

Approved
by the Decree of the President
of the Republic of Kazakhstan
of 4 December, 2001
№ 735

STRATEGIC PLAN OF DEVELOPMENT
OF THE REPUBLIC OF KAZAKHSTAN
UP TO 2010

ASTANA, 2001.

CONTENT:

3	INTRODUCTION.....	
4	SECTION I: DEVELOPMENT MODEL OF KAZAKHSTAN UP TO 2010.....	
7	SECTION II: SOCIAL POLICY.....	
	1. <i>DEMOGRAPHIC STRATEGY</i>	8
	2. <i>STRATEGY OF EDUCATION REFORM</i>	14
	3. <i>STRATEGY OF HEALTH CARE REFORM</i>	23
	4. <i>STRATEGY OF EMPLOYMENT AND SOCIAL PROTECTION OF THE POPULATION</i>	31
40	SECTION III: INDUSTRIAL AND TECHNOLOGICAL POLICY.....	
55	SECTION IV: AGROINDUSTRIAL POLICY.....	
65	SECTION V: TRANSPORT INFRASTRUCTURE.....	
79	SECTION VI: ENVIRONMENTAL PROTECTION AND NATURAL RESOURCES.....	
84	SECTION VII: THE MONETARY POLICY.....	
91	SECTION VIII: TAX- FISCAL POLICY.....	
98	SECTION IX: INVESTMENT POLICY.....	
108	SECTION X: MANAGEMENT OF STATE ASSETS.....	
114	SECTION XI: REFORM OF POLITICAL SYSTEM.....	
118	SECTION XII: ADMINISTRATIVE REFORM.....	
128	SECTION XIII: DECENTRALISATION OF STATE FUNCTIONS.....	
132	SECTION XIV: ANTICIPATED RESULTS.....	
134	ANNEXES.....	

INTRODUCTION

On the 10th of October, 1997, the Message of the President of the Republic of Kazakhstan “Kazakhstan – 2030. Prosperity, security and improvement of welfare of the citizens of Kazakhstan” was published, which defined a long-term Development Strategy of Kazakhstan up to the year 2030. With the purpose of realization of the preliminary stage of the long-term Strategy, the Presidential Decree № 3834 was issued on January 28, 1998 which approved the Strategic Plan for Development of the Republic of Kazakhstan for the years 1998-2000. In general, it can be stated that a three-year Strategic Plan was successfully achieved.

Kazakhstan has entered a new stage of development and became aware of its place and role in the contemporary world. The basic measures aimed at transfer of the country to the new market system have been implemented. One can state that the present Kazakhstan is more competitive and has greater perspectives as an independent economic power than it was nine years ago at the time of gaining its independence.

However, Kazakhstan is looking for its own model of development on and shall continue to do so as the world around is rapidly changing and becoming more and more complex. The country development strategic planning is a major tool of such a process, which was applied by Kazakhstan for the first time in 1997.

The developed countries and major trans-national companies use strategic planning for increasing their competitiveness. Taking into consideration their experience of survival in the contemporary world, Kazakhstan shall strengthen the role of the state governance and strategic planning in the country development. Without a precise strategic plan the state loses its capability to attain its development strategy goals. Instead of controlling the course of events, it becomes dependent on them.

At the same time, strategic plans shall not become a rigid rule, but must become a flexible tool for the exercising of the state control over socio-economic development of the country. It means that the 10-year strategic plan needs to be analysed on an annual basis as far as its implementation is concerned and be amended with consideration of the developing external and domestic situation.

This document introduces the Strategic Development Plan of the Republic of Kazakhstan up to the year 2010 and forms a basis for elaboration of strategic plans of ministries, departments, and national companies, oblasts, Astana and Almaty cities.

SECTION I: DEVELOPMENT MODEL OF KAZAKHSTAN UP TO 2010.**1. BACKGROUND.**

Elaboration of the development strategy of Kazakhstan addressing the realities of the contemporary world, requires understanding of the current geopolitical and geo-economic processes, possibilities and threats born by the twenty first century. After the collapse of the socialist system the world entered the era of a new global order setting. The global order, which basically used to be a bipolar world was replaced by a unipolar world. However, the world community continues to develop dynamically. Globalisation of the world economy is the major factor in this development.

The rapid development of the East-Asia region for the last 30 years has brought to a new setting of the world powers. Now there are three developed economic centres in the world: USA, European Union and Japan. And the neighbouring China has a real perspective to turn into an economic jumbo.

Irrespective of the forecasts of decreasing role of the state, it is apparent that in the twenty first century only sovereign states shall constitute the major acting powers in the world process. In other words, the main engine of the contemporary history shall be the competition between states.

In general, nowadays interests of a limited number of developed countries determine the world politics. Under the conditions of natural resources’ depletion, the world’s richest countries try to take the control over strategically important raw materials. Kazakhstan’s endowment of significant energy resources can subject the country to certain threats.

In global economy the interests of trans-national corporations (TNCs) dominate, and they are,

in fact, national companies of the developed countries. Currently the TNCs are controlling nearly half of the world's commercial production. The distinctive features of the TNCs are: global vision of the markets and implementation of competitiveness across the globe; division of the world markets; use of the state machinery of their respective countries for advancing their company interests; exercising the economic and political influence in the states where TNCs operate.

Developed countries actively support their TNCs, which in their turn ensure tax revenues to their home states from international operations, expanding economic and political influence of those countries.

Currently TNCs form the basis of the world economy.

One can identify the following main negative influences of TNCs on the developing countries:

TNCs create a powerful competition to domestic companies and drive them back from the domestic markets, not giving an opportunity to develop;

Abrupt transfers of trans-national capital may undermine the stability of national currencies and endanger national security of the developing countries.

2. GOALS

To build sustainable long-term base for competitive economy.

To double the volume of Gross Domestic Product (GDP) by the year 2010.

3. MODEL OF DEVELOPMENT

In the sphere of economy:

Transformation of the state into "the locomotive" of the economic growth;

Creation and advancement of major backbone infrastructure companies with the state participation to the regional and, whenever possible, to the world level;

Economic expansion in the CIS region.

In the sphere of public administration:

Creation of effective Government capable to control the state entrepreneurship;

Clear separation of functions of the central and local government bodies;

Granting an autonomy to the local bodies of public administration within the legal framework;

State control over main social spheres through improvement of the budget system.

4. ROLE OF THE STATE IN THE ECONOMY

To withstand the TNCs, domestic companies in countries with small population like Kazakhstan, shall have a scale commensurable with the scale of the national economy. It means that the state must not withdraw from controlling them and regulating their activities.

State must make a decision in relation to each financial-industrial group (FIGs) or a large corporation on its interests in the given business, or management and use of its shares in the property of FIGs and allocated funds. FIGs participating in implementation of national strategies shall be under the state patronage and monitoring depending on the state's share in such groups.

In the long run, the state shall promote development of FIGs in the sphere of high technologies. It is necessary to create real trans-national corporations from domestic FIGs equipped with high technologies and modern management. Through advancing national FIGs in the markets of other countries, constantly adjusting the country external economic policy against this target, the state can expand its sphere of influence and weight in the world economy.

Thus, on a new coil of history, it is important that the state shall revert to the key branches of the economy. However, it shall not be the return to the socialist (the Soviet type) state but the state capable to compete under market conditions both in the country and abroad.

Establishing barriers and creating a isolated economy is impossible and unnecessary under conditions of globalisation. It means that the domestic enterprises shall be capable to compete with foreign companies both in the country and abroad. At the same time globalisation and development of

the information technologies enable us to work in the worldwide market.

In terms of its domestic market capacity, Kazakhstan's economy is not big. It means that for achieving a long-term economic growth our **economy shall be export-oriented**. It would be wrong to adhere to the strategy aimed only at import substitution.

The forthcoming increase of production in the oil sector bears both a threat and new opportunities for us.

Threats are related to the fall of competitiveness of goods produced by domestic enterprises in comparison with a similar production of the enterprises in neighbouring countries. Higher level of pay in Kazakhstan urges us to be oriented towards **development of those industry branches that are either absent or poorly developed in the neighbouring countries**. It means that the development of the industrial strategy needs to be focused on high-tech production with high value added, and introduction of information technologies.

Kazakhstan has all capabilities in place for realization of such a strategy. They are connected, first of all, with obtaining of additional revenues from the oil sector by the state. On the other hand, initiation of the pension reform has allowed increasing domestic savings and creating large investors represented by cumulative pension funds. The state shall accumulate resources from those two sectors and direct them towards enhancing the country's economy: refurbishment of the operating enterprises, creation of new strategic branches of the economy.

Large-scale and long-term investments shall be required for the economic growth. At present stage only the state can act as "a locomotive" in such an endeavour, since the private sector for quite a long time will not be capable to implement large-scale and long-term investments in new and complex technological industries. Only the state can accumulate human and financial resources for implementation of the industrial development strategy.

Thus, our strategy is to create the backbone infrastructure companies with the state participation in all key sectors of the economy.

The backbone infrastructure companies shall comprise the base of Kazakhstan's economy. Small and medium businesses shall develop around these companies to supply support production and services under contracts. The stake of state in the backbone infrastructure companies may vary from possession of "golden shares" up to 100% of stock capital, depending on the branch of the economy and general economic environment. Since the backbone infrastructure companies will manage major companies affecting the national economy, hereinafter they are referred to as "national companies").

An appropriate financial system is required for the realisation of the economic growth strategy. **It is necessary to create state financial institutions** with a view to secure investments in new branches of industry in accordance with the state investment program. The development budget, state crediting development organisations may become such institutes, alongside with the currently operating National Fund.

Economic expansion of the national companies outside Kazakhstan, acquisition of industrial properties and production capacities in the neighbouring countries, especially, in the power and pipeline transportation sector, shall be ensured in the future.

Firstly, it is necessary to invest in ports and terminals essential for Kazakhstan's freights; in pipelines, oil refineries, and hydropower plants in Central Asia.

With the development of Kazakhstan's economy, the national companies will form alliances with TNCs to expand their sphere of operations.

SECTION II: SOCIAL POLICY

In accordance with the Constitution of the Republic of Kazakhstan, formation of the social state is one of the main social development goals. Social development of the country depends entirely on the quality of social functions provision by a state, as stipulated by the laws.

At present we face the problem of significant underfinancing of a large number of important social programs.

An inadequate approach towards provision of state support to needy citizens - unemployed, large families and single mothers, pensioners, disabled – reduces the efficiency of the social policy. The actual costs of public health and educational services has substantially increased, and thus, in fact, diminished availability of these services to the population.

Decrease of the actual standard of living of the population represents a real threat to the socio - demographic development and, as a consequence, to the national security and economic stability in Kazakhstan. Due to this, implementation of social reforms has become the acute goal.

The main purposes of the reforms in the social sphere are:

- Improvement of the demographic situation through the promotion of a birth rate; enforcement of measures to decrease of a death rate; increasing life expectancy through promotion of healthy lifestyle, improvement of the medical services and reduction of traumatism in household activities and at production; and also through regulation of migration processes;

- Improvement of the women's status in the society and attainment of gender equality;

- Expansion of the economic opportunities for the needy strata of the population by encouraging economic growth – improved economic initiatives for the population for sustainable incomes to induce social consumption;

- Promotion of employment in the real sector of the economy;

- Provision of effective state social support to economically and socially vulnerable strata of the population;

- Creation of a more effective system of resources distribution allocated for social protection;

- Improved quality of life, employment generation and reduction of poverty level;

- Guarantee of the overall accessibility of the healthcare services, of general and vocational education;

- Ensuring high quality and a wide range of social services and targeted benefits for the population;

- Identification of new, and a more effective use of the existing sources of financing of the social security system for the citizens of the Republic of Kazakhstan.

