

Modernization of the Local Government System: Development Prospects and Implementation Mechanisms

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Abstract

The article focuses on modernizing the local government system in the Republic of Kazakhstan by prioritizing decentralization, enhancing governance efficiency, and fostering citizen engagement. Key challenges identified include significant financial dependence on the national budget, limited administrative autonomy, inadequate public participation, and a low level of digitalization in local governance processes. The study employs a mixed-method approach, including systematic, comparative, economic-statistical, and regression analyses, to assess the current system and adapt successful international practices from countries such as Sweden, Estonia, and Singapore to Kazakhstan's context. The findings highlight the need to expand the financial independence of local authorities, simplify decision-making processes, and integrate advanced digital management tools to improve transparency and operational effectiveness. Recommendations include introducing e-governance platforms, public consultation mechanisms, fiscal decentralization measures, and enhanced professional development programs for local government officials. The study's novelty lies in proposing a comprehensive reform framework tailored to Kazakhstan's unique socio-economic conditions, informed by global best practices. These measures are anticipated to promote sustainable regional development, improve the quality of public services, and strengthen public trust in local authorities. The proposed reforms aim to establish a more adaptive, inclusive, and transparent governance system capable of addressing contemporary challenges while ensuring long-term socio-economic progress.

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1- Introduction

The timeliness of the subject of modernization of the system of local government in the Republic of Kazakhstan is caused by the whole range of factors influencing both the state of territorial government at present and the future of socio-economic development of the country in general. Under contemporary conditions of global transformations, growing tendencies in decentralization of power and in the necessity to raise the level of local self-government, the place and role of local authorities are growing continuously. For Kazakhstan, being a state with an immense territory and great diversity of economic, social and cultural conditions of life in various regions, the efficiency of the system of local government is a determining factor for sustainable development and the rise in the living standards of the population.

First and foremost, the current system of local governance in the Republic of Kazakhstan encounters a range of challenges stemming from the constrained financial and administrative autonomy of the regions. Local governing bodies often rely on centralized financial transfers, which significantly restricts their capacity to implement independent

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initiatives and development programs. This results in a disparity between regional needs and the available resources to address them, ultimately leading to a decline in economic activity and a reduction in the investment appeal of the regions. Given the imperative to bridge the developmental gap between different parts of the country, a crucial priority is to enhance the role of local authorities and grant them broader powers in managing resources and administrative processes.

Secondly, the insufficient involvement of local communities in the decision-making process represents a significant challenge that adversely affects the quality of local governance. The residents of various regions often lack genuine opportunities to influence the decisions of local authorities, resulting in a sense of detachment from governance processes and a decline in public trust in state institutions. In contemporary society, where transparency and government accountability are regarded as fundamental indicators of legitimacy, it is essential to establish mechanisms that facilitate active citizen participation in local governance. Such engagement would enable a more efficient allocation of resources, a more precise response to the needs of the population, and an overall enhancement of social cohesion within the regions.

Thirdly, global transformations and emerging challenges confronting nations worldwide necessitate Kazakhstan's adoption of best practices in local governance. The experiences of developed nations such as Germany, France, Sweden, and South Korea illustrate the critical importance of decentralization, wherein authority and resources are delegated to local governments to ensure more flexible and responsive decision-making tailored to regional needs. This international experience can serve as a valuable reference for Kazakhstan in its efforts to reform the local governance system, given that many of the challenges the country faces are analogous to those that have already been successfully addressed elsewhere. The integration of modern governance technologies, the digitalization of administrative processes, and the enhancement of local authorities' accountability to the public constitute key strategic directions that can drive the modernization of Kazakhstan's local governance system and its adaptation to contemporary conditions.

The objective of this research is to analyze the existing system of local governance in the Republic of Kazakhstan, identify its key challenges and deficiencies, and formulate proposals for its modernization. Particular emphasis is placed on the implementation of effective mechanisms for decentralizing authority and enhancing the role of local governments in the socio-economic development of regions. Additionally, the study seeks to examine best international practices in the field of local governance and evaluate their applicability within the context of Kazakhstan.

1-1-Research Objectives

- Analyze the current state of the local governance system in the Republic of Kazakhstan and identify key issues that hinder its effective functioning.
- Examine the regulatory framework governing the activities of local authorities in Kazakhstan and assess its alignment with contemporary requirements for decentralization and self-governance.
- Conduct a comparative analysis of local governance systems in foreign countries with well-established decentralized models (e.g., Germany, France, Sweden), identify best practices, and evaluate their potential adaptation to Kazakhstan's conditions.
- Develop recommendations for modernizing the local governance system in Kazakhstan, including measures to enhance the financial and administrative autonomy of regions, increase citizen participation in decision-making processes, and integrate modern digital management tools.
- Assess potential risks and challenges associated with implementing the proposed reforms, as well as propose strategies and mechanisms to overcome them.

The practical significance of this study lies in the formulation of concrete recommendations for the reform and modernization of the local governance system in Kazakhstan, which can serve as a basis for government agencies in designing and implementing new administrative solutions. These recommendations are intended to enhance the interaction between central and local authorities, strengthen the financial autonomy of regions, and improve their capacity to efficiently manage resources while ensuring sustainable socio-economic development.

The recommendations developed in this study can contribute to enhancing the quality of public services provided to local communities by integrating modern technologies and strengthening the accountability of local authorities. The adoption of best international governance practices at the local level will enable Kazakhstan to optimize administrative processes and foster greater citizen engagement in decision-making, thereby promoting a more efficient and participatory local governance system.

The originality of this study lies in its comprehensive approach to modernizing the local governance system in the Republic of Kazakhstan, integrating international best practices in decentralization and self-governance while adapting them to the unique regional characteristics of Kazakhstan. For the first time, the research presents a systematic set of recommendations for strengthening the financial and administrative autonomy of local authorities, drawing on the successful experiences of countries such as Germany, France, and Sweden.

A key innovation of the study is its emphasis on the implementation of modern digital management technologies, which not only enhance the efficiency of administrative processes but also promote greater transparency and

accountability to the public. Furthermore, this research is among the first to address the active participation of local communities in decision-making at the local level, advocating for the establishment of a more democratic and inclusive governance system.

