts funds for development, denies governments the ability to provide basic services, creates inequality and injustice, and discourages foreign investment and aid. ...*"

In fact, the law on access to information is just one of many steps in democratic governance. The current legislative framework of the Kyrgyz Republic cannot properly guarantee the right to access information, although a number of normative legal acts have been adopted that aimed at ensuring the right to access information. The lack of purposeful and proper control on the part of higher state bodies over the implementation of legislative acts to ensure access to information reduces the executive discipline of lower bodies, giving rise to formalism and irresponsibility. No state body purposefully monitors and evaluates the law's implementation on access to information in general and its individual provisions. As a result, no one has information about the observance of the right

to information laws in the Kyrgyz Republic. Moreover, the fundamental human right to information is not ensured in both a timely and comprehensive manner.

The Kyrgyz Republic joined the International Covenant on Civil and Political Rights in 1994 by a resolution of the Jogorku Kenesh [1]. After entering the Covenant, one of the state's most important tasks in this direction is to ensure that the norms contained in the International Covenant are implemented. In the legislative framework of the Kyrgyz Republic, the right to information is guaranteed to everyone, starting from the Constitution of the KR, Art. 33 *"Guarantees on freedom of access to information"* [2]. Kyrgyzstan also adopted a law ratifying the UN Convention Against Corruption [3]. According to UNCAC, Chapter 2, Preventive Measures Art. 5 (1) states to take measures to ensure effective access to information: *"Each State Party shall, under the fundamental principles of its legal system, develop and implement or maintain effective, coordinated anti-corruption policies that promote the participation of society and reflect the principles of the rule of law, proper management of public affairs and public property, integrity, transparency, and accountability"* [4].

The issues of ensuring access to information are also reflected in the national Act of the Kyrgyz Republic on Combating corruption [5]. As mentioned, the right to information is also guaranteed by two main national statutes: *"On guarantees and freedom of access to information"* & *"On Access to Information Submitted by State Bodies and Local Self Government Bodies,"* as other regulatory legal acts. It should be noted that the right to access information of resident aliens in the territory of the Kyrgyz Republic is not mentioned in the statutes mentioned above. Although the rights of aliens to access information are granted in the International Covenant, to which Kyrgyzstan has joined, therefore, *de jure* foreign citizens also have the right to information on an equal basis with the citizens of the Kyrgyz Republic. The main principles of the legislation of the Kyrgyz Republic on the right to information are the following: *accessibility, objectivity; timeliness; openness, and reliability of the information.*

**Law of the Kyrgyz Republic "On guarantees and freedom of access to information"** [6] Scope of the law: *everyone* is guaranteed to have the right to access information. Art. 13 of the law on guarantees provides the following: *"If an international treaty of the Kyrgyz Republic establishes rules other than those provided by this law, the rules of the international treaty should prevail."* Since the law on guarantees does not specify any details regarding the request for information, those provisions are governed by the norms of the law of the Kyrgyz Republic *"On access to information held by state bodies and local self-government bodies."*

**Law of the Kyrgyz Republic "On access to information under the jurisdiction of state bodies and local self-government bodies"** [7]. Scope of the law regulates relations related to the access of *"individuals and legal entities"* to the jurisdiction of state and local self-government bodies. Obligations to provide information in accordance with the provisions of the law are imposed on all state bodies and local self-government bodies. This law imposes two main responsibilities:

- First, a proactive commitment to disclose key information on the activities of government agencies and local governments;
- Second, the obligation to respond to requests from individuals and legal entities.

In addition to those classified as *"restricted access information,"* Art. 15, the reason for refusing to provide information could be if the form of the request does not meet specific requirements *"the request was drawn up in violation of the requirements provided for in Art. 9..."*

According to Art. 9 (b) *"The form and content of a written request"* must include the complete data of the person requesting the information, be it an individual or a legal entity.