Social reforms have been initiated to promote the development of stipulated social policy directions, based on the resources and capabilities available in the state. At the same time an active social policy is capable to act as a catalyst of the economic growth.

A special place in the system of social security shall be taken by the social insurance system: medical, pension, employment (from unemployment), physical disability, and loss of a breadwinner. In this case, the state, the employer and the population at large shall participate in formation of the insurance funds. The given approach is called to strengthen the investment capacities to secure gradual advancement of the “human factor” as a key component of the social policy.

1. DEMOGRAPHIC STRATEGY

1.1. GOAL

To ensure population growth matching the level of social development of the country.

1.2. ANALYSIS OF THE SITUATION

According to the population census of 1999, aggregate number of the population of Kazakhstan has made up 14,95 million people. Thus, for the last 10 years it has shrunk by over 1.2 million people (reference to Appendix 1).

On the whole, the decreasing rate of natural population growth is distinct for the Republic, owing mostly to the reduction of the birth rate and the negative balance of migration. Within 1991-2000, almost 2.5 million people out-migrated from Kazakhstan, while the total number of immigrants made only 0.87 million people. Gradual decrease of the total number of rural population, uneven distribution of the population across the country, and a low index of the population density are also among the factors affecting natural population growth.

A tendency of the population ageing emerged: according to the data of the population census of 1999, people in the age group from 65 years and above, have made 6,7 % of the total population (reference to Appendix 2). Out-migration turned out to be one of explanations of the fast ageing of the population, basically, due to the fact that the people of able-bodied ages leave the country, while the elderly people of pension age remain.

According to the scale of ageing used by the United Nations, if the share of people at the age of 65 years and above:

is lower than 4 % - the population is young;

is 4-7 % - the population is on the threshold of ageing;

is 7 % and higher - the population is old.

It is also necessary to point factors negatively affecting the status of reproductive health. Over 60 % of women suffer from anaemia, and the proper morbidity rate has increased ten times among pregnant women within the last ten years. The growth of the breast cancer morbidity provides a special concern.

Within the years of independence, a definite progress has been achieved in the sphere of human rights protection and observance of interests of women in the society. The state initiated political and economic measures, promoting true gender equality.

1.2.1. STRENGTHS

The gender-age composition of the population and median age (the age dividing the population into two numerically equal parts) indicates its relative youth.

Willingness of the majority of the population to live in a large or average family.

Findings of the demographic and health survey conducted in 1999 by the Academy of Preventive Medicine jointly with the US company "Macro International" have shown that the average desirable number of children in a family in the country at the moment of the study was 2,8 (Kazakh females – 3.1; Russian – 2.3; representatives of other ethnicities – 2.7).

Dominance of family–conjugal model of relationship in the perception of a family by youth, which contributes to increase in the birth rate.

An absolute leader of the human reproduction in Kazakhstan is the mean-aged youth (20-25 years) (for comparison: in the USA the age between 30-35 years is considered to be the most reproductive).

The state policy to assist repatriation of ethnic Kazakhs to historical Motherland.

Introduction of family planning concept for preservation and improvement of reproductive health.

Kazakhstan joined a number of international human rights treaties. The Convention on liquidation of all forms of women's discrimination is among them.

Operation of the National Commission on Family and Women Affairs under the President of the Republic of Kazakhstan and establishment of special units within the Ministry of Interior on seizing violence against women.

1.2.2. WEAKNESSES

Growing incidence of factors affecting the growth of the death rate of the population: traumatism, alcohol addiction, tobacco addiction, drug addiction, various infections, ecological pollution of the environment, lack of potable water in some regions of the country.

Growth of the level and depth of poverty, low solvency of the population.

Inadequacy of medical measures on reduction of the morbidity levels and mortality rates. Absence of a broad access to the primary health care, especially in the rural areas.

An abortion still remains a means of birth rate regulation and termination of unwanted pregnancy. Among the adolescents the level of abortion is tens times higher compared to developed countries (England, Germany, the USA).

The low level (status, index, factor) of reproductive health of the population. The index of the female health comprises 20 %-30 %, in some regions - 10 %.

Absence of an effective policy on protection of the reproductive health of the population.

Poor education in the issues of morale and sexual relationships, absence of the demographic and gender education.

Ineffectiveness of measures to curtail out-migration and lack of incentives for migration.

Absence of an effective housing sustenance system for young families.

Attenuation of the institute of family as the main core of the society and, as a consequence, growth of incidence of divorces.

1.2.3. OPPORTUNITIES

Active migration policy, availability of desire among the representatives of the Kazakh diasporas living abroad to move to historical Motherland. A growing tendency of migration of the former citizens of Kazakhstan.

Support of the United Nations and other international organisations to the initiatives of Kazakhstan related to active demographic policy and achievement of gender equality.

Creation of the network of research centres on study of gender equality issues.

Preparation of experts on gender education abroad and in the CIS countries within the framework of different agreements.

1.2.4. THREATS

Activation of the uncontrolled migration.

Further aggravation of the environmental threats.

Wear-out of the water pipes and absence of potable water sources in large number of settlements.

Absence of educational programs and information on population-related issues.

Absence of a policy addressing younger generation needs, promoting employment generation, creation of favourable environment for self-realisation and using the reproductive potential of the youth.

Persistence of the stereotype views on the role of women in the society and “legal nihilism” of the part of the population.

1.3. STRATEGIC TARGETS

Demographic goals of the country in the context of sustainable development shall be based on reproduction that is characterised by a progressive structure of gender and age. The dominating role in increase of the population will be played by the natural growth combined with activities to achieving a negative migratory balance.

According to the purpose of the strategy for the coming decade the primary goals of population policy shall be determined as follows:

Recovery and preservation of the early 1990-s reproductive behaviour stereotype of the population with a view to increasing the birth rate (stimulation of the birth rate);

Improvement and protection of reproductive health of the population;

Decrease of the mortality rate;

Slow-down out-migration processes and encourage migration;

Forming public image of a modern woman enjoying full rights and playing active

role in all political, social and economic processes in the country.

1.4. STRATEGY OF ACTIONS

While the developing countries search for the ways to curb the growth of population, the countries with the birth rate about or lower the replacement rate are trying to find methods to stop an abrupt decline in the number of population. During the history of the mankind population growth was considered as a sign of health and well being of the country, but not as a sign of stagnation and deterioration. Nevertheless, stabilisation of the population growth in accordance with the level of social and economic development is considered to be the basic purpose of many demographic strategies.

The reasons for which different countries started to develop national demographic policies can be grouped as follows:

Stabilisation of population growth for ecological reasons and reasons connected with "quality of life";

Stimulation of birth rate due to political, economic and ideological -psychological reasons;

Regulation of migration processes and equalisation of social disparities between different population groups, most often, ethnical;

Regulation of redistribution of population inside the country.

1.4.1. RECOVERY AND PRESERVATION OF THE EARLY 1990-S REPRODUCTIVE BEHAVIOR STEREOTYPE OF THE POPULATION WITH A VIEW TO INCREASING THE BIRTH RATE (STIMULATION OF BIRTH RATE)

The overwhelming majority of the developed countries supported the population growth through stimulation of birth rate. But different countries had their own reasons for it. For example, in Japan, despite of a high density of the population, the government was concerned with decline in the level of the birth rate that occurred in the 70-s. Today the total parameter of fertility (the total birth rate) in Japan is 1.4. Indirect consequences of this decrease are:(a) Reduction in the number of the population and ageing of the able-bodied population; (b) Reduction of the market capacity; (c) Growing expenditures on social protection; (d) Decrease in savings and investments.

In other words, the main concerns of the Japanese government are socio-economic. In Israel these reasons have a religious, ethnic background, and, more or less political nature. In the former Soviet Union the reasons were mainly ideological.

Among the key measures to stimulate the birth rate are development and implementation of financial and economic mechanisms, providing social benefits and financial aid to families with children. Stimulation of the birth rate shall occur through assignment of lump sum and monthly payments (for example, the state allowances for pregnancy, delivery and childcare) on the occasion of childbirth under a progressively increasing system, for up to four children, inclusively. Little children from needy families shall be provided with quality meals free of charge. It is necessary to introduce programs of support to families with many children and single parents.

The programs of support to families are usually implemented to improve the social well being, but nevertheless bear a latent demographic directivity. The system of support to families takes different forms and sizes of allowances, which may vary from rather small ones (Argentina, Belgium, France, Greece, Italy, Netherlands, Sweden) up to quite large ones (former Czechoslovakia, Great Britain, and Japan - only for the poor. The majority of developed countries practise distribution of allowances or easing the tax burden on families. However, it is quite difficult to evaluate an immediate effect of such programs on fertile behaviour.

The next group of measures on stimulation of the birth rate includes the change of tendency for engaging into family-conjugal relationships at an older age (ageing of newly-married couples) has a certain importance. On the one hand, it is necessary to welcome a careful decision of a young couple and their wish to become financially and otherwise independent from their relatives before they get married, specifically, their intentions to solve housing problems. However, this affects the reproductive behaviour of the youth. Therefore, it is necessary to place emphasis on creation of favourable conditions for making a family.

To this end, one of the key actions shall be rendering assistance to the young people in solving their housing problems. This shall be promoted through an access to housing loans (mortgage) for a newly married couple, for a young family without a housing on an occasion of childbirth (children).

In some countries the housing policy is the most important factor affecting the growth and distribution of the population: small flats divert people from settling in cities, and at the same time it

leads to marriages at a later age, and as a consequence, to a smaller size of a family. Obviously, example of Japan and the majority of the East European countries where the birth rate sharply declined in the post-war period clearly illustrate this. Granting of public housing to young families in Ireland stimulated a fast growth in the number of families. Housing loans depending on family size immediately affected the population growth in the former Czechoslovakia in the 1970-80s.

Measures shall be taken in 2001-2010 years to implement a proactive employment policy for young people through development and realisation of the state programs on access of young people to credits and grants for vocational education, business start-up, involvement of youth in small and medium business.

The attitude and care for a woman as a mother and a workingwoman is important. Health care provided to pregnant women and obstetric aid shall become really free of charge. It is necessary to take measures on elimination of charges for medical services to pregnant women. It is necessary to develop and introduce state programs of support to working women, especially pregnant ones, and the women bringing up small children as it is done in the majority of the European countries.

Moral incentives also play an important role. It is necessary to take measures on increasing the status of families with many dependent children through material and moral incentives.

Stimulation of the birth rate is quite possible and realistic through advocacy of advantages of a large family (supporting each other, taking care of the elderly parents etc.), strengthening of family-marital relationships, and also through means of introduction of demographic education in the educational institutions, so as to draw the attention of adolescents and youth to a negative consequences of the low birth rate on the future generation.

1.4.2. IMPROVEMENT AND PROTECTION OF REPRODUCTIVE HEALTH OF THE POPULATION

Preventive maintenance and treatment of women and children anaemia, and breast cancer shall become one of main directions in the field of motherhood and childhood protection.