Additionally, the novelty of this work is reflected in the development of measures to overcome existing barriers to decentralization, including inadequate legal and financial support from central authorities and a shortage of skilled human resources in the regions. The proposed mechanisms aim to address these challenges, making this study a valuable contribution to the advancement of local governance in Kazakhstan amid global transformations and emerging challenges.

Thus, the modernization of the local governance system in Kazakhstan is a pressing necessity driven by both internal national priorities and global trends in governance practices. Strengthening the role of local authorities, expanding their powers and resources, and integrating advanced technologies and management approaches will contribute to the establishment of a more efficient local governance framework. This, in turn, will facilitate sustainable regional development and enhance the overall quality of life for the country's population.

The contemporary public administration system is undergoing continuous reform and adaptation in response to evolving challenges. A crucial aspect of this transformation is the development of local self-governance, which plays a pivotal role in ensuring effective local administration, improving citizens' well-being, and fostering sustainable and resilient cities and regions. Amid global shifts and the ongoing decentralization of power, local self-governance is emerging as a key mechanism for strengthening the interaction between the state and society, enabling more responsive and participatory governance at the regional level.

A range of scholarly articles has been published on the topic of local government system modernization, addressing various key aspects such as decentralization, digitalization, efficiency improvement, and the consideration of regional specificities (Table 1). These studies provide valuable insights into the challenges and opportunities associated with local governance reforms, offering a foundation for further research and practical implementation in the context of Kazakhstan.

Table 1. Literature analysis on the research topic

№	Authors	Name	Description
1	Emrich-Bakenova (2023) [1]	Local Government in Kazakhstan	The main focus is on the analysis of the local government system in Kazakhstan, its evolution and modern challenges. The author examines the transition from the centralized Soviet management model to a more decentralized approach, highlighting the key institutional changes that have taken place in recent decades. One of the central issues of the work is the assessment of the role of local authorities, such as akimats, in managing socio-economic processes in the field. The study analyzes in detail their powers, interaction with the central authorities and the degree of autonomy, as well as highlights the difficulties associated with the limited independence of local government. Special attention is paid to the financial sustainability of local authorities. The author examines the distribution of budgetary resources, their dependence on the central budget and the possibilities for independent income generation. The importance of citizen participation in governance processes is also emphasized, which is an important aspect of increasing the accountability and transparency of local authorities [1].
2	Komarevtseva (2021) [2]	Decentralization and regional features	The article examines the decentralization of governance at the municipal level, offering an author's model that takes into account the specifics of the regions. The work focuses on the redistribution of powers between the central and local authorities to increase the autonomy of the regions. Emphasis: - Consideration of local cultural and economic characteristics. - Strengthening the role of local communities in decision-making. - Reducing the dependence of regions on centralized financing [2].
3	Abdullaev et al. (2024) [3]	Modernization of the local government system of the Republic of Kazakhstan: development prospects and implementation mechanisms	The article analyzes the current state of the local government system in Kazakhstan, identifies key problems and suggests mechanisms for their solution, including decentralization and the introduction of innovative technologies [3].
4	Aubakirova, & Isataeva (2021) [4]	Modernization of the Public Administration System in the Republic of Kazakhstan	The article examines various aspects of the model of public administration in Kazakhstan, which is being transformed in the direction of enhancing the relationship between state institutions and society, openness to citizen participation in government [4].
5	Tereshchenko (2019) [5]	Executive power: a role in the construction of Kazakhstan's statehood. Formation and development of modern Kazakh statehood	The book explores the role of executive power in the formation and development of Kazakhstan's statehood. The author analyzes the process of formation of the state system, focusing on the functions and tasks of the executive branch, as well as its interaction with other branches of government. The reforms aimed at strengthening the institutional structure of governance are described in detail. This work is a valuable source for understanding the historical evolution of executive power in Kazakhstan [5].
6	Khudyakov (2020) [6]	Involvement of the local community in the process of local self-government at the rural level	The author examines the mechanisms and strategies for involving local communities in self-government processes at the rural level. Special attention is paid to the analysis of the legislative framework and practical approaches to enhancing civic participation. The book also offers recommendations for local government entities [6].

7	Zhanuzakova (2021) [7]	Development of local self-government	The article analyzes the current process of local government development in Kazakhstan. The author describes the problems faced by local authorities and focuses on the need for decentralization and financial independence. The paper presents an up-to-date analysis of the situation with an emphasis on modern challenges and prospects [7].
8	Morozova (2018) [8]	The legal basis for ensuring the development of the Institute of local self-government in the Republic of Kazakhstan at the present stage	The article explores the legal aspects of the development of local self-government in Kazakhstan, analyzes legislative initiatives and regulatory legal acts. The changes in legal regulation and their impact on the development of the institution of local self-government are considered [8].
9	Nurzhanova (2019) [9]	Formation and development of local self-government of the Kyrgyz Republic and the Republic of Kazakhstan: a comparative analysis	The author compares the processes of formation and development of local self-government in Kazakhstan and Kyrgyzstan. The paper highlights common features and differences in approaches to decentralization, as well as analyzes successful practices in both countries. The article presents an interesting comparative analysis for studying the regional experience of decentralization [9].
10	Tasmagambetov (2019) [10]	Transformation of local government and self-government: power and resources from the center to places, from the state to society	The work is devoted to the process of transformation of local government and the introduction of self-government mechanisms. The author emphasizes the importance of transferring powers and resources from the central government to local authorities and society. The main reforms, their goals and expected results are considered [10].

The enhancement of local self-governance as a crucial element of public administration development in Kazakhstan within the framework of global integration is also explored in the article "Improving Local Self-Government in Kazakhstan: Using International Experience and Decentralization." This study examines decentralization practices in various European countries, identifying key mechanisms that could be adapted to Kazakhstan's local governance system.