According to the anti-corruption policy, such requirements impede the goals of freely accessible and safe interaction between the state and the society. More importantly, it does not meet the requirements of modern democratic governance to which the Kyrgyz Republic aspires. According to Art. 10, Time Limits for Submitting Answers to Written Inquiries: *"The preparation of a response to a written request is carried out within two weeks."* Here, the Statute does not clarify that the *"two weeks"* has any added grace period or is it ten business days or fourteen business days, which remains vague and a source of ambiguity. Therefore, the custom here is to send the response within those 10-14 business days. One of the main areas of activity

of state bodies and local self-government bodies to improve the effectiveness of combating corruption is to ensure citizens' access to information on the activities of public authorities and local self-government bodies. Persons guilty of non-fulfillment or improper fulfillment of obligations to provide information are subject to criminal, administrative, civil, disciplinary measures, or financial liability. Liability for the following actions or inactions on the part of state bodies and local self-government bodies is provided for and can contribute to corruption:

- “Unjustified refusal to provide information to both individuals and legal entities;
- Untimely provision of information;
- Transmission of false or incomplete information.”

According to the laws of the Kyrgyz Republic, the refusal to provide information under the jurisdiction of state bodies can be appealed to the following bodies: (a) To a higher administrative authority for in-house matters; (b) In a supervisory manner – to the prosecutor's office; (c) To court.

In the new state anti-corruption strategy, it is noted that *“The fight against corruption requires constant and careful study, a special systematic approach . . . ,”* also that the prevention of corruption is more effective and more desirable than its *“treatment”* with the help of forceful methods. Section 2.10.3 of the state strategy *“Access to Information and Civil Society Participation in Government Governance”* [8]. Among the corruption prevention measures enshrined in UNCAC and presented in international anti-corruption programs such as the UN Global Program against Corruption and the Group of States against Corruption (GRECO) program, priority is given to measures aimed at ensuring transparency and availability of information. Studies have shown that Kyrgyzstan has weak law enforcement practices for implementing anti-corruption measures, including access to information, the principle of inevitability of punishment for failure to comply, and improper implementation of these measures. For example, Art. 138 *“Refusal to provide information to a citizen”* was excluded from the new Criminal Code of the Kyrgyz Republic, which provided criminal liability for not providing information [9]. The ability of a citizen to obtain information regarding decisions on how the state uses its power allows one to judge the degree of democracy and openness of such a society. Therefore, the compliance of the rights of citizens to reliable information can establish truly equal relations between the state and civil society, as well as between a specific civil servant and a citizen.

#### REQUESTS TO GOVERNMENTAL BODIES

To test the implementation and compliance with the law on access to information, on January 25, 2021, the requests were sent to the following state bodies: (a) General Prosecutor's Office of the Kyrgyz Republic; (b) Mayor's Office of Bishkek; (c) Ministry of Education and Science; (d) Ministry of Foreign Affairs.

The requests were formulated in accordance with the requirements of the Act on access to information, each having two copies. Three requests were sent in person to record the fact of filing a request (for example, in case of an appeal) and one of them was sent by email. The content of each request for the convenience and simplicity of the test was the same under Art. 18 of the Act on Access to Information *“Annual performance reports”* (for a specific reporting period, in a specific ministry.)

According to the requirements of the Decree of the President of the Kyrgyz Republic on the implementation of the Law *“On Access to Information,”* the heads of state bodies and local self-government bodies are personally liable for compliance with and implementation of the provisions of the law [10].

Final result for requests:

- Two out of four state authorities responded to the request within the statutory deadline;
- One state authority exceeded the deadline for responding to the request even after further notification to the responsible person was given to extend the term. The response to the request was finally sent a few days after an appeal to the General Prosecutor's Office of the Kyrgyz Republic to take appropriate actions in accordance with the laws of the Kyrgyz Republic;
- The fourth state authority completely ignored the request, not responding to it within the statutory two-week period. According to Art. 10 of the Act on access to information: *“If*

*within a two-week period the response to the request cannot be prepared, this is brought to the attention of the person who sent the request, indicating the reason for the postponement. The grace period cannot exceed two weeks.”*

After applying to the General Prosecutor’s Office of the Kyrgyz Republic to take measures in regard to the failure to comply with the requirements of the Act on access to information and the Decree of the President of the Kyrgyz Republic, the answer to the request was given shortly, with the official being brought to administrative responsibility. According to Art. 10, Deadlines for Responding to Written Requests: *“The calculation of the time limit for responding to a request [...] ends on the day [agency] transmit[s] the response to the request to the post office, personally to the author or his courier or representative, or record the shipment via electronic communication channels.”*