High abortion prevalence (more than 170 thousand annually) illustrates an absence of an effective state reproductive health policy. The efforts by the state shall not be focused on limiting access of women to free abortions, but rather on development of such medical and social institutions, which would allow preventing an undesirable pregnancy for some women, with others planning a birth of a desired child.

Key actions in realisation of this objective will be directed, first of all, on preservation and promotion of health in general and the reproductive health in particular. For these purposes, it is necessary to ensure availability of counselling, health education and family planning services. Besides, an active policy shall be advanced and introduced on decreasing the level of abortions, which are being used by many women due to easier accessibility as a main method of family planning. It is necessary to provide the means for regulation of fertility through:

Legislative and normative provision of access for all women and girls to high-quality health education on sexual life and childbirth, safe motherhood and breast feeding, nutrition, abuse of psycho-active substances, unfavourable ecological factors, which may have an impact on the status of their health and well-being during the life span. Delivery of such health education shall not be driven by commercial concerns;

State support for such measures as: a) development, introduction of methods for reproductive functions recovery and research in this area; b) study of biomedical, epidemiological and sanitary-hygienic aspects of diseases, which have an especially severe or a particular effect on women's health, such, as breast cancer, sexually transmitted diseases (STD), HIV/AIDS

Prevention of male and female infertility shall begin from the early childhood and stipulate measures on elimination of the causes of infertility. Morale and sexual education of adolescents and the youth, forming healthy behaviours with regard to reproductive health, are also considered as preventive measures. Alongside with this, measures on treatment of male and female infertility shall be carried, an increased access to medical services, including artificial fertilisation and other alternatives of giving a birth shall be defined. Measures shall be elaborated to solve environmental problems causing infertility.

1.4.3. DECREASE OF MORTALITY RATE

It is necessary to increase effectiveness of programs on reduction of mortality and morbidity rates of the population. Improved quality of the health care services, which are accessible to the population, is the only requirement to the healthcare system in given strategy. Main directions of the development of healthcare services are described in more detail in the sub-section "Strategy of healthcare reforming".

Other actions are beyond the scope of health care sphere; they are more of a public character.

Introduction of educational programs on healthy lifestyles, realisation of measures on prevention of HIV/AIDS shall dominate in prevention strategies for these diseases. It is necessary to develop public health programs on decreasing mortality and morbidity rates from accidents and traumas.

Increased awareness and responsibility of population for own health and the health of the future generations shall become the key measures.

Health status of a newly born depends on a mother's health condition. In order to save a new life, we shall undertake all the measures required for protection of maternal health. And in this connection, a constant medical supervision of a pregnant woman by a gynaecologist is considered mandatory. However, not all of pregnant women appear disciplined in this respect and, consequently, it is necessary to encourage an early visit of a pregnant woman to a specialist.

1.4.4. CURTAILING MIGRATION OUTFLOWS AND ENCOURAGING MIGRATION

It is necessary for us to achieve certain level of control over the migratory processes.

Many countries solved the problem of the population growth through regulation of the migratory processes. For example, such countries as Australia, Canada, Israel and the USA encouraged migration to general development of the country, while Belgium, France and Netherlands welcomed a selective migration of able-bodied population. As of today, only few countries use migration as the main source of replenishment of population: in Australia, Belgium, Canada, Israel, Germany and the USA. Everywhere else the migration has an ethnic tint. On the territory of the integrated Europe migratory flows are also observed from the south to the north, to the more developed industrial countries.

Creation of favourable conditions for adequate income-generation is considered as a key measure in slowing-down out-migration. Special programs of support to entrepreneurship, development of various credit mechanisms, including micro-lending, shall be expanded and effectively implemented.

In the migration policy specific measures should be taken to support migrants in solving social and housing problems, to create favourable conditions for their painless integration in the social and economic life of Kazakhstan. It is necessary to enforce the policy of stimulation and support of re-immigration.

It is necessary to carry out the state policy of internal migration regulation aimed to increase mobility of the population. This will enable able-bodied part of the population to respond effectively to changing situations in regional labour markets. The scheme of productive forces allocation in Kazakhstan shall include a component on the labour migration.

1.4.5. FORMING PUBLIC IMAGE OF A MODERN WOMAN ENJOYING FULL RIGHTS AND PLAYING ACTIVE ROLE IN ALL POLITICAL, SOCIAL AND ECONOMIC PROCESSES IN THE COUNTRY.

With the purpose of ensuring harmonization and compliance of national legislation and bylaws with the international standards, it is necessary to have their gender expertise with consideration of the final commentaries of the United Nations on Kazakhstan in regard of liquidation of all forms of discrimination of women.

It is necessary to ensure increased role of the National Commission on Family and Women's Affairs, its regional subdivisions in activation of women's participation, public associations (non-governmental organizations) working in the field of protection of the rights and interests of family, women and children, in the socio-political life of the country.

It is necessary to create an effectively operating system of gender education for all the strata of the population, ensure integration of gender knowledge in the educational system.

Issues related to attainment of a reduction of domestic violence and assaults against women

need to be addressed through expansion of the network of crisis centres with telephone hotlines and shelters for women in all oblasts and regions of the country.

2. STRATEGY OF EDUCATION REFORM.

2.1. GOAL

Creation of an effectively operating educational system providing the wide strata of population with qualitative (world level) educational programs.

2.2. SITUATION ANALYSIS.

The development strategy of the Republic of Kazakhstan - 2030 sets up a strategic objective for the educational system - to ensure creation of national model of education and its integration in international educational environment.

Achievement of this objective is being ensured through realisation of a number of programs approved by the Head of the State and the Government of the Republic of Kazakhstan, including setting up a computerisation and information system in secondary education, development and introduction of modern textbooks and teaching aids of new generation and etc.

The State Program "Education" is adopted for 2000-2005, the purpose of which is to create conditions for an effective development of the national model of the educational system providing a broad access to the qualitative education. Quality of education, thus, shall be comparable with education in the developed countries.

2.2.1. STRENGTHS

Pre-school education is introduced.

Standards of secondary education are being developed and introduced, standards of primary, secondary and higher vocational education are at the stage of development and introduction.

Basic computerisation of the general secondary education system is completed.

Record of children not attending schools is monitored. Fund of compulsory education is operating at general-education schools; the financing mechanism for the Fund is developed and introduced.

Formation of the part of higher educational establishments studentship is implemented according to the State educational contract. This is attained through the centralized testing of applicants and allocation on a competitive basis of educational grants and credits from the state budget.

Parents take an active part in keeping up the schools in a proper condition.

The budget financing of the educational system makes up for not less than 4,0 % from the GDP. The emphasis is made on securing the constitutional rights in the sphere of education (reference to Appendix 3).

The number of students enrolled in higher educational establishments on paid basis is constantly growing.

Accelerated educational and professional programs are launched, and also short- and medium-term educational programs of retraining of specialists in high demand specialties are introduced in the state and private educational establishments.

2.2.2. WEAKNESSES

Specialised schools for children with mental disorders do not respond to the demand for this type of educational services. There are a limited number of organizations meeting education and health improvement needs of children suffering from severe disorders.

There is a gap in continuity between the secondary and higher schools.

The principle of succession in teaching the state language in the educational organisations of all levels is not in place.

Partnership between the educational system and production sector is weak and fails to address the issues of vocational education.

The informal sector of education is poorly developed; the network of out-of-school educational organizations is shrinking.

Deficiencies in education licensing mechanisms make it possible to open private universities and colleges, which cannot deliver required standards of knowledge and skills of their students.

The existing phenomenon of protectionism in the higher educational establishments in the country has a negative impact on the quality of training of specialist with higher vocational education.

Programs for retraining and professional skills advancement of the educational system workers fall short of meeting the requirements of current situation; and are develop with no consideration of needs of the society.

Training of future specialists is not tailored to the country needs. Applicants today prefer economic and law-related specialties. Insignificant demand for technical-engineering specialties can lead to a situation when the country will have to invite engineers from abroad.

The content of the education at its all levels does not fully meet the demand of the society and the national economy.

The mechanism of coordinated purchase of necessary textbooks for higher educational establishments and monographs by foreign scientists is not worked out. Introduction of different variants of textbooks in the educational process generated poor results.

For the majority of students opportunities for quality vocational training and specialised tutorials are very limited.

Basically only computerisation took place in the system of the secondary education instead of creation of the information network and systems.

The mechanism for placement of public contracts for scientific and engineering research with leading universities of the country is missing. Thus, an environment for development of healthy competition among universities and scientific research institutes for state research grants and credit resources is not developing.

Incentives to stimulate the educational workers and organisations to strive for high quality of teaching are not in place.

Competition in the educational sphere is rather under-developed, and this substantially reduces cost efficiency.

A gap occurring between upbringing and education of young generation resulted in the growth of drug addiction, alcohol and tobacco use among the youth and adolescents. The role of labour education and vocational aptitude counselling at schools has significantly weakened.

There is no industry of education.

The advanced teaching technologies are poorly used.

2.2.3. OPPORTUNITIES

Awareness of the society of the importance of investment in education.

Adoption of a Concept of a continuous ecological education and upbringing.

Support to educational system reforms by the international organizations.

Networking between national educational organisations and educational institutions of the developed countries.

Students exchange programs in the framework of the state policy of cooperation with the leading educational institutions of other countries.

Opportunities to train specialists in CIS countries in the framework of different agreements between the countries.

Development of information systems, possibilities of using Internet in the educational system.

Focus on industrial development of the country.

2.2.4. THREATS

Decrease in the general standard of living of the population leaves children from needy families more vulnerable, thus resulting in incomplete coverage of the school-age children with teaching at compulsory general-education schools.

Absence of an effective system of human resources planning, which responds to economic and social demand, public life of the country.

Production sector lacks interest in a system of vocational education due to high unemployment rate in the country. So far the labour market provides the sector with required manpower. The very existence of systems of primary and secondary vocational education is threatened, because the budgetary funds are basically devoured by the secondary general-education and higher vocational education systems.

An absence of a real mechanism of per capita financing.

Inactivity of the management system, absence of strategic planning in the sector and lack of results evaluation system.

Poor use of the opportunities arising from the international cooperation, in regard of the issues of management and financing in the sphere of education.

2.3. STRATEGIC TARGETS

The main strategic target for the educational system is to improve access of the population to quality education at all levels and stages. In this connection, efforts in the sphere of education shall be directed towards creating the system, which ensures quality. Introduction of the principle of continuous education is an ancillary goal.

Quality is viewed from the following aspect: at present different levels of education exist separately. The purpose of the following decade is to create a unified national educational system ensuring gradual and consistent human development, on the one hand, and integration of the national educational system in the world system, on the other hand.

The educational system within the forthcoming 10 years is to be transferred into the system providing a person not only with knowledge, but also skills and capacities to use this knowledge and possibilities for continuous training.

Educational system shall cease to exist in isolation from the economic and social spheres. It shall become part of a bigger social and economic system and be able to address the issues of human resources supply to the national economy.

The reform strategy in the educational sector is expected to solve the following tasks:

To improve the quality of results of education;

To introduce measures providing equal access to education;

To create conditions for development of partnerships in the educational system;

To ensure unity of the systems of upbringing and education;

To ensure real integration of education and science;

To ensure mobilisation of resources and increase effectiveness of educational system;

To improve education management system;

To increase effectiveness of financing system.