By analyzing the existing legislative framework and identifying deficiencies in the current model, the article proposes measures to address these shortcomings. In particular, the successful implementation of municipal associations in Denmark and Germany is highlighted as a promising approach for Kazakhstan. Additionally, the Finnish experience of establishing an online platform for citizen initiatives is considered for potential adoption, emphasizing the role of public participation in local governance.

The study underscores the importance of citizen engagement in the effective development of local self-government. The adoption of these improvement strategies through decentralized mechanisms has the potential to significantly reform Kazakhstan's local governance system, enhancing its efficiency, transparency, and responsiveness to societal needs [11].

The advancement of local self-government (LSG) is a key priority of state policy aimed at enhancing the public administration system. It also represents a logical continuation of the reforms in local governance and self-government initiated by President K.J. Tokayev. This article explores the prospects for the development of the local governance system and provides recommendations for its improvement in the context of further decentralization of power [12].

Local governments play a crucial role in delivering public services and serve as a foundation for the development of smarter and more sustainable cities [13]. Citizens actively engage with local authorities, expecting prompt and effective responses to their needs. To address these demands, local governments are increasingly adopting digital technologies to enhance the efficiency, effectiveness, and accountability of service delivery processes.

In the contemporary framework of local governance and self-government, these institutions play a pivotal role in ensuring the effective development and operation of all societal systems. It is difficult to envision a functional self-governance model without specialized administrative bodies dedicated to addressing issues that reflect the interests and needs of the population [14]. In this regard, the presence of specialized institutions emerges as a fundamental prerequisite for the efficient functioning of local self-government.

When analyzing the rights of local entities in shaping the structure of local government bodies and the composition of officials, it is essential to consider two key aspects: a **political** dimension, which pertains to the organizational model of local governance, including the composition of bodies, their powers, and their interactions in regulatory decision-making; and an **economic** dimension, which relates to the management of these bodies and specialized local government institutions [15].

These two aspects—political and economic—are inherently interconnected and cannot be examined separately. For instance, decisions regarding the method of electing the head of a local government (whether by direct public vote or through a representative body), the electoral system for representative bodies, the procedure for forming akimats (whether independently by the head or with the consent of the representative body), and the distribution of powers among various entities and officials depend on the local political environment and prevailing political culture. At the same time, the structure and operational procedures of akimats are typically determined by the necessity to efficiently manage local governance and self-government functions, highlighting the functional dimension of these processes [16].

It is crucial to recognize that each local government body possesses distinct political and economic characteristics. Given the diversity of governance objectives, it is essential to establish appropriate institutional structures, which can only be achieved if local governments have the autonomy to independently define their organizational framework [17].

The Akimat serves as the principal executive body of local government. It holds a significant position within the local self-government system, as it is responsible for managing socio-economic and financial affairs within its jurisdiction [18]. A defining feature of the akimat, as an executive entity, is its possession of a distinct balance sheet, personal accounts, and the legal capacity to acquire and exercise property and non-property rights and obligations, including the right to participate in legal proceedings [16].

The head of the akimat embodies this governing body and is responsible for determining its organizational structure. The akim's primary functions include representing the local government, acting on behalf of the akimat, issuing legal acts, and performing key administrative functions (Figure 1).

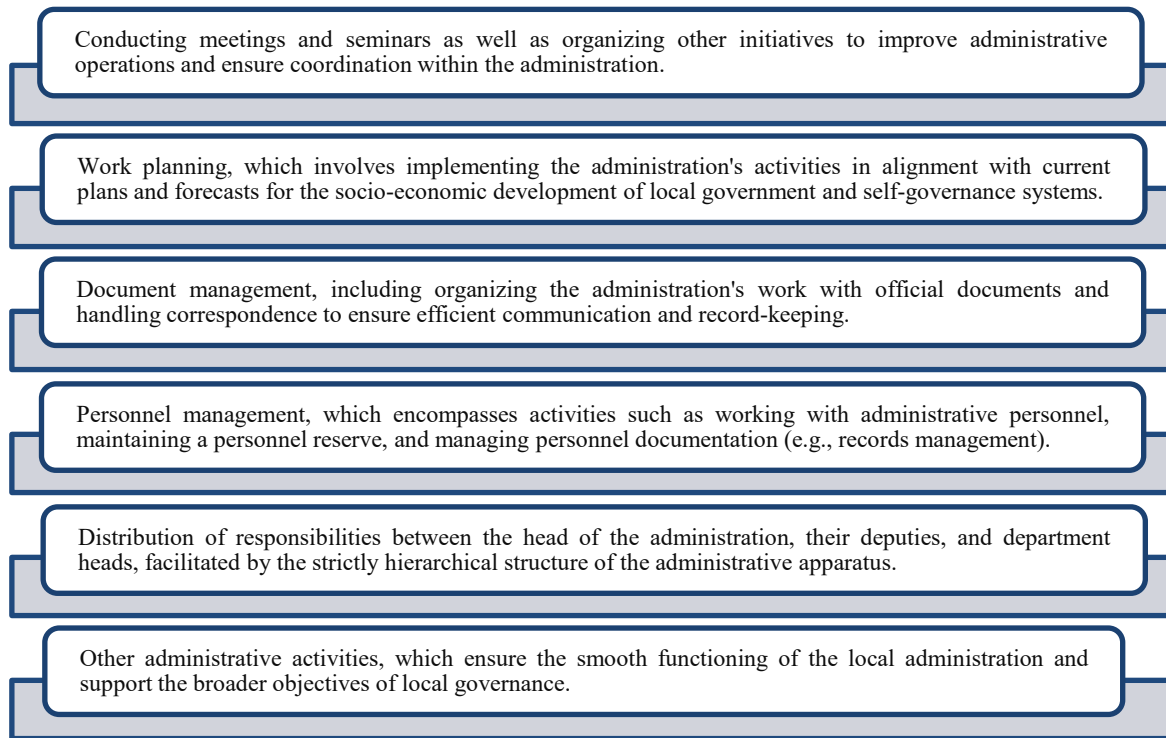


Figure 1. The main directions of organizational and legal forms of activity of akimat (adopted from [16])

At present, the activities of akimats are characterized by a range of significant challenges that impede their effectiveness:

- Inadequate budgetary support for local self-government, limiting their capacity to address regional issues.
- Deficiencies in the regulatory framework governing akimats, leading to operational inefficiencies.
- Structural shortcomings in the organizational setup of akimats, undermining their functionality.
- Low remuneration levels for local government employees, adversely affecting staff retention and performance.
- Insufficient professional qualifications of local government personnel, hindering effective service delivery.
- Absence of a robust motivation system for local government employees, resulting in low engagement and productivity.
- Lack of clear and effective performance evaluation criteria for assessing the activities of akimats, making it challenging to identify and address inefficiencies.