## **INTERNATIONAL LAW**

Historically, the world’s very first Freedom of Information Act was passed by the Swedish parliament in 1766. Anders Chidenius played a decisive role in the creation of this law [11]. The main achievements of the 1766 law were: the abolition of political censorship and the obtaining of public access to government documents. In Art. 11 of the Swedish Freedom of Information Act [12]. The idea of access to the press of parliamentary sessions, proclaimed in Swedish law 250 years ago, was not only to inform the population about the situation in the kingdom, which was important but also to inform citizens well in advance of each subsequent session so that they could appeal to parliament before the start of parliamentary sessions, with a proposal to contribute through preliminary appeals, as well as everyone to have access to parliamentary reports. Two hundred years after the adoption of Swedish law, the first international agreement to ensure the right of everyone to freedom of expression was enshrined in the Universal Declaration of Human Rights and in the Covenant on Civil and Political Rights proclaimed by the UN General Assembly [13]. In 1993, the UN established the post of Special Rapporteur on the right to freedom of opinion and expression. The Special Rapporteurs consider the right to access information as one aspect of the right to freedom of expression. In a 1995 report, the Special Rapporteur noted the link between freedom of expression and access to information: *“... The right to seek information or have access to it is one of the most important elements of freedom of speech and expression. Freedom will be ineffective if people do not have access to information. Access to information is the foundation of a democratic way of life.... [14].* Today, the Freedom of information is recognized in international law as a fundamental human right provided in Art. 19 of the Covenant. [15]. The Covenant obliges states to take the necessary measures to ensure the right of access to information for “every person,” not only for their own citizens but also for foreigners within its territory or aliens. Mechanisms for ensuring the right to access information are implemented by each state that has accepted the obligations of the Covenant. For example, according to an unofficial translation of the Finnish Openness to Government Act, Chapter 2, section 6 and 7 state: *“Unless otherwise provided on document publicity or secrecy or another restriction of access to information ... a document prepared by an authority ... [and] a document delivered to an authority for the consideration of a matter or otherwise in connection with a matter within its jurisdiction or duties shall enter the public domain....” [16].*

## **DECISIONS OF THE UN COMMITTEE AGAINST KYRGYZSTAN**

Since 2004 the UN committee has made decisions on twenty-five cases against Kyrgyzstan. Most of them dealt with the following issues: torture, arbitrary arrest and detention, discrimination based on national, ethnic, or social origins, etc. The decisions of the UN Committee have often been ignored by the States due to the lack of a universal supreme power compelling States to follow the law. Of the twenty-five cases, two were regarding the freedom of expression and the right to access information. One was regarding the system of consideration for complaints in state administrative bodies of the Kyrgyz Republic.

International legal protection of human rights & fundamental freedoms are considerations addressed in a complex and multifaceted protection system on human rights. At the same time,