2.4. STRATEGY OF ACTIONS

A further strengthening of teaching in the national language shall be pursued. At the same time, informal learning of Russian language and one of foreign languages shall be compulsory.

Vocational education shall be one of the main priorities at all the levels, including primary, secondary, higher and post-graduate. This does not diminish in any way the value of secondary general-education; on the contrary, the role of this level of education in the attainment of the main priority in education increases.

2.4.1. EDUCATION QUALITY IMPROVEMENT.

Substantial updating the contents of education through harmonisation of programs for different educational levels is required, whereas each previous stage should completely meet the requirements of the subsequent stage by the sum of knowledge). Within a decade organisation of educational process will transform from rigid standardisation to a more flexible organisational forms. The latter will be regulated to a reasonable extent and oriented towards continuous perfection.

Updating the contents of secondary education shall ensure a constant accumulation by students of the required knowledge, skills and habits without loading them with unnecessary knowledge. In this connection, there is a necessity to change standards: that is, to shift from rigid educational standards to flexible, results-oriented educational process. Simultaneously, they shall take into account a status of the social and cultural environment, the demands and capacities of the stakeholders concerned.

It is necessary to establish uniform standards and parameters to measure and monitor educational progress, to develop and introduce a nation-wide system of standard quality check tests. This system will serve to evaluate the conformity of educational level of students to the parameters monitored. In the development of educational progress standards, the main emphasis shall be made on what a student - a graduate of the primary, secondary and high school - is expected to know and be capable of. In other words, the reform of the state educational standards is required, which would capture both quantitative and qualitative aspects of education.

The emphasis in the educational institutions is until now made on what seemed to be the most important in planned economy, on mustering factual information off the textbooks. In Israel, France, Canada, Great Britain and a number of other countries of Organisation of Economic Cooperation and Development (OECD) the educational institutions make emphasis on other matters: they do not require students to memorise formulas and terms, but develop creative capabilities and capacity to use information. The results of such an approach can be seen in that the students in OECD countries are better off in managing tasks requiring application of information, and less good in memorisation of factual material. Educational systems in OECD countries provide students a more thorough preparation to market environment, whereas our educational system has yet to change radically the focus of teaching.

The system of the secondary education covers vocational training of students as well. It is required that professional orientation/aptitude counselling system is put on scientific basis; to improve vocational teaching and involvement of students in value added public and social activities. It is necessary that the revised system of vocational training stimulates creativity in students and better prepares them for professional career.

The system of the primary and secondary vocational education must provide specialised programs alongside with mastering of the state compulsory standards for secondary education. This can be attained by means of state general compulsory requirements, a gradual implementation of which is yet to be introduced. Development of market-driven skills related to new technologies should be included in the main curricula.

The experience of OECD countries displays that within the system of primary vocational education it is necessary to provide training in general skills, but not in technical disciplines. Development of special professional skills shall be taken care of in the educational institutions of a subsequent stage or at the enterprises in the form of on-the-job training.

The quality of primary and secondary vocational education shall be ensured through a combination of the educational process and vocational internships.

The system of the higher education shall reject production of specialists in narrow fields. Graduate shall be provided with a broader training. It is necessary to focus efforts in support of the leading higher educational institutions, scientific and pedagogical schools. The changes must be introduced in the system of specialists training in favour of those specialities driven by the scientific - technological progress.

In those cases, when the country can not ensure quality training of specialists in certain fields owing to inadequate domestic resources, both financial and human, this training should be provided by respective institutions of other countries. This specifically relates to training in engineering and other technical disciplines traditionally provided by the leading educational institutions in Russia. At the same time we need to improve professional training and capacities of teachers of higher educational institutions to build a capacity for specialist training within the country.

There is a constant need in the country to stimulate the development of small-scale businesses. The development of small business requires cultivating the spirit of self-reliance and entrepreneurship in people.

The most successful prospects for small business and individual entrepreneurship development can be found in the system of vocational education, at all levels. Many professions

obtained in the system of primary and secondary vocational education can be directly applied for a successful business start-up. It is recommended to introduce curricula in the higher and secondary vocational schools on organisation and development of small businesses, economy and management, the world practices of stimulating entrepreneurship, for the students specialising in technical disciplines.

In the system of the secondary education, it is necessary to introduce the national system for assessment of students' knowledge. The transparent procedures of control of testing process combined with effective mix of practical, oral and written components shall ensure an impartial treatment and equal access to education.

Kazakhstan aims to become a member of the world community in the sphere of education. For this purpose Kazakhstan will join the international programs carrying out regular comparisons of the educational systems and indicators of progress in different countries shall.

It is necessary to foresee a mechanism providing to children – orphans and children who have stayed without the custody of parents - an extended access to the vocational education on the basis of the public contract.

In a long-term perspective it is necessary to introduce an enrolment mechanism to a higher educational establishment on the basis of graduation examination results at high schools. That is to integrate graduation examinations and admittance testing to a higher educational institution for a graduate of a high school of the current academic year. Other applicants shall be granted a possibility to take tests. A unified and independent body shall conduct examinations and testing.

It is necessary to introduce in higher educational institutions an admittance mechanism for college graduates for training in adjacent specialities under reduced, accelerated programs.

It is necessary to stimulate the educational institutions to create and introduce own systems for quality assessment of teaching.

The method and mechanisms of licensing, certification and accreditation of the educational institutions will be constantly enhanced as the main forms of quality monitoring. A unified legal framework shall be developed to regulate and exercise control over state and private institutions.

2.4.2. INTRODUCTION OF MEASURES PROVIDING EQUAL ACCESS TO EDUCATION

Since fundamentals of personal aptitude towards knowledge and skills are formed at early age, it is necessary to secure an accessible system of the pre-school education.

It is necessary to solve the issue of availability of the constitutionally guaranteed secondary education for children with limited abilities. Alongside with development of special educational establishments for these children, it is required to apply more widely the practice of these children attending regular schools, securing all indispensable conditions for their adaptation to the environment. It is also necessary to introduce a distance learning for children constrained in their capabilities to attend regular or specialised schools.

The issue of students learning and mastering their knowledge is closely related to their health condition, especially in the early age. Malnourishment, weak physical and psychological health seriously impact the results of the quality of education. In this respect it is necessary to launch programs on provision of sufficient nutrition and energy value rations and preventive healthcare to children.

2.4.3. CREATION OF CONDITIONS FOR DEVELOPMENT OF PARTNERSHIP IN THE SYSTEM OF EDUCATION

Education system serves to meet short to long-term economic demand in qualified specialists. At the same time education system must have forward oriented commitments. Programs of economic growth will play an important role through indicating needs in human resources and requirements, as well as opportunities for professional social partnership in the sphere of educational.

Training of qualified mid-level workers and specialists is important for a radical improvement of the situation on the labour market and growth of production. By ensuring high quality of preparation at professional schools and colleges, it is possible to create the channel of social mobility, most adequate to modern conditions, and accessible for the families belonging to different social groups.

In order to develop the system of vocational education, it is necessary to ensure an appropriate institutional support for effective use of budgetary funds and mobilisation of financial resources from the population and business entities.

The system of vocational training represents an extremely important element in the system of education as a whole and develops labour skills in those students who do not continue their education in high schools. It is necessary to give a choice to such establishments in terms of selecting their professional profiles and respective curricula. It is necessary to introduce incentives for enterprises for providing assistance and cooperating with local vocational schools and gymnasia, e.g. on-the-job internships.

It is necessary to establish connections between small businesses and the system of higher education to introduce programs of technical assistance to small firms by higher schools. It is necessary to enrich the educational process through short-term training courses, seminars.

Within the framework of social partnership, it is necessary to develop employment services for graduates of primary, secondary and higher vocational education. The advantage of this may be in that the agencies and services of employment will become a very important factor in development and improvement of the curricula meeting the needs of modern businesses.

2.4.4. ENSURING UNITY OF UPBRINGING AND EDUCATION

The educational system is aimed at ensuring the formation of civil self-consciousness. With the development of democratic institutions in Kazakhstan, the educational institutions will start to play an ever-increasing role in the society.

It is necessary to support the idea of creation of students' councils.

Breakout of HIV/AIDS in the world, growth in our and neighbouring countries of STD incidence, increase in the number of drug addicts, adolescents, and youth with indiscriminate sexual contacts, contributing to the spread of HIV/AIDS, set tasks of conducting the ethics and sexual education of the students at the educational institutions.

The educational process shall begin in secondary school as behavioural patterns are formed in adolescence and pre-adolescence. Education in the issues of HIV/AIDS, STDs prevention and sexual health can influence behaviour stereotypes formation and appears to be more effective if delivered at this age.

In relation to this, it is required to activate the introduction of effective educational programs on the issues of HIV/AIDS, STDs and reproductive health at schools, and vocational establishments. The programs must be of good quality; at the same time, it is very important that their presentation shall be targeted and have a direct influence on students. It is not that important if children get education in these areas but what is most important is how and what education they will get.

The above ways of ethics - sexual education of adolescents and youth shall be included in the general program of forming a healthy lifestyle. The school is assigned the most important role in social upbringing of children and adolescents. In this connection, introduction of school uniforms for schoolchildren shall contribute to ensuring social equality of pupils. Unequal capabilities of parents in providing their children with clothes now create hidden barriers between schoolchildren.

Considering that secondary school is strengthening the educational activity through introduction in curricula of topics on ethics - sexual education, civic obligations, healthy lifestyle, it is necessary to review the issue related to transition to a 12-year teaching at secondary school. In the last three years the school will ensure a full vocational aptitude counselling for the pupils. This idea shall be thoroughly examined and prepared. It is necessary to create the proper teaching-material base for transition to a 12-year teaching and ensure its organisational and legal basis.

2.4.5. PROMOTION OF INTEGRATION BETWEEN EDUCATION AND SCIENCE

A key factor of creation and development of the contemporary competitive economy is in establishing close connections between educational and research activities of higher educational institutions. In this context, it is necessary to develop a mechanism for placing state contracts for realisation of studies in the leading higher educational institutions of the country. This in practice will integrate science and education. The next step to integrate science and education would be a real, not formal amalgamation of large higher educational institutions with research institutes.

A big percentage of economic growth in the most technologically developed regions of the USA takes place due to university studies and advancements of these studies from labs to factories and companies producing computer software. In the USA and UK the major centres of employment in science are concentrated around the leading universities.

Also it is necessary to actively attract students of the senior courses in research work.

2.4.6. ENSURING MOBILISATION OF RESOURCES AND INCREASING EFFECTIVENESS OF EDUCATIONAL SYSTEM

Updating the content of education assumes not just new standards and curricula, tutorials, textbooks and teaching aids with new content, but also an introduction of innovative technologies of teaching, new forms of organisation of the teaching process. Updating of the content shall go along with a qualitative personnel growth. This means that the system of preparation, retraining and advancement of professional skills of schoolteachers and faculty of higher educational institutions shall be revised. Retraining courses for teachers shall prepare the educational workers for the move to pedagogical methods encouraging problem-solving, independent study, and creativeness of students.

However, promotion and advocacy of progressive ideas and developments in the sphere of education have not yet become primary goals of the existing courses for retraining and advancement of professional skills of the educational workers. A priority area of activity in the system of preparation and retraining shall become transition to new curricula providing new methods of transferring knowledge to pupils, students, attendees of training courses etc.