The modernization of the local governance system is widely recognized as a strategic approach to enhance its efficiency, transparency, and public involvement in decision-making processes. International best practices provide valuable insights into the ways in which local governance can be restructured to better respond to societal needs and adapt to contemporary challenges.

One notable example is Sweden, where the local self-government model is built on a high degree of municipal autonomy. Municipalities are endowed with extensive powers and resources to independently address local challenges. This governance model is grounded in the principle of subsidiarity, which stipulates that decisions should be made at the closest possible level to the citizens. This principle fosters transparency, enhances the accountability of local authorities, and ensures active participation of the population in governance processes.

Furthermore, practices from countries such as the Netherlands, Great Britain, and Canada also illustrate innovative approaches to strengthening local governance and increasing its flexibility. These examples demonstrate how decentralized governance models can lead to improved service delivery, greater public trust, and more effective citizen engagement.

The experiences of these countries provide a framework that can inform the development and modernization of Kazakhstan's local government system, offering pathways to address existing challenges and build a more responsive and inclusive governance structure (Table 2) [19].

Table 2. Analysis of LSG in foreign countries (adopted from [20-31])

Country	Description	Features		
Estonia	It is widely known for its achievements in the field of electronic management. The entire management system is focused on digitalization and automation of public services, which makes it possible to simplify many administrative processes.	At the local level, e-governance is actively used to improve interaction with citizens and increase their engagement.	Municipalities have the right to impose local taxes, which allows them to be less dependent on the central budget.	The legislation requires municipal authorities to take into account the opinion of residents when making decisions, in particular, through public consultations and citizen participation in budgeting.
Netherlands	The emphasis in local government is on flexible structures and the adaptation of management to the needs of specific communities. This is achieved by creating temporary project teams that solve specific tasks and include representatives of local authorities, residents, entrepreneurs and NGOs.	Most services are provided online, which makes it easier for citizens to interact with local authorities.	Electronic platforms allow residents to vote and participate in discussions, as well as make suggestions.	The use of a unified identification system simplifies access to municipal services.
Great Britain	Transparency and accountability of local authorities play an important role in local governance. At the municipal level, reporting mechanisms are actively used to allow citizens to have access to information about expenditures and decisions of the local administration. One of these measures is the public presentation of the budget and the participation of citizens in its discussion.	There are flexible structures that are not tied to permanent administrative units and are created to address specific issues.	Local authorities actively cooperate with private and public organizations, making the process more inclusive.	The effectiveness of the measures taken is regularly assessed and strategies are reviewed.
Canada	The local government model focuses on supporting initiatives from citizens and local communities, as well as expanding partnerships between municipal authorities, businesses and non-profit organizations. For example, in some cities, regular meetings are held to discuss residents' initiatives, as well as grant programs aimed at supporting local projects.	Municipalities are required to regularly publish data on expenditures, projects, and work results.	There are open meetings where residents can ask questions to local authorities.	Online platforms are used to receive feedback from the public and take their opinions into account when developing plans.
Germany	Local government is characterized by a high level of decentralization and autonomy of municipalities. However, to increase efficiency and reduce costs, municipalities often form clusters and associations to address common challenges such as waste management, transport, and infrastructure.	Inter-municipal unions allow municipalities to jointly develop and implement projects, which reduces costs and improves the quality of services.	Cooperation with the private sector and NGOs promotes innovation in management and infrastructure development.	The emphasis is on sustainable development and "green" projects, which increases the attractiveness of the regions for investors.
Japan	Uses innovative approaches to involve the population in local governance. The "cities for people" strategy implies that municipalities actively involve residents in the decision-making process and the development of sustainable development strategies.	Municipalities organize regular public consultations and "open days" when residents can personally meet with government officials and discuss pressing issues.	Involvement of civil society organizations and initiative groups in the development and implementation of local programs.	The use of "smart technologies" (smart city) to optimize services such as transportation and healthcare.
Finland	Focuses on inclusivity and equality in the local government system. This means that the interests of all population groups, including the poor, the elderly, and migrants, are taken into account when making decisions. Finnish municipalities are actively developing social programs aimed at improving the quality of life.	Creation of advisory councils from representatives of various social groups to take their opinions into account in management decisions.	Implementation of gender equality and equal access to services programs.	Municipalities manage an extensive network of social and educational services, which contributes to improving the quality of life on the ground.
Australia	Local government focuses on the effectiveness and efficiency of the services provided. Local authorities use a performance-based management system, which allows them to track achievements and increase accountability to residents.	Develop clear performance indicators (KPIs) to evaluate the performance of municipalities.	Implementation of electronic reporting systems, which makes information available to the public.	

Denmark	She is known for her approach to the development of public space and urban infrastructure at the municipal level. Much attention is paid to creating comfortable living and working conditions, as well as supporting environmentally sustainable projects.	Municipalities are actively developing cycling infrastructure and pedestrian zones, which improves the quality of life and reduces the burden on transport systems.	The use of urban planning methods with an emphasis on environmental sustainability and energy conservation.	Involving citizens and the private sector in financing and implementing projects to improve public space.
New Zealand	Special attention is paid to integrated planning in case of crises and natural disasters, such as earthquakes and floods. Local government plays a key role in emergency preparedness and response.	Development of detailed crisis response plans, taking into account local specifics and risks.	Close cooperation between municipal authorities, rescue services and residents to increase crisis preparedness.	Active use of digital technologies and monitoring systems for risk prediction and management.
Singapore	Local governance is focused on integrating the principles of sustainable development and digital technologies to create smart cities. This makes it possible to provide high-quality services and improve living conditions for residents.	Using Internet of Things (IoT) technologies to manage transportation, utilities, and security.	An e-governance system that allows residents to access public services and interact with authorities online.	Active participation of the private sector and scientific institutions in the development of innovative solutions for municipal needs.