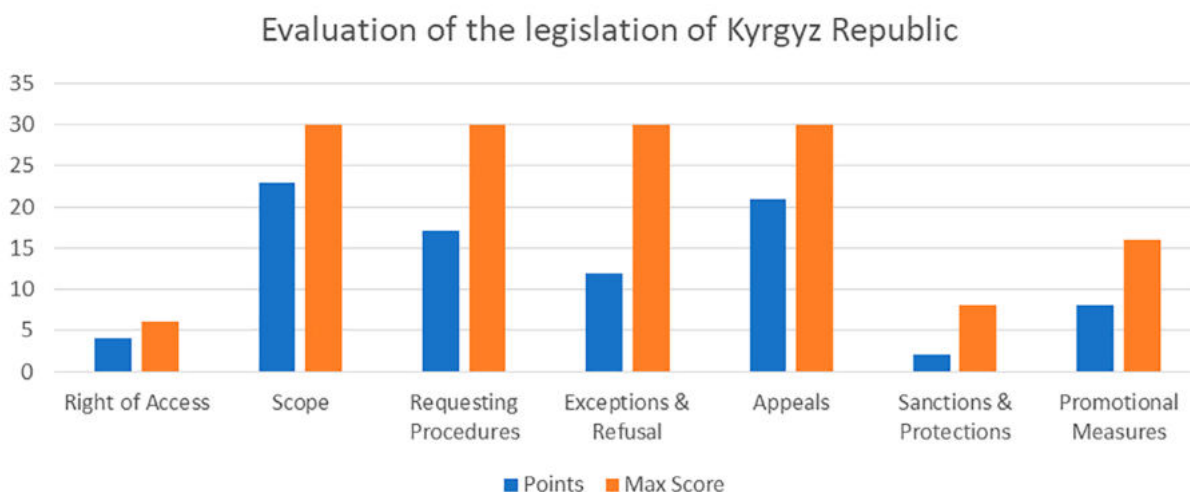
the protection of human rights is the task of the domestic national legal order. There are certain difficulties associated with filing a claim to the UN institutions: it begins with simple illiteracy of the population, that everyone has the right to make an appeal to UN institutions against the state that is a member state of the UN; and ends with compliance the requirements to file a complaint to the UN Committee, which implies that the filer exhausted all domestic remedies provided for by national legislation and that eventually the findings entered into legal force by the court decision on the subject is a final decision by the state. On the one hand, given all the difficulties in filing a complaint with the UN committee, and on the other hand, given the failure to comply with the Committee's decisions ex post facto, as a result of which the effectiveness of using such an institution is not only unhelpful but also inevitably leads to disappointment in any international institutions and human rights, so eventually it makes no sense to file to international institutions.

The experience of developed countries shows that increasing the openness of government bodies simultaneously increases the level of improvement of the government mechanism. The International program, Right to Information (RTI), measures the strength of the legal framework for the right to access information held by public authorities. It is based on 61 discrete indicators, each of which addresses a specific feature of the strong legal regime of national legislation. [17] The program is divided into the following seven main categories: (1) right of access; (2) scope; (3) request procedures; (4) exceptions and waivers; (5) appeals; (6) sanctions and protections; and (7) promotional measures. As of 2021, the RTI includes a legal framework from 128 states. The legal framework of the Kyrgyz Republic, which guarantees the rights to information, was also analyzed, and the results showed that the Kyrgyz Republic received 87 points out of the maximum 150. In percentage terms, this meets the international standard for government openness at 58% (see graph 1), which is not “bad”, but definitely leaves room for improvement. Aligning national legislation with the right to information and with international standards will bring a number of benefits and advantages to the Kyrgyz Republic:

- The right to information, as a fundamental human right, will ensure progress in meeting the requirements of the International Covenant;
- The modernization and strengthening of the legal framework on the right to access information will positively influence the image of Kyrgyzstan as it strives for enduring democratic governance;
- The maximum openness and accessibility of information, as a component of combating corruption, will lead to curbing corruption and, simultaneously, improving public confidence in government agencies.

#### RECOMMENDATIONS FOR COMPLIANCE WITH AN INTERNATIONAL STANDARD

These recommendations for compliance with the international standard are based on the result of the legal analysis of the RTI; the results show the shortcomings of the national legislation of the Kyrgyz Republic were identified. Graph 1 highlights compliance for seven categories compared to the best-practice international standard.