It is necessary to introduce regular research work in the field of education to examine different methods of teaching and efficiency of alternative approaches. Establishment of innovative experimental schools should be encouraged for testing new methods of teaching developed in different countries, and evaluation of their efficiency.

Organisation of retraining and advancement of professional skills of teachers shall be implemented in cooperation with the pedagogical research centres and the pedagogical higher educational institutions.

Recognising the fact that results of pedagogical activity depend on the quality of human resources, it is necessary to revise the system of incentives and motivation of educational workers for continuous improvement of quality of education. The pay shall be adequate to the results of their work.

Without well-trained specialists the quality of education will continue to decline and future graduates risk to fail meeting demands of the ever-changing labour market. Higher schools and colleges carrying out preparation of teachers shall re-focus their curricula to include flexible programs on training and re-training of human resources.

Quality of the teaching personnel in rural schools will be addressed through organisation of specialised regional training and re-training programmes. At the same time, performance assessment of such programs will be developed at central level.

The development of methodological and logistics basis in the sphere of education plays a great role in quality assurance of education. It is necessary to review approaches to the distribution of allocated resources. Concentration of financial resources for elaboration and publication of textbooks and supply of the educational institutions with material and technical means within one authority hinders effective use of available resources. It is necessary to ensure a real decentralisation of the resource management for organisation of the educational process.

Improved quality of textbooks and printed materials, including wide variety and low cost, requires production and distribution mechanism.

In OESD countries there are state standards of curricula, however, the state is not engaged in development and production of textbooks for higher schools or the systems of compulsory education. Private companies are involved in production of tutorials, which enjoy equal rights to offer their products to the educational institutions and students, and thus replace the monopoly state publishing houses.

Textbooks and teaching materials may be offered for open sale, and local publishers will have an opportunity to export production to other countries, for example, to the countries with large Kazakh Diaspora. As a result of diverse programs and growing of demand from students, the number

of specialised publications and range of additional literature will be increased.

Selected population groups unable to purchase textbooks should be granted an opportunity to acquire them through grant programs.

It is necessary to develop the industry of education. It will promote development of a range of specific products to be used by the educational system. It is necessary to arrange production by the domestic manufacturers of furniture, educational equipment and visual aids for education institutions.

Programs in the sphere of the primary, secondary vocational education shall receive an effective support: computerisation of the educational institutions; preparation and publication of textbooks, teaching-methodical complexes for the primary and secondary vocational education.

2.4.7. IMPROVEMENT OF EDUCATION MANAGEMENT.

The principle of self-management at all levels (primary and high school, vocational school, gymnasium, college, university etc.) shall be introduced in education organisations. At present, it is necessary to strengthen their financial accountability and stimulate whenever possible cost recovery and efficient use of financial resources.

School management independently decides on textbooks from the list approved by the Ministry of Education and Sciences of the Republic of Kazakhstan and selects teaching methods to be applied for attaining the goals set by the country in the sphere of education. For example, a school principal who finds a less expensive way to heat his school shall enjoy the right to use saved money for purchase of textbooks or replacement of old window frames. The principal independently shall solve the issues of personnel management, improvement of professional skills of the faculty, etc.

The system of autonomy of high schools will be really introduced in higher education. The purpose of ensuring a high level of teaching in high schools shall be reached through a procedure of certification and accreditation of high schools and competition among the high schools. In that case students and the companies-employers will appreciate the quality of preparation in this system and the diplomas of the second-rate high schools will cease to be in demand.

Autonomy of high schools means they will be given a right to develop their curricula independently, to introduce their own criteria for testing students' knowledge and to solve the issues of personnel management and organisation of educational process. The state educational standards for higher education are more of recommendation, and form the basis for ensuring a minimum volume of knowledge. High schools will establish the size of salaries and terms of the labour agreements with teachers, at the same time these conditions may be different for teachers and employees of different specialities.

It is necessary to determine the model of control of high schools through a board of directors.

For autonomy of educational institutions be beneficial for an effective development of the educational system, it is necessary to consolidate and introduce transparent procedures of registration, licensing, certification and accreditation of educational institutions. The state shall use licensing-oversight mechanisms and the system of public contracts to regulate activity of educational organisations providing vocational training.

Approaches to strengthening autonomy of the educational organisations in the system of primary and secondary vocational education are similar to those in the system of higher education.

2.4.8. EFFECTIVE FINANCING SYSTEM.

It is necessary to accomplish a real transition to financing of the educational system on the basis of the principle "of per capita funding" as it already takes place in higher education through the system of educational grants and credits.

It is obligatory to foresee in the budget of education the means for introducing new teaching technologies allowing an effective transfer of knowledge.

In the system of educational grants and credits, it is necessary to diversify conditions of their granting and not only for obtaining a professional education in domestic high schools but also for training and improvement of professional skills in foreign countries. More so, there shall be incentive grants for improvement of educational process: that is, not only for objects of education but also for subjects of education.

Education is an investment sphere. In this connection, it is necessary to attract economic entities and financial sector to this sphere. This will require stimulating measures to mobilise extra-budgetary resources in education.

It is necessary to strengthen transparency of education system. All information on spending on education and allocation as well as number of students and quality of education at each level shall be made accessible.

3. STRATEGY OF HEALTH CARE REFORM

3.1. GOAL

Creation of an effective health care system to improve health condition of the population through increased availability of qualitative health care for broad strata of the population strengthened disease prevention measures through health promotion and protection.

3.2. ANALYSIS OF THE SITUATION

Present situation in health care sector is characterised by the following factors:

- High mortality rate (general, children, maternal) and low life expectancy, especially for males;

- Increase of tuberculosis morbidity rate which is gaining an epidemic nature, growth of cardiovascular, cancer, enzymatic, parasitogenic diseases;

- Increasing number of disabled as a result of occupational and non-occupational injuries and poisoning;

- Growth of sexually transmitted diseases (STDs) and cases of HIV-infection;

- Low indices of reproductive health.

Kazakhstan health care system is characterised by an extensive development based on domination of administrative management methods combined with financing on the basis of resource indices. Role of economic regulators was practically ignored.

Only in the last 1-2 years some proven and less wasteful methods of treatment of some diseases started to be introduced, including the programme principle of the budget financing of the branch.

The most positive changes in health care have begun with adoption of the Presidential Decrees of the Republic of Kazakhstan: "On the primary measures on improvement of the health state of the citizens of the Republic of Kazakhstan" as of May 18, 1998 No3956; and "On the State Program " Health of People " as of November 16, 1998 No4153.

3.2.1. STRENGTHS

Availability of the programs adopted during the last 2-3 years on different aspects of health care.

- Primary health care.

- Introduction of family doctors practice.

- Practice of introduction of "DOTS" strategy for TB treatment and diagnostics.

- Universal vaccination of children up to 5 years old.

- Promotion of healthy lifestyle (HLS), availability of the appropriate institutional support of the advocacy campaign on HLS.

- Legal approval of new principles of payment for health care services based on a partial fund-keeping of family doctors, stimulating transition to a less wasteful out-patient care, according to per-capita norms, out-patient - polyclinic tariffs setting, and clinic-cost groups.

- Multi-channel forms of medical services financing.

- Availability of the non-state sector of the health services for the population.

- Establishment of internship in higher medical schools, educational pilot family out-patient facilities for training family physicians.

3.2.2. WEAKNESSES

The state financing of health care system in the last years was about 1.8-2.2 % of GDP.

Weak legal regulation of health care system.

Lack of health services in a number of settlements.

Deterioration of diagnostic and medical equipment in healthcare facilities by 80-90 %.

Lack of conceptual frameworks for an optimal combination of planning and market mechanisms of control and financing.

System of medical education allowing a poor training of the personnel.

Lack of medical workers personal responsibility for cases of damage incurred to the patients' health.

Lack of domestic market of healthcare services providing choice for patients.

Existence of the shadow market of health services owing to poor regulation of the pay system.

According to the expert opinion of Almaty city health department up to 50% of finance is in the shadow economy of the sector.

Orientation of health care services more to measures of a medical nature than towards the prevention of diseases.

Lack of an effective system of financing of the sector.

Low overall performance of the medical organisations, absence of competitiveness and the appropriate incentives.

Growing managerial problem and lack of unified health care policy.

Insufficient reliability of accounting and reporting of the statistical information, weak interaction of the medical and financial statistics of the branch. This hinders accurate evaluation of comprehensive processes in the system of the public health care. Decrease of the level of authenticity of medical statistics.

Insufficiency of measures for a broader application of modern and effective technologies in the field of prevention, diagnostics and treatment.

Poor development of the pharmaceutical and medical industry in the Republic.

Practical absence of the state monitoring of the quality and the cost of medical products and medicines.

3.2.3. OPPORTUNITIES

Active international cooperation with major medical centers. Joint sociological studies on the issues of health care services.

Involvement of other social sphere sectors in realisation of health care measures.

Mobilisation of non-budgetary sources of funding.

Strengthening NGOs activities on population issues, including health.

Support from international organisations to healthcare reform. Medical humanitarian aid.

Availability of the international program documents in the field of the health of the population, in particular, "Health for All in the XXI century".

3.2.4. THREATS

Availability of medical products that are not meeting the standard requirements. Conspiracy of the participants of the pharmaceutical market and over-pricing on medical products and medicines (the prices are several times higher versus the world average median costs).

Decreasing accessibility of quality potable water for the population.

Low solvency of the majority of the population (issues of self-provision with nutrition).

Availability of low quality products on food market dangerous for health and human life.

Intensified influence of ecological factors on health.

Insufficiency of the state investments in the sector.

Underdeveloped insurance market in respect of social issues.

Growth of drug-trafficking in the country that increases availability of drugs.

Active migratory exchanges with the neighbouring and foreign countries represent a threat of HIV/AIDS spreading, quarantine infections. Illegal migration threatens to aggravate epidemiological situation in the country.

3.3. STRATEGIC TARGETS

Transformation in the field of health care shall become an integral part of the common strategy of social development through improved organisation and financing of health care.

Reforming of health care requires balanced combination of planning actions and market regulators.

Main outcomes shall be – increased effectiveness and efficiency of health care and ensured equal access to quality health care.

Health care shall focus on elimination of causes of illnesses, rather than combating their consequences.

Besides, it is necessary to solve of health issues, connected to environmental status and water supply.

Strategy of health care reforming implies the following:

- To strengthen prevention of socially significant diseases and diseases dangerous for people;

- To strengthen formation of healthy lifestyle;

- To improve organisation of primary health care system. To consolidate primary health care system, and develop family medicine;

- To improve medicine management. To ensure development of pharmaceutical and medical industry of the Republic of Kazakhstan;

- To improve monitoring of the environment and status of water supply;

- To ensure access of population to quality and healthy foods;

- To improve organisation of health care through introducing new, tested, and WHO-recommended methods of treatment;

- To create funding system ensuring quality health care for population;

- To improve control system over health care services;

- To improve medical education system to ensure support to the domestic medical science.

3.4. STRATEGY OF ACTIONS

3.4.1. IMPROVED PREVENTIVE MEASURES AGAINST THE CAUSES AND SPREAD OF SOCIALLY SIGNIFICANT DISEASES AND DISEASES DANGEROUS FOR PEOPLE

Within healthcare framework a special emphasis shall be put on the prevention of diseases.