The modernization of local government systems must account for the unique characteristics and priorities of each country. International experience demonstrates that effective governance is achieved through a combination of decentralization, digitalization, transparency, and active citizen participation in decision-making processes. The adoption of best practices can facilitate the establishment of an efficient and sustainable local self-government system that addresses societal needs and enhances the quality of life for the population [31].

Given the advancements in communication and infrastructure, it is recommended to introduce a legislative criterion of “transport accessibility” to the akimat of local government when defining the boundaries of rural settlements. This criterion would ensure that local administrations are geographically and logistically accessible to the communities they serve, thereby improving the efficiency and inclusiveness of local governance.

1-2-Measures to Combat Corruption at the Local Level

Addressing corruption at the local level requires comprehensive and systematic measures. To reduce corruption in public authorities and local self-government, efforts must focus on changing societal and institutional attitudes toward corruption, particularly among government officials and employees of local bodies. The following measures are proposed:

1. Increasing the costs and risks associated with engaging in corrupt activities for state and local employees.
2. Enhancing the severity of punishments for corrupt actions to deter such behavior effectively.
3. Shaping public attitudes, fostering a societal perception of corruption as wholly unacceptable behavior rather than an inevitability or norm.

These efforts will help establish a governance culture rooted in integrity, accountability, and transparency, thereby strengthening public trust in local government institutions.

Ensuring adequate material and financial support for local self-government demands substantial and sustained efforts. One potential mechanism to enhance the financial stability of local governments is the permanent allocation of deductions from republican and regional taxes to akimats on a long-term and continuous basis. This approach would enable local budgets to access additional financial resources, which could be strategically invested in the development of local territories. With a stable and predictable funding mechanism in place, local governments could plan for the long term, prioritize territorial development initiatives, and create favorable conditions to improve the quality of life for residents [32].

Decentralization of state power in Kazakhstan is a multifaceted and complex process, particularly in the context of a unitary state. This process faces numerous institutional, economic, and social barriers that limit its effective implementation. The legacy of centralization inherited from the Soviet system has deeply influenced administrative practices in Kazakhstan, where decision-making has historically been concentrated at the central government level. Local and regional authorities have limited autonomy, as their powers are tightly constrained, leaving little room for independent decision-making.

A key challenge lies in the centralized control of financial resources, which restricts the financial independence of regional and local administrations. The highly centralized budget system prevents regions from developing their own financial strategies and hinders their ability to address local needs effectively. Additionally, the accountability mechanisms in place are primarily vertical, focusing on adherence to central directives rather than fostering horizontal collaboration or local self-regulation.

The process of decentralization is often perceived by central authorities as a potential threat to their administrative control. This perception gives rise to concerns about the risks associated with transferring power to the regions. One such risk is the potential imbalance in regional policy, where the absence of a unified strategic direction may lead to uneven development across regions, particularly in areas such as social policy, taxation, and economic regulation. Moreover, decentralization may increase political fragmentation, as the expansion of regional powers could strengthen local elites, potentially resulting in lobbying conflicts and friction between different levels of government. Weakening centralized oversight without introducing robust local accountability mechanisms may also exacerbate corruption, undermining the quality of public administration.

Resistance to decentralization is further compounded by the bureaucratic apparatus, which operates within a rigid centralized system. This resistance stems from the disruption of traditional administrative practices, as decentralization necessitates a redistribution of powers that challenges established hierarchies. Transitioning to a decentralized model also requires substantial administrative and human resources, making adaptation difficult for many bureaucratic structures. Additionally, political elites are often reluctant to relinquish central control, perceiving decentralization as a potential destabilizing force within the governance system.

Financial dependency remains a critical barrier to decentralization in Kazakhstan. Many regions lack sufficient tax bases and are heavily reliant on the national budget, which limits their capacity to implement independent initiatives. This dependency not only creates financial instability but also discourages regions from pursuing economic development strategies aimed at increasing their own revenue sources. Furthermore, decentralization risks exacerbating inter-regional inequalities, as economically developed areas are better positioned to capitalize on decentralized governance, while less developed regions struggle with additional financial challenges.

The success of decentralization also hinges on the availability of skilled personnel at the local level, yet this remains a significant weakness in Kazakhstan. Regional administrations often lack professionals with expertise in public administration, financial planning, and decision-making. Additionally, local governments have limited experience in managing autonomy, which undermines their ability to effectively address regional challenges. Weak collaboration with civil society further compounds the issue, as the absence of strong ties between local authorities and communities hampers the implementation of citizen-driven initiatives.

Low levels of civic engagement represent another significant obstacle to decentralization. A historical reliance on centralized governance has created a culture where citizens are less likely to participate in local decision-making processes. Many people lack awareness of the importance of local self-government and have limited access to information about public control mechanisms. Furthermore, the feedback channels between citizens and local authorities are often ineffective, remaining superficial and failing to promote meaningful collaboration or problem-solving.

Finally, resistance from specific stakeholders poses a significant challenge. Regional akims, accustomed to a system of vertical accountability, may find it difficult to adapt to a more autonomous governance model. Local business elites, who often benefit from close ties to central authorities, may also resist decentralization due to fears of resource reallocation that could disrupt their interests.

In conclusion, while decentralization holds the potential to create more responsive and effective governance, its implementation in Kazakhstan is fraught with challenges. Overcoming these barriers will require a comprehensive approach that includes institutional reforms, capacity building, financial restructuring, and efforts to foster a culture of civic engagement and accountability.

Thus, decentralization reforms in Kazakhstan face a complex of political, economic and social challenges. The centralized nature of public administration, the dependence of regions on inter-budgetary transfers, the shortage of qualified personnel, as well as the limited involvement of citizens in decision-making processes create significant obstacles to the implementation of these transformations. To successfully overcome these barriers, an integrated approach is needed, including institutional reforms, human resource development, and the creation of effective mechanisms for interaction between government agencies, business, and civil society.