1. Right to information
  - 1.1. The legal framework should contain a specific statement of principles requiring a broad interpretation of the right to information law, as well as highlight the benefits of the right to information beyond the stated objectives of the law. There are no references to external benefits in the legislation of KR, for example, that the right to information is a component of anti-corruption actions.
2. Scope of application.
  - 2.1. According to the Covenant, the law should mention the rights of alien citizens to information residing in the territory of the Kyrgyz Republic. The legislation of KR does not mention the right of alien citizens to information.
  - 2.2. The law should be supplemented with what is included in the meaning of the word “information”, which would cover all categories of documents and materials “at the disposal” of public authorities in any format and media. In KR legislation, some articles refer to “documents” and “materials,” but in most cases, the law only mentions “information,” so it is not entirely clear that it covers both.
  - 2.3. The law should clearly stipulate applicants’ rights for the information and all materials and documents held in government.
  - 2.4. The right to access should apply to all executive bodies that are established temporarily. The current legislation of KR covers only those executive bodies that are created permanently.
  - 2.5. The right to access should also extend to businesses owned or controlled by the government.
3. Procedures for requesting information.
  - 3.1. Applicants of requests do not need to identify themselves by including the actual address of residence; there must be only one requirement – the address to deliver the requested information; for example, it could be an email.
  - 3.2. The law should oblige officials to assist applicants, especially if applicants cannot formulate their requests on their own if they need clarification, as well as in connection with special needs (due to illiteracy or disability). In the current legislation of KR, there is no general obligation to assist. However, as provided by law, the responsible persons have to contact the requestor if the description of the information is not very complete and precise.
  - 3.3. When applicants submit a request; confirmation must be provided, in the form of a receipt, to record that the request was submitted.
  - 3.4. Public authorities are obliged to respect the preferences of the applicants regarding the format in which they wish to receive information.
  - 3.5. There should be consideration of increasing the number of pages provided free of charge, for example, up to 20 pages. Also, to oblige the free provision of information to applicants belonging to the “socially disadvantaged” group.
  - 3.6. There should be no restrictions or fees for re-using information obtained from government agencies unless a third party, which is not a government agency, has copyrighted information that is legally protected.
4. Exceptions and waivers.
  - 4.1. In controversial, the standards of the right to information law should prevail over other laws and restrictions on disclosure of information (secrecy provisions).
  - 4.2. Exceptions to access rights must comply with international standards. Permitted Exceptions: National Security; international relationships; public health and safety; prevention, investigation, and prosecution of offenses; confidentiality; legitimate commercial and other economic interests; economic management; fair administration of justice and the privilege of legal advice; preservation of the environment; lawful policy development; other government operations. Current legislation of KR clearly indicates that other laws continue to apply.
  - 4.3. The harm test should apply to all exceptions; for example, if disclosure poses a risk of actual harm to protected interests, it may be denied.

- 4.4. A mandatory public interest priority is required. Also, “hard” grounds for refusal must apply for information on human rights, corruption, or crimes against humanity.
- 4.5. The information should be published as soon as its exception is terminated. The law should stipulate that public interest exemptions do not apply to information over 20 years old.
- 4.6. There should be considered adequate procedures for consultation with third parties when providing confidential information and the subject of the request. Governments should consider any objections from third parties when considering requests for information, but without vetoing disclosures.
5. Appeal.
  - 5.1. Decisions of the independent supervisory authority must be binding.
  - 5.2. When deciding on an appeal, an independent supervisory authority should have the power to dispose of remedies for the requester, including declassifying information.
  - 5.3. The grounds for external appeal should include refusals to provide information in the requested form, administrative silence and other time violations, excessive charges, etc.)
  - 5.4. The timing and procedures for handling external appeals should be clear and understandable.
  - 5.5. In the appeal process, the government has the burden of proving that it has not violated the established rules; this provision is absent in KR legislation.
  - 5.6. An external appellate body should have the power to impose appropriate measures on the public authority, for example: provide additional training or participate in improving records management.
6. Sanctions and protection measures.
  - 6.1. Consider the possibility of imposing sanctions on those who intentionally violate the right to information, including through the unauthorized destruction of information.
  - 6.2. There should be an existing system for resolving the problems of state bodies that systematically do not disclose information or do not work effectively, for example: by imposing sanctions and requiring measures to correct them. On the contrary, in the legislation of KR, there are many provisions to cause liability for disclosing some information that is not subject to disclosure.
  - 6.3. The independent supervisor and its staff should have legal immunity in exercising any authority under the right to information law. Also, consider granting similar immunity to those who act in good faith under the right to information law.
  - 6.3. Legal remedies should be provided for those who disclose information in good faith against the imposition of sanctions.
7. Promotional measures.
  - 7.1. Overall responsibility for promoting the right to information should rest with a central authority, for example, the Information Commission or a specific Government Department.
  - 7.2. There should be a system by which minimum records management standards are established and applied.
  - 7.3. Public authorities are required to create and update lists or registers of documents in their possession and publish them.
  - 7.4. Periodic training programs for officials should be introduced.
  - 7.5. A central body, such as an Information Commission or special Government Department, must submit a consolidated report on the law’s implementation to the legislature.

Freedom of information is fundamental to sustaining a government working in the best interest of its citizens, guaranteed by legislation and an informed society that sees the benefit of keeping officials working for the benefit of their citizens.

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