Experience shows that the resources invested in the preventive measures ensure a triple effect.

In prevention of some diseases some rather simple and low-cost methods (immunisation of the population) can be used, whereas with some other diseases the situation can be rectified through educational activity. The first group of measures requires an authority of central and local healthcare entities, whereas the second group of activities requires interaction of healthcare, education and mass media sectors.

The second group of activities includes some aspects of reproductive health, related to STDs and HIV infection. Educational and other preventive activities shall become an integral part of the policy of improvement of the healthcare system.

It is necessary to strengthen the role of the sanitary-and-epidemiological service.

3.4.2. STRENGTHENING SERVICES FOR FORMING HEALTHY LIFESTYLE

Mortality and morbidity statistics observed in Kazakhstan is largely determined by abuse of tobacco and alcohol. Current lifestyle of people contributes to the development of cardiac and respiratory diseases, results in increase of infant mortality and cancer morbidity, contributes directly or indirectly to growth in number of accidents, occupational and non-occupational injuries, including

road accidents. Rough estimates show that amount spent by the population on alcohol and tobacco products exceeds the state budget for health care.

Healthy lifestyle (HLS) and health promotion shall become an integral part of the common policy of health care. HLS formation shall not be limited to healthcare and education domains; a systemic activity in this direction shall be conducted in the spheres of sports, culture, and mass media. It is necessary to strengthen functions and powers of the entity coordinating the issues of HLS formation.

Educational programs and information on healthy lifestyle shall be delivered to each citizen of the country through schools, high schools, working collectives, primary healthcare facilities, etc.

It is necessary to introduce direct economic measures to counteract unhealthy lifestyle.

Experience of Australia: special fund was created which is financed from contributions by tobacco and alcohol manufactures. The Government spends these resources to support educational and other programs within anti-tobacco and anti-alcohol campaigns.

3.4.3. IMPROVEMENT OF HEALTHCARE SERVICES DELIVERY TO THE POPULATION. STRENGTHENING PRIMARY HEALTHCARE, DEVELOPMENT OF FAMILY MEDICINE

Primary healthcare (PHC) is a cornerstone principle of the entire health care system. It addresses basic medical needs of each citizen, collective and community through organisation of respective services close to work places and places of living.

Low population density, long distances between settlements and regional centres, where existing healthcare facilities are usually concentrated, proves the need for priority accelerated development of PHC level of healthcare services. In spite of the fact that PHC does not involve complex medical intervention, nevertheless, it has potential to contribute to general improvement of the health condition of the population, and women and children in the first turn.

Realisation of a significant volume of preventive activities falls on PHC facilities. In this connection, it is necessary to strengthen PHC system, along with further development of the institute of family medicine. PHC level shall receive adequate funds to fulfil basic preventive actions, including immunisation. It is necessary to facilitate equipment and staffing of obstetric posts, rural hospitals, family medicine ambulatories, consultancy - diagnostic centres and polyclinics up to the level of the demand, since these PHC facilities ensure major interaction with the population. It is necessary to foresee expansion of available service.

Taking into account an expected expansion of job responsibilities of the medical workers in PHC, it is necessary to ensure their re-training and improvement of professional skills.

The functions of health facilities of other levels shall be expanded, so that they can support lower level facilities. Starting from these levels the applicable courses for retraining of the medical workers may be organised in different forms.

In Kazakhstan due to economic constraints of the transition period the level of retraining of the health personnel has abruptly decreased. A practice of short-term study or on-the-job trainings does not prove effective in strengthening professional capacity. Besides, actually there is no capacity in Kazakhstan for training in many specialities, including brain surgery, cardiovascular, thoracic surgeries and some others.

It is necessary to update not less than 40 % of diagnostic and medical equipment in the state-run health facilities within the next five years. This will allow not only to reduce an in-patient stay and an outpatient treatment through timely diagnostics, to reduce spending on medication both by the state and population, as well as to increase effectiveness of retraining and advancement of professional skills programs for the healthcare personnel.

3.4.4. IMPROVED MEDICATION SUPPLY. DEVELOPMENT OF PHARMACEUTICAL AND MEDICAL INDUSTRY OF THE REPUBLIC OF KAZAKHSTAN

The necessity to improve the pharmaceutical situation in the country puts forward a requirement to formulate the national policy on the availability of medication for all (NPAM), which will create pre-conditions for further activities. The state medication policy shall be developed and introduced to protect population from low-quality medical products, from overpricing of basic medicaments. In other words, this policy should ensure accessibility of inexpensive, quality and effective medicaments and their rational use. Development of NPAM may trigger fast development of domestic pharmaceutical industry.

Organisation of the healthcare services is closely connected to medications supply of medical

treatment process. Quality and availability of medicaments is a basic requirement to the pharmaceutical sector. However, this particular parameter demonstrates vulnerability of the population.

98% of pharmacies are in the private sector. The problems of price control and, consequently, availability of medicaments to the needy strata of the population are to be addressed through recovery of the state drugstores (15-20% of the pharmaceutical market). This will provide population with the vital medications under acceptable prices and create competition to private sector.

3.4.5. IMPROVEMENT OF ENVIRONMENTAL MONITORING AND STATUS OF WATER SUPPLY

Activity on improvement of the environment - if one takes into account what impact on the human health have the ecological factors – shall be put forward as a priority task.

The issues of the air pollution, clean water, radioactive contamination and processing of sewerage, malnutrition essentially affect the bases of health of the population.

With the purpose of limiting air pollution and water contamination in Kazakhstan, one should ensure the enforcement of laws on maximum permissible levels of hazardous substances. It is necessary to toughen monitoring of observance by all industries of such laws. It is necessary to put into action a special mechanism of monitoring and reporting, which would envision a stringent system of penalties for non-compliance with these norms. The part of funds from these penalties shall be directed on improvement of health services. All costs on introduction of the system of ecological norms and supervision of their observance shall be assigned to the industrial enterprises.

Improvement of quality of potable water shall be a primary goal of the entities engaged in water management.

It is necessary to ensure availability of clean potable water. For these purposes bringing to the conformity with the sanitation and hygienic norms of the existing water facilities shall become one of the directions. New facilities, if necessary, shall be designed. Until the water facilities do not meet the international standards, the existing system will keep on distribution of diseases.

The system of monitoring of the country water resources shall be introduced.

If in any country the availability of water reserves is less than 1000 cubic meters per capita annually, this indicates shortage and subsequent damage to the economic development of the country and health of population. In 1990, 20 countries in the world, or 132 million people, suffered from shortage of water. If by 2025 the number of the world population increases to 8 billion persons, the number of countries with problems of water accessibility will exceed 30; and, depending on the rates of population growth, the number of people suffering from water shortage will increase from 600 up to 900 million. It is necessary to prevent this situation, as Kazakhstan might turn among such countries.

3.4.6. ACCESSIBILITY OF QUALITY FOOD TO POPULATION

With the purpose of improving the quality of life of population, the issue of development and introduction of a national policy on healthy food becomes acute.

It is necessary to eliminate the causes of shortage of some essential nutrients in the ration of mother and child as this directly affects health of the population. Nutrition programs for children under 5, pregnant women and breastfeeding mothers shall be developed.

The food-processing industry of the country in close co-operation with the medical science shall create, develop and produce foods with sufficient nutrition value.

Considering that breast milk is a balanced mix of nutrients - the factors of a natural immunity against infectious diseases - and reduces impact of ecological harmful factors on the baby, it is necessary to encourage breast-feeding for new-borns through introducing material incentives. Such incentive will enable in some cases mothers to maintain a good status of their health and preserve a capability to nurse their children.

With the purpose of strengthening the health of the younger generation, it is necessary to develop a catering program for schoolchildren, especially from the low-income families, including distribution of vitamins to the school age children, especially in winter and spring seasons.

It is necessary to introduce a quality monitoring system of the food production available on

the domestic food product markets.

3.4.7. IMPROVED HEALTHCARE ORGANIZATION BY INTRODUCING NEW, TESTED, AND WHO-RECOMMENDED METHODS OF TREATMENT.

Quality assurance of health care means that alongside with other measures the introduction in the medical practice of international protocols of treatment and diagnostics shall be taken. The issue of introduction of international protocols of treatment shall become an integral part of curricula of higher schools and courses of retraining and improvement of the professional skills of health workers.

It is necessary to continue the introduction of the strategy of TB treatment, recommended by the WHO. At the same time, it is required to ensure all indispensable conditions for success in treatment of TB - from organisation of catering services for the ill up to compulsory supervision of patients who have passed an intensive in-patient chemotherapy after their discharge, because this period is not less important.

3.4.8. CREATION OF FINANCING SYSTEM ENSURING DELIVERY OF QUALITY HEALTH CARE TO THE POPULATION.

When people seek health care services, they may receive it on a paid or free of charge basis. It is clear that in the latter case somebody has to pay anyway, but at the moment of delivery a healthcare service is free. Therefore, a system of economic relations should be put in place to ensure reimbursement of costs to health workers related to delivery of health care services of certain volume and quality. The market of health services for the population is regulated through the financing system. It is necessary to achieve efficiency of management and financing from the viewpoint of both health care system and a recipient of healthcare services.

The centralised state system of financing is the most acceptable method of payment for the basic package of medical services and ensures the greatest efficiency and a maximum coverage of the population. Thus, it is necessary to strengthen the principle of per capita financing of the health sector combined with transparency of financial flows.

It is necessary to enforce the constitutional norm on a free guaranteed volume of health care. For this purpose, it is necessary to develop a number of laws to realise the Article 29 of the Constitution of the Republic of Kazakhstan on primary health care, on the guaranteed volume of health care. The warranties of the state, employers, citizens in the field of health care shall be set by the legislation.

Introduction of compulsory co-payment for healthcare services for able-bodied part of the population should facilitate legalisation of incomes of healthcare organisations raised through charges for health services.

Simultaneously with this, it is necessary to develop and stimulate voluntary health insurance.

Health care for retirees, disabled, unemployed, mothers and babies shall be implemented at the expense of state budget within the framework of the guaranteed volume of free healthcare services.

Free check-ups of women and children, distribution to them of preventive medicines, including vitamins, shall become a compulsory practice.

In 2001-2002, it is necessary to prepare introduction of compulsory health insurance (CHI). It is desirable to foresee a family insurance principle as a component of classic model of the compulsory health insurance. The introduction of CHI shall be preceded by creation of a full normative-legal base of the system ensuring its integrity, decreased dependence from the budget financing, and accountability of insurance intermediaries for efficient use of resources in health care. It is necessary to learn our own and the world experience on CHI system.

The government shall ensure creation of mechanisms and the legislative base conducive for the development of private insurance systems and paid health facilities.

It is necessary to introduce a system of bonuses for the PHC doctors, if the part of patients observed by them remained healthy during a certain period of time and if some health issues were treated at a primary level. The system of financial incentives shall be in place for different structures of the health services.

It is necessary to introduce monitoring of treatment and the system of assessment of medical errors.

3.4.9. IMPROVEMENT OF HEALTH CARE MANAGEMENT.

It is necessary to ensure legislatively the reforms and relations in the health care sphere on the basis of international experience and to increase manageability of the sector, including issues of combination of strategic and routine planning, creation of a multi-level system of planning and standardization, uniformity of the systems of planning and financing of health care.