Comparative analysis of foreign experience plays an important role in studying the processes of modernization of local self-government in Kazakhstan. However, in order to ensure academic rigor, it is necessary to justify the choice of countries included in the study, as well as arguments for excluding other potential candidates. This paper examines the criteria for selecting states, comparing them with Kazakhstan, analyzing data sources and the reasons for choosing specific examples.

One of the key factors in selecting countries is the level of financial decentralization. The states included in the study demonstrate various models of economic independence of local governments. Sweden is characterized by a high degree of financial autonomy of municipalities, where more than 60% of tax revenues remain at the local level, which allows regions to effectively plan and implement their own initiatives. Germany, being a federal state, has a complex system of inter-budgetary transfers, which provides the regions with significant independence in financial matters. France, despite its centralized management traditions, applies a well-structured, decentralized model of budget regulation, which

contributes to effective management at the local level. Unlike these countries, Estonia has implemented a digital system of public administration, minimizing the dependence of municipalities on central authorities. Singapore, despite its high level of centralization, gives local administrative structures significant operational autonomy, which makes it an interesting object to study. Brazil, in turn, demonstrates a model of high regional financial independence based on a system of local taxation, which promotes the independent development of municipalities.

Another important selection criterion was the degree of digitalization of administrative management. Estonia, Singapore and Germany are of particular interest in this aspect. Estonia is a global leader in digital public administration, having implemented solutions such as the X-Road platform and electronic municipal services. Singapore implements the concept of a "smart city" by actively introducing digital technologies into public administration and the daily lives of citizens. Germany, in turn, is gradually integrating digital solutions into the field of public administration, which ensures an increase in the efficiency of administrative processes.

An additional factor in the choice of countries was the availability of successful models of civic participation in local government processes. Brazil makes extensive use of participatory budgeting mechanisms, allowing citizens to participate directly in the allocation of budget funds. Sweden has a highly developed digital infrastructure for involving citizens in governance processes, which promotes more active interaction between the population and government authorities. France uses a well-developed system of public consultations and municipal referendums, providing citizens with tools to influence decision-making.

When comparing the selected countries with Kazakhstan, it is possible to identify both similarities and differences. France and Sweden have centralized management traditions similar to Kazakhstan's, but at the same time they have a more developed system of decentralization. Estonia, being a small state, has been able to successfully implement digital technologies, which is similar to Kazakhstan's digital governance reforms, although Kazakhstan is facing infrastructural challenges. Germany has similar mechanisms for inter-budgetary regulation, but the regions of this country have much greater autonomy. Brazil demonstrates successful experience in involving citizens in budget processes, which can be a useful example for Kazakhstan.

Despite the value of the experience of the USA, Great Britain and China in the field of local government, these countries were not included in the analysis for a number of reasons. In the case of the United States, a high degree of decentralization implies significant legislative autonomy of the states, which differs significantly from the Kazakh model of government. The developed system of local taxes is also not fully adaptable in Kazakhstan. The UK demonstrates a high degree of municipal autonomy, but the tax system remains centralized, which makes it difficult to draw direct analogies. In addition, the parliamentary form of government complicates the institutional comparison with Kazakhstan. China, on the other hand, represents a model of tightly centralized governance in which provincial administrations act in accordance with the directives of the central government, which makes its experience less applicable to the Kazakh context.

Reputable data sources were used to ensure the reliability of the study. The Organization for Economic Cooperation and Development (OECD) provides extensive research on decentralization in EU countries, including France, Sweden and Germany. The World Bank analyzes the financial autonomy of the regions and the digitalization of public administration, paying special attention to the experience of Estonia and Singapore. In addition, scientific papers devoted to comparative studies of digitalization of management and citizen involvement in public administration processes were studied, with an emphasis on the practices of Brazil and Estonia.

Thus, the choice of countries for comparative analysis is determined by their relevance to Kazakhstan in terms of decentralization of financial resources, digitalization of governance and citizen engagement. The considered examples represent a wide range of approaches that can be adapted to improve the system of local self-government in Kazakhstan. The exclusion of other States is due to significant differences in political structure, financial models, and the level of administrative centralization.

In the course of writing this article, a comprehensive review of literature related to the research topic was conducted. Several key studies provide valuable insights into different aspects of local government modernization, yet each has limitations that our study seeks to address.

Zhiju (2014) [33] explores the necessity of institutional separation of powers in the context of local government modernization. The study emphasizes the transition from closed administrative systems to more transparent and inclusive governance structures. A clear division of competencies between different levels of government is identified as a crucial factor in improving administrative efficiency. However, the author argues that closed systems reduce the flexibility and adaptability of municipal governance. Despite these valuable insights, the study lacks a detailed discussion on practical implementation mechanisms for institutional separation and does not consider the role of digitalization in governance transformation. Our research takes a more integrated approach by combining institutional reforms with the introduction of digital management tools, ensuring a more comprehensive modernization strategy.

Kvach (2017) [34] focuses on international standards of local self-government, identifying six key elements embedded in the constitutions of various countries. These elements include the recognition of local self-government by the state and the structuring of administrative units. While this study provides a valuable legal analysis, it remains limited to a formal examination of constitutional norms, without assessing the practical functioning of local self-government in different national contexts. Our research builds upon Kvach's findings by not only analyzing legal norms but also evaluating their practical implementation, particularly through the adaptation of international experience to Kazakhstan's local governance system.

Mayne & Vigoda-Gadot (2018) [35] examined the impact of political factors on local government reform. Their study concludes that decentralization enhances the responsibility of local authorities, but warns that inadequate coordination with central structures may lead to managerial imbalances, which can hinder reform implementation. Although their research provides a strong political analysis, it does not explore specific mechanisms for redistributing powers and financial resources between different levels of government, leaving an important gap in understanding the practical aspects of decentralization. Our study seeks to bridge this gap by proposing concrete mechanisms for decentralization, with a particular focus on increasing the financial independence of municipalities. By leveraging international experience, our approach ensures a balanced redistribution of powers and resources, reducing local governments' reliance on the central budget.