First of all, it is necessary to create the normative base on regulation of the activity of health facilities of all levels, to determine the functions of each of them.

It is necessary to transmit individual managerial functions to the facilities through autonomisation and privatisation. Thus, the managerial control shall focus on quality control of health services.

It is necessary to improve licensing, certification of health services. Registration for medical practice shall be based on the national criteria for all practising medical attendants depending on their speciality, in accordance with respective changes in the programs of the educational institutions.

It is necessary to develop rules of work for all health structures both clinical and administrative.

At the Republican level, a unified procedure shall be developed in health protection to actively eradicate diseases, which can be seized through preventive measures, in particular, through immunisation and a better utilisation of PHC capacities.

In relation to all aspects of delivery of health care to the population and management of the sector, proper monitoring systems shall be created. Improvement of computerisation in health sector is required; creation of the service capable to provide health care bodies with an authentic, reliable, interrelated health and financial statistical information.

3.4.10. IMPROVEMENT OF SYSTEM OF HEALTHCARE PROFESSIONS EDUCATION, SUPPORT TO DOMESTIC MEDICAL SCIENCE DEVELOPMENT

The sphere of education and scientific research is one of the key directions in the reform of healthcare system. It is necessary to construct an effective system of training of healthcare workers in a wide range of specialities. Moreover, it is necessary to ensure a continuous operation of the structures engaged in clinical research and issues of healthcare services.

It is required to raise the level of teaching at high medical schools and to improve the programs of retraining and advancement of professional skills of doctors.

According to the international experts who conducted evaluation of the health care system of Kazakhstan in 1998 at the request of the Head of the State, only 37 % of doctors had highest professional qualification. If as a whole, there were 392.8 doctors per 100 thousand people, the number of MDs with higher qualification was 131 per 100,000. This index is much lower than in the USA where it is 211 per 100 thousand inhabitants. Thus, many doctors in Kazakhstan do not reach the highest level of qualification.

A re-structuring of healthcare education is proposed. In accordance with a new scheme, a mechanism of an intermediate certification of students prior to graduation (for example, after the 4-th year) will be introduced in medical schools to assess their capability and aptitude to work as a doctor. For students who couldn't pass through such a certification, it will be necessary to develop and introduce a mechanism of their transfer to support medical staff or administrative specialities. There will be a need for elaboration of a more intensive program of MD training for the rest of students.

It is necessary to include in the curricula of medical schools training in new disciplines like "general physician", "manager" etc.

It is necessary to introduce mechanisms of funds allocation for further training of post-graduates for achieving highest qualification degrees, to develop and implement targeted programs of training of paramedics, administrative staff for health care system.

In order to support domestic medical science, it is necessary to increase the volume of financing for scientific research in health care sector. And senior students of medical schools shall be involved in the research. Special attention shall be paid to monitoring of these processes, research management, analysis of a 10-year experience of development of the national health care system.

It is necessary to eliminate the causes leading to isolation of the centres of science and scientific research institutes from practice. The results of scientific developments shall reach any particular doctor.

The task to create six teaching-clinical centres shall be included in the Republican plans on the basis of the existing medical schools. They shall be used for a primary introduction of new equipment and methods of treatment, and also for organisation of teaching and continuing training of medical workers. In due course on the basis of these establishments the registration of licenses for medical practice may be also implemented.

4. STRATEGY OF EMPLOYMENT AND SOCIAL PROTECTION OF THE POPULATION

4.1. GOAL

The main goal is to create conditions for a worthy life for the citizens, which ensure rights and opportunities for realisation and development of human potential.

In the sphere of employment the main goal is to ensure meaningful productive employment of population. This goal assumes two sub-goals: reduction in the level of dismissals; and increase of the level of employment for the unemployed population.

In the field of social protection of the population the main purpose is to create an effectively operating system of social security, oriented towards poverty eradication. The specific sub-goals are:

Increase the level of wages of employees in all areas of economic activities;

Create an accessible mechanism for self-security against possible risks through introduction of different kinds of social insurance;

Shift from the social security system implemented at the expense of a state system to a social insurance system that assumes participation of not only a state or an employer, but also each individual.

4.2. ANALYSIS OF THE SITUATION

Economic transformation in the country, on the one hand, have deepened the issues of such social phenomena as physical disability, alcohol addiction, drug addiction, traumatism and, on the other hand, have generated poverty, unemployment, children's homelessness, which lead to a continuous growth of population in need of the social security.

The poverty growth in the Republic is related to a significant growth of unemployment as a result of decline in production, low level of wages in some spheres of the economic activities, in particular, in health care, education and agriculture, long delays of payment of wages and salaries to workers, decrease of real incomes of the population.

Of more than 7 million economically active population 13,5 % are unemployed. However, the employment of 6,1 million people not always means a sufficient level of income. A significant part of the employed population, especially engaged in the budget sphere, can be referred to as the needy people. The wage size of the workers engaged in the budget sphere, as a rule, does not exceed 75% of the average Republican pay level for employed population.

Women prevail among the unemployed; employment of women is an acute problem currently. Of total number of the unemployed women seeking a job at through employment agencies and services, only every sixth can succeed. Women with higher and special vocational education at the age of 45 years and older have the least prospects to find a job.

Since 1 January 1998, a new pension system based on the principle of accumulation of pension funds on a personal account has been introduced. Under this system each working citizen independently insures material subsistence for the retirement. Despite significant results achieved during the ongoing reforms, one of the main issues affecting the whole system of social protection is an impartial coverage of the able-bodied population. Only 3,6 million persons of the 7 million economically active population transfer instalments to the cumulative pension funds. The unemployed, village workers and the informal sector are poorly involved in the system.

These circumstances suggest the existence of the shadow wages not subjected to taxation and not participating in forming the budgets of all levels. In the future this part of economically active population not contributing to material subsistence for retirement may emerge as poor because of impossibility for them to obtaining an adequate compensation from the cumulative system.

As confirmed by the National Human Development Report there grows the share of population with the incomes below the living standard - from 34.6% in 1996 up to 43.4% in 1998.

The ratio of average wages per one inhabitant to the subsistence minimum in 1998 was 44.7%, while only 4% of the entire population had the wage level above the 75% of the living standard. Significant disparities between the oblasts take place in terms of adequacy of the wage level to the cost of living.

The volume of rendered assistance to socially vulnerable strata of the population as a rule does not ensure a real living standard, and the real value of such state expenditures is constantly diminishing. For example, in some oblasts of the Republic the size of the children allowance paid from the local budgets does not exceed 1000 tenge.

Besides that, a dangerous tendency is being observed nowadays as far as the incomes of the population are concerned – growing share of pensions and allowances in a family income. It means that number of able-bodied dependent members of the family is growing.

Thus, despite of a rather high level of the labour market potential Kazakhstan has a low efficiency of the labour market (reference to Appendix 4).

Unemployment grows; alongside with poverty. A special concern is caused by the fact that among the unemployed and the poor the persons who have already lost totally or partially their qualification due to a long period of unemployment started to dominate.

The society ignores labour potential and qualification of the unemployed. The process of professional and labour degradation of a significant part of the population is inevitable. Special concern is caused by the unemployment among youth.

Nowadays we deal more often with a cyclical and a structural unemployment rather than with the frictional.

Unemployment is quite a habitual phenomenon in market economy. However, the issue is how long can a person retain a status of an unemployed. In the civilised world average duration of unemployment for a person does not exceed half a year. As for us, it is quite usual to be in the status of an unemployed for more than one year, at the same time chances of getting a job are quite low. If a job is offered, it is often a low qualification and does not provide the level of adequate income for the needs of the family.

4.2.1. STRENGTHS

Availability of the legally established conceptual approaches to the issues of employment and labour.

Decentralisation of regulation and employment provision for the population.

Promotion of the employment policy.

Experience of micro lending for the least socially protected strata of population in selected oblasts of the Republic.

Existence of the constitutional obligations of the state on granting a minimum volume of assistance to the socially vulnerable strata of the population.

Availability of the State Constitutional obligations on provision of a minimum volume of assistance to the socially vulnerable strata of the society.

Availability of special state allowances and other social benefits (housing, children).

Strong commitment and awareness of the necessity to solve the issues of poverty at all levels by the executive power.

Effective interaction of the Government with the international financial organisations and donors countries regarding the improvement of social protection system, poverty reduction efforts.

4.2.2. WEAKNESSES

Low efficiency and effectiveness (from employment generation perspective) of the state policy on vocational education development system.

Lack of economic incentives for employers on retaining of existing and creation of new jobs.

Limited possibilities for the organisation of vocational education for the unemployed. Practically total collapse of workers and specialists' training and retraining in the sector and in the companies and firms.

Insufficient coverage of unemployed with programs of vocational education.

Underdevelopment of social partnership on employment.

Lack of focus in organisation of public works towards economic results. Limitations on kinds and sources of finance for public works.

Scarcity of resources for strengthening the efficiency of programs in the field of employment.

Inadequate evaluation of the quality of labour skills in formulation of professional retraining programs for the unemployed.

Imperfect legislation on the issues of labour and employment – poor protection of the workers.

Insufficient focus, transparency and availability of the state social assistance.

Ineffective approaches to measuring the level and depth of poverty.

Reduced expenditures on social protection of the unemployed. Low level of the size of provided material assistance. Infringement of the rights for social protection of the laid off workers.

Lack of policy for forming the skills for self-employment in case of social risks related to loss of a job, ability to work and income.

Imperfect pension legislation and absence of a clear mechanism of pension payments.

Underdevelopment of financial instruments in which the money of the depositors of the pension funds could be invested.

4.2.3. OPPORTUNITIES

Anticipated economic growth. Investments in improvement of professionalism.

Development of small business and private business. Opening of credit lines to support of entrepreneurship among women.

Introduction of the Institute of Unemployment Insurance.

High potential for expansion of kinds and forms of paid public works for the unemployed. Availability of the sectors of economy capable to ensure an active involvement of manpower under public works.

Increase of labour mobility of the population.

Development and introduction of productive forces allocation scheme.

Redistribution of state social expenditures in favour of vulnerable population groups.

Creation of an accessible mechanism of self-security against possible risks through introduction of different kinds of social insurance.

Increasing role of social standards in implementation of social security policy.

Optimisation of parameters in insurance and pension systems.

Development of financial instruments for investment of pension funds' assets.

Streamlining obligations of the Republican and local budgets.

Support to Government initiatives on poverty reduction by international organisations

Availability of the legal framework on allocation of quotas for jobs at Republican enterprises for the citizens in need of social protection.

4.2.4. THREATS

Low level of wage in some areas of economic activities.

Uncontrolled growth of a latent, illegal employment.

Growth in the number of people unemployed for a long period of time (over one year).

Uncontrolled migration of rural population to cities.

Absence of reciprocity between participation in the system of social security and obtained benefits (social payments).

Imperfect policy in the field of pension reform.

Insufficient participation of the population in the pension cumulative system.

Imperfect system of record keeping and citizens' identification.

Insufficient focus and accessibility of the state social assistance, lack of clear criteria for focused social assistance.

Insufficient awareness of the citizens in need of social assistance about measures on improvement of the social climate in the country undertaken by the Government of the Republic of Kazakhstan resulting in their further marginalisation.