Castelnovo & Sorrentino (2023) [36] examined the digitalization of local government, proposing an adaptive municipal governance model that integrates technology to administer multi-level systems. While their research offers valuable theoretical insights, it does not address specific strategies for integrating digital technologies into traditional administrative procedures, leaving a gap in the practical application of digitalization. Our study compensates for this limitation by introducing the concept of the digital platform "Smart Project Management of Akimats." This initiative aims to automate local governance processes, enhance administrative efficiency, and increase transparency, ensuring that digitalization contributes meaningfully to local government modernization.

Fedulova (2019) [37] explores innovative mechanisms for modernizing public administration in Ukraine, focusing on the need for digitalization, but limiting herself exclusively to the Ukrainian context without taking into account the best international practices and the possibilities of their adaptation. In contrast to this study, our article provides a comparative analysis of international and Ukrainian experience, as well as suggests mechanisms for its adaptation to the conditions of Kazakhstan, which makes it possible to implement the most effective management solutions.

A study by Kucherenko & Riznyk (2018) [38] evaluated the process of decentralization in Ukraine, analyzing its impact on the level of public services and the degree of satisfaction of the population. The paper examines the administrative and financial aspects of the reforms, touches upon the issues of redistribution of powers between central and local authorities. The authors conclude that, despite the official expansion of regional autonomy, local governments remain largely financially dependent on the central budget, which limits their ability to independently implement initiatives. This circumstance has a negative impact on the quality of public services and the level of satisfaction of citizens, since the transfer of authority is not always accompanied by effective resource management mechanisms. The study also highlights the strengthening of bureaucratic barriers, which slows down the decision-making process and leads to uneven regional development. In addition, the authors note the lack of transparency of the reform, which reduces the level of trust of citizens in local authorities.

Despite a detailed analysis of the problem, certain gaps remain in the study. In particular, the work does not consider mechanisms for increasing the financial independence of local authorities. Although the dependence of regional budgets on central financing is emphasized, the study lacks specific proposals to address this problem. An important omission is also the lack of attention to the role of digitalization, which could contribute to increased transparency and efficiency of local governance. The authors do not conduct a comparative analysis of the international experience of decentralization, which could make it possible to identify the most successful models and suggest ways to adapt them to the Ukrainian conditions. In addition, despite the record of low satisfaction among citizens, the study does not analyze which specific services cause the most dissatisfaction and what measures could help improve the situation.

Our study fills in these gaps by suggesting specific mechanisms to increase the financial independence of local governments. Unlike the work of Kucherenko & Riznyk (2018) [38], our study presents detailed proposals for the redistribution of tax revenues, the creation of incentives to attract investment and the development of alternative sources of financing for municipalities. Our article also pays significant attention to digitalization as a key factor in improving the effectiveness of local government. We are considering the introduction of digital platforms for managing budget processes and monitoring the provision of public services, which contributes to increased transparency and increased trust among citizens. An important aspect of our research is a comparative analysis of the international experience of decentralization, including the study of models from Sweden, Germany, Estonia and Singapore. This allows us to offer customized solutions for Kazakhstan, taking into account the specifics of its socio-economic and political context. Unlike the work of Kucherenko & Riznyk (2018) [38], we also focus on developing public participation in local government processes, including digital consultations and proactive budgeting, which helps to increase citizen engagement and improve the effectiveness of reforms.

The study by Setyowati (2017) [39] focuses on the cooperation between local authorities in Indonesia and international institutions. It explores various forms of partnerships between municipal administrations and global organizations, highlighting their role in infrastructure development, service quality improvement, and capacity building. The analysis confirms that international cooperation positively influences municipal governance by providing financial and technological support. One of the most significant contributions of such partnerships is the transfer and adaptation of advanced management practices to local conditions. The study also emphasizes the introduction of innovations in digital governance and sustainable development, demonstrating the transformative impact of international collaboration.

Despite these important findings, the study lacks a detailed analysis of the challenges hindering the effective adaptation of international practices to local contexts. Key obstacles such as legal barriers, administrative constraints, bureaucratic inefficiencies, and shortages of skilled personnel are not explored in depth. Additionally, there is insufficient attention to transparency and accountability in international programs, which creates risks of misallocation of resources. Furthermore, the study does not offer a systematic comparison of different models of international interaction, making it difficult to identify the most effective strategies for improving local governance.

Our research fills these gaps by not only analyzing the benefits of international cooperation but also identifying the key barriers that limit its success. Unlike the Setyowati (2017) [39] study, we examine specific examples of successful international programs adapted to countries with different levels of socio-economic development. This approach enables us to identify best practices and propose strategies for their integration into Kazakhstan's governance system. Additionally, we focus on developing digital transparency tools to enhance accountability in international projects and ensure more efficient use of resources. Another key contribution of our research is the formulation of strategies for adapting foreign practices to Kazakhstan's governance system, ensuring their relevance to local conditions and contributing to the optimization of management mechanisms.

The study by Dagiliene et al. (2021) [40] examines the role of local governments in facilitating the transition to a circular economy. The authors analyze how municipal administrations contribute to the implementation of sustainable development principles, waste minimization, and resource efficiency. The paper highlights the importance of local strategies and management mechanisms in reducing environmental impact and fostering sustainable economic models.

While this research provides valuable insights into the role of local governments in sustainability, it lacks a detailed examination of specific tools that municipalities can use to stimulate circular initiatives. Furthermore, it does not explore the impact of digital technologies on implementing circular economy approaches, nor does it propose mechanisms for adapting successful international experiences to different socio-economic conditions.

Our research expands upon these findings by incorporating digital solutions into municipal governance to accelerate the transition to a circular economy. Unlike the study by Dagiliene et al. (2021) [40], we analyze successful practices in countries with advanced digital infrastructures and develop mechanisms for their adaptation to Kazakhstan's local government system. Additionally, we introduce the concept of digital platforms for resource management, which enhances transparency and efficiency in municipal sustainability programs. These platforms facilitate real-time monitoring of resource consumption, waste management, and public engagement, thereby promoting more effective and accountable governance in the field of environmental sustainability.