4.3. STRATEGIC TARGETS

In the field of employment the following strategic issues are specified:

Ensure effective development of the system of vocational training;

Explore opportunities for retraining of the unemployed;

Promote formation of the national management, the class of entrepreneurs;

Promote creation of various sectoral unions and ensure reliable sources of financing for their activity;

Examine incentives to stimulate employers to preserve old and create new jobs; provide assistance to development of small business and individual entrepreneurship;

Promote employment for socially vulnerable strata of the population;

Strengthen economic efficiency of public works;

Ensure measures on labour migration;

In the field of social protection the following strategic issues are specified:

Improve the system of wages and salaries;

Ensure the growth of real income of the population;

Introduce the system of social insurance;

Create conditions for development of public partnerships to address social issues;

Increase efficiency of programs on rehabilitation of disabled, on prevention of accidents resulting in physical disabilities.

4.4. STRATEGY OF ACTIONS

Employment policy may be successful only when it is based on productive employment of the population. This can be achieved through ensuring the quality of the labour force. The quality of the labour force required for economic growth is secured through the development of human resources strategy. It can in its turn have a positive impact on effectiveness of the social protection of the population.

In addressing poverty and unemployment, it is necessary to have a precise distinction between short-term and mid-term objectives.

Short-term objectives (2001-2005 years) – to prevent unemployment and provide employment opportunities for those who are looking for a job alongside with a temporary material support.

The main objective of the mid-term plan (2005-2010 years) – to stimulate demand for manpower through structural reforms in the economy: creation of favourable environment for entrepreneurship development; encouragement of investment activity and creation of new jobs; improvement of the quality of human capital; securing adequate wages and incomes; poverty reduction.

4.4.1. ENSURING EFFECTIVE DEVELOPMENT OF VOCATIONAL TRAINING.

Vocational training shall become one of priorities of the state. It does not necessarily imply significant allocations from the state budget. The state policy in the sphere of employment should be corrected through the programs of human resources development. The state policy must focus on productive employment of significant part of able-bodied population, which can secure stable incomes to the population and income growth.

Public costs of unemployment are often measured in terms of volume of goods and services,

which are not produced when some people do not work. But personal costs of unemployment may be even more severe and dramatic for workers and their families: loss of income and savings is almost inevitable and in some cases it is the loss of property and housing that brings to agitation, psychological distresses, family conflicts and at times even to crimes. For these reasons, the governments of the countries with market economy grant unemployment benefits for different periods of time, and there are also many different programs of retraining.

The system of vocational education of all levels shall create employment agencies and services for school, vocational school, gymnasium, college and higher school graduates. In more detail the given strategy is described in section "Strategy of educational reform". The educational system shall create a mechanism for promotion of the qualified specialists in the labour market.

4.4.2. OPPORTUNITIES FOR RETRAINING OF UNEMPLOYED

Guaranteed employment is the goal to be pursued in organisation of re-training for the unemployed. In this relation, it is required to increase effectiveness of retraining programs for the unemployed delivered by employment agencies and services.

Another, and probably, more effective way to increase effectiveness of retraining is interaction with enterprises to provide employment opportunities for those unemployed for a long period of time. In this connection, it is necessary to examine possibilities to introduce a mechanism of co-payment by the state for training of the unemployed in courses run by the enterprise for its workers on condition that certain amount of job places will be allocated for the unemployed after retraining.

Many enterprises face difficulties to provide professional retraining for its specialists and workers, moreover, they lost their experience in organisation of internal vocational training and re-training for their employees. Although in the recent Soviet times they had appropriate capacities and successfully managed this problem. It is necessary for the enterprises to create or revive the old practice. There shall be the mechanism in place for stimulating the employers to organise vocational training and retraining of workers. However, it is meaningful when we talk about major enterprises. As for the legal entities in small business, it is better to find some other approach. For example, through creation of sectoral courses for retraining of workers.

4.4.3. ASSISTING FORMATION OF NATIONAL MANAGERS, CLASS OF ENTREPRENEURS

It is premature to speak about education of businessmen through our educational system. We assume that availability of credit resources is sufficient for businessmen to begin demonstrating required results and for the development of the class of entrepreneurs. However, in the recent past there were specialists in our country willing to be hired rather than establish own businesses and employ anybody. And this situation has not changed yet.

All this highlights a necessity of creation of such a system of vocational education, which will provide the national economy with quality human resources and facilitate nurturing of real businessmen as well.

4.4.4. CREATION OF VARIOUS SECTORAL UNIONS AND PROVISION OF A RELIABLE SOURCE OF FINANCING FOR THEIR ACTIVITY

It is necessary to expand practice of establishing different sectoral specialised associations and unions. They might assist in organisation of vocational trainings and re-trainings of workers, improvement of management in the firms for their member-enterprises. Fees for these services could yield income to support various activities of unions and associations.

It is necessary to examine possibilities for establishment of an organisation to take a lead role in introduction of modern management principles (corporate, projects, human resources) and enhancement of productivity (management associations).

The activity of an association shall be to some extent similar to the activity of the national "centres of productivity", similar to the Asian Organisation on Productivity or the German Centre on Productivity.

A necessity has risen for creation of a fund of vocational education. The resources of mining companies are considered to be possible sources of financing. Mining contracts provide 1% of total contract cost to be allocated for the training of specialists for the company needs. Since the company needs might not always account for the entire amount, the difference can be consolidated in the proposed fund.

Financial resources of the enterprises shall become the main source of financing of these establishments. They will consider a fund or an association as a real support to their own activity. The success of a fund and an association shall mean success of the companies.

4.4.5. INCENTIVES FOR EMPLOYERS TO PRESERVE EXISTING AND CREATE NEW JOBS, ASSISTANCE TO DEVELOPMENT OF SMALL BUSINESS AND PRIVATE BUSINESS

Expansion of possibilities for business development is one of possible ways to encourage employers to preserve existing and create new jobs.

In the USA about 70% of production cuts affect workers who are laid off only for a while, and then return to their work to the former employers. And approximately half of these unemployed who do not have any work this month turn out to be engaged next month, that is, in most cases people do not remain unemployed for a long time. In the competitive labour markets the dismissed can be hired for other vacancies or receive additional qualification.

Thus, it is necessary to develop programs to assistance expansion of production, development of small and medium business, private business. Job-security programs and increase of incomes of the rural population will be most relevant for rural areas. These programmes should include components on assistance to employment and increase of revenues of agricultural companies, development of farms, individual agricultural activity of the population, non-agricultural businesses in rural settlements, development of social infrastructure in rural settlements, and expansion of micro lending.

It is necessary to continue improvement of the programs on micro lending by widening eligible criteria and improving focus of micro-loans. It is necessary to create conditions for development of credit unions.

Credit programs shall be developed for youth for starting their own business, grants or other financial assistance for vocational education shall be made available.

4.4.6. ASSISTING THE EMPLOYMENT OF SOCIALLY VULNERABLE STRATA OF POPULATION

The main programs in this field include interventions aimed at employment of socially vulnerable categories of the population: a job-security program for women and youth; assistance to adolescents registered with commission on juvenile affairs in their selection of a profession and vocational training; professional aptitude counselling for orphans and children who have stayed without custody of parents; assistance in temporary employment of adolescents at enterprises and in organisations, etc.

4.4.7. ECONOMIC EFFECTIVENESS OF PUBLIC WORKS

The philosophy of public works shall be changed towards productive employment. The programmes of public works should pursue the goal of economic effectiveness. In this connection, it is necessary to develop and implement programs of public works for development of public infrastructure.

Without changes introduced in approaches to public works and speedy implementation, population, and especially in the young people, will grow disappointment and cynical attitude to life. Organisation of public works at the construction facilities and other industrial objects will not receive further development without state financing. Instead of mobilising thousands of people to public works without any results, their work could be made useful in development of modern types of transport, improvement of public services, for example, by increasing the number and operating time of the out-of-school establishments, libraries, swimming-pools and other sports complexes.

4.4.8. LABOUR MIGRATION

It is necessary to increase migratory mobility of the population, taking into account capacities of regional labour markets in accordance with the schemes of productive forces allocation. Thus, it is necessary to examine needs of labour migrants and their families in housing and baseline social services. For these purposes, it is necessary to develop actions for a rational regulation of labour forces, including internal migration of citizens. The issues of labour migration shall be addressed on the inter-regional level.

Besides, it is necessary to improve the mechanism regulating export of manpower from the Republic of Kazakhstan abroad as a provisional measure to release tension in domestic labour market. The given mechanism shall envision measures on protection of the rights of the workers - migrants

abroad.

4.4.9. IMPROVEMENT OF WAGES AND SALARIES SYSTEM.

Any work needs to be remunerated adequately.

The positive dynamics of the wages and salaries is actually the basis for increase of the qualitative potential of the manpower and solution of the problem of social protection almost for a half of Kazakhstan families whose standard of living is below the poverty line owing to low wages. Without increasing wage, it is impossible to transform the market of manpower; but more importantly, it is impossible to create the system of market-oriented effective social security system.

It is necessary to take measures to lessen polarisation of wages and incomes.

4.4.10. ENSURING AN INCREASE OF REAL INCOMES OF THE POPULATION

It is necessary to apply subsistence level indicator in the state social security policy instead of calculated index. And the targeted social assistance shall reach those who need it most. Encouragement of the population to be engaged in different economic activities through social security system is an unsuccessful experience. There is a single incentive - the wage.

4.4.11. INTRODUCTION OF THE SYSTEM OF SOCIAL INSURANCE

Creation of a stable and established insurance market will become the condition for development of a harmonious system of social insurance which will entail increase of the citizens' responsibility in maintaining self-security, in a self-sufficient and effective solution of the problem of the social security on the principles of justice and equal distribution.

It is supposed that the social insurance will cover all the able-bodied population on the formal labour market. Moreover, participation in the system of the social insurance will stimulate the citizens to legalise their labour relations. It is stipulated by the fact that the participants of the system will receive invaluable advantages in contrast to the citizens engaged in the informal labour market.

The social insurance includes a complex of actions allowing working population to be insured from main social risks (death – loss of a family provider, physical disability, old-age, illness and unemployment). Participation in the system of the social insurance assumes taking into account the relationship between the size of benefit payments and the terms and size of deductions.

Compulsory insurance of the employer's liability for the caused damage to the life and health of the worker will be developed.

4.4.12. DEVELOPING PUBLIC PARTNERSHIPS TO ADDRESS SOCIAL ISSUES

Many issues of the social security of the unemployed shall become the basis for improvement of public partnership in development of the state policy on employment of the population.

It is necessary to develop and introduce a mechanism stimulating development of socially oriented recruitment agencies, non-state labour exchanges.

Improvement of state policy on public partnerships to address social issues and to establish really targeted social assistance will contribute to efficiency increase of social protection of the population.

4.4.13. INCREASING EFFECTIVENESS OF REHABILITATION OF DISABLED, PREVENTION OF ACCIDENTS LEADING TO PHYSICAL DISABILITIES

The given direction is closely connected to the strategy of health care reform, and basic requirement is to strengthen preventive measures and improve organisation of health care services to the population.

All the efforts shall be focused on protection of the maternal and child health. Measures to secure a safe motherhood and childhood would allow lowering a share of the disabled from childhood. Besides, it is necessary to develop a system of measures on prevention of occupational and non-occupational disabilities.

It is necessary to create a system of rehabilitation for the disabled persons.