The study by Nosova et al. (2022) [41] analyzes the constitutional modernization of local self-government in Russia. The paper focuses on legislative changes that aim to transform municipal governance and redistribute powers between central and regional authorities. The authors highlight the increasing coordination between municipal and federal structures, necessitating adjustments to governance frameworks and legal mechanisms.

Although the study provides an important examination of legislative transformations, it does not offer a detailed analysis of potential risks associated with these changes. Key issues such as power imbalances, financial dependency, and institutional resistance are not extensively explored. Moreover, the study does not consider the role of digitalization in governance reforms, nor does it integrate insights from international experiences in municipal modernization. Our research addresses these gaps by adopting a comprehensive approach to local government modernization. In contrast to Nosova et al. (2022) [41], we incorporate digitalization strategies, analyze successful international case studies, and develop mechanisms for adapting global best practices to national conditions. Furthermore, our study emphasizes the importance of transparency, accountability, and citizen participation in governance, ensuring that modernization efforts lead to more effective and inclusive decision-making processes.

The study by López et al. (2023) [42] is devoted to the analysis of the importance of result-based management in the process of modernization of local self-government. The work pays special attention to the fact that the introduction of monitoring and evaluation systems for the activities of local authorities contributes to increasing transparency, accountability and the quality of decisions. The authors prove that the use of performance indicators makes it possible to optimize the allocation of budget funds and contributes to more effective strategic planning of territorial development.

However, the study has certain gaps, in particular, insufficient attention to the mechanisms of digitalization of result-based management, as well as the lack of a comparative analysis of international experience in this field. In contrast to

this work, our article offers detailed approaches to the digitalization of municipal government, including the introduction of digital platforms for data analysis and monitoring the effectiveness of local authorities. Moreover, our research examines the best international management practices based on the results and develops mechanisms for adapting them to the specifics of local government in Kazakhstan, which allows for a more stable and transparent management system.

Despite significant scientific research devoted to the modernization of local self-government, significant gaps remain in this area, requiring more in-depth study. Most existing works analyze only certain aspects of modernization, such as decentralization, digitalization, or financing, but there is no holistic approach that combines these elements into a single system. The issue of financial independence of regions is particularly difficult, since although the importance of financial autonomy is recognized by most researchers, the specific mechanisms for achieving it remain insufficiently studied. In addition, there is a lack of empirical data to quantify the impact of financial independence of local authorities on the quality of services they provide.

In addition, digitalization is considered primarily at the macro level, which limits the possibility of analyzing specific tools and their direct impact on the activities of local administrations. A similar situation exists in the issue of citizens' involvement in governance processes: although the importance of public participation is recognized, a detailed analysis of practical mechanisms such as digital platforms for interaction with authorities, public consultations and proactive budgeting is extremely rare. Another significant disadvantage of existing research is the limited attention paid to the issues of adapting international experience to national conditions. While many scientific papers describe foreign management models in detail, they do not consider possible ways to adapt them, taking into account the economic, political and social structure of specific states.

In this context, our article "Modernization of the Local Government System: Development Prospects and Implementation Mechanisms" fills in the existing gaps by offering a comprehensive approach to the modernization of local government. Unlike most previous studies, our work covers all key aspects of the reform of this system, including issues of decentralization, financial independence, digitalization, active involvement of citizens in decision-making and adaptation of international experience, taking into account national characteristics. One of the central areas of research is the analysis of specific mechanisms for expanding the financial autonomy of regions, including the introduction of local taxation tools, the redistribution of budget funds and the creation of incentives to attract investment.

In addition, the article offers practical solutions for the digitalization of local government, among which the concept of the Smart Project Management of Akimats platform occupies a special place. This tool will automate the processes of data analysis, forecasting and monitoring the implementation of municipal projects, which will significantly increase the efficiency and transparency of management decision-making. Unlike other studies, our work provides a detailed analysis of modern approaches to citizen engagement in governance processes, including the use of digital public discussions, online voting platforms, and proactive budgeting mechanisms. Special attention is paid not only to the description of foreign practices, but also to their adaptation to the specifics of Kazakhstan, which makes it possible to develop realistic and practically applicable strategies for the modernization of local self-government.

In the context of assessing the current state and future prospects for the development of information resources aimed at informing the public about local government activities, several key objectives can be delineated:

- **Enhancing the Regulatory and Legal Framework.** It is essential to strengthen the legislative and regulatory mechanisms that ensure public access to information. This includes refining existing legal provisions and introducing new policies that facilitate transparency and openness in local governance.
- **Designing and Implementing Development Programs.** A strategic priority is the formulation and execution of comprehensive programs aimed at establishing and expanding diverse categories of information resources. These initiatives should focus on accessibility, reliability, and inclusivity, ensuring that different segments of the population have access to relevant information.
- **Expanding Financial Support for Public Information Systems.** Sustainable financing mechanisms must be developed to support the creation and maintenance of socially significant information systems. Adequate funding will enable the implementation of innovative technologies and enhance the efficiency of information dissemination.

A critical aspect of modernizing local governance information strategies is ensuring that citizens receive objective and comprehensive data regarding the opportunities available within the framework of local self-governance. This dissemination should be facilitated through a wide array of platforms, including educational institutions, digital media, and traditional communication channels. However, it is imperative to recognize and address potential challenges that may arise during the reform process, such as resistance to change, technological barriers, and disparities in information accessibility. Proactive measures must be undertaken to mitigate these obstacles and foster a more informed and engaged citizenry.

2- Research Methodology

This study employed a diverse set of methodological approaches to conduct a comprehensive examination of the local government system in the Republic of Kazakhstan. The research utilized systematic, comparative, and economic-statistical analysis to ensure a multidimensional evaluation of governance structures and their effectiveness.

A significant component of the study involved regression and correlation analysis, which facilitated the quantification of the influence of various factors on the performance of local governance. These statistical methods enabled the identification of key determinants affecting governance efficiency, providing an empirical foundation for further policy recommendations (Figure 2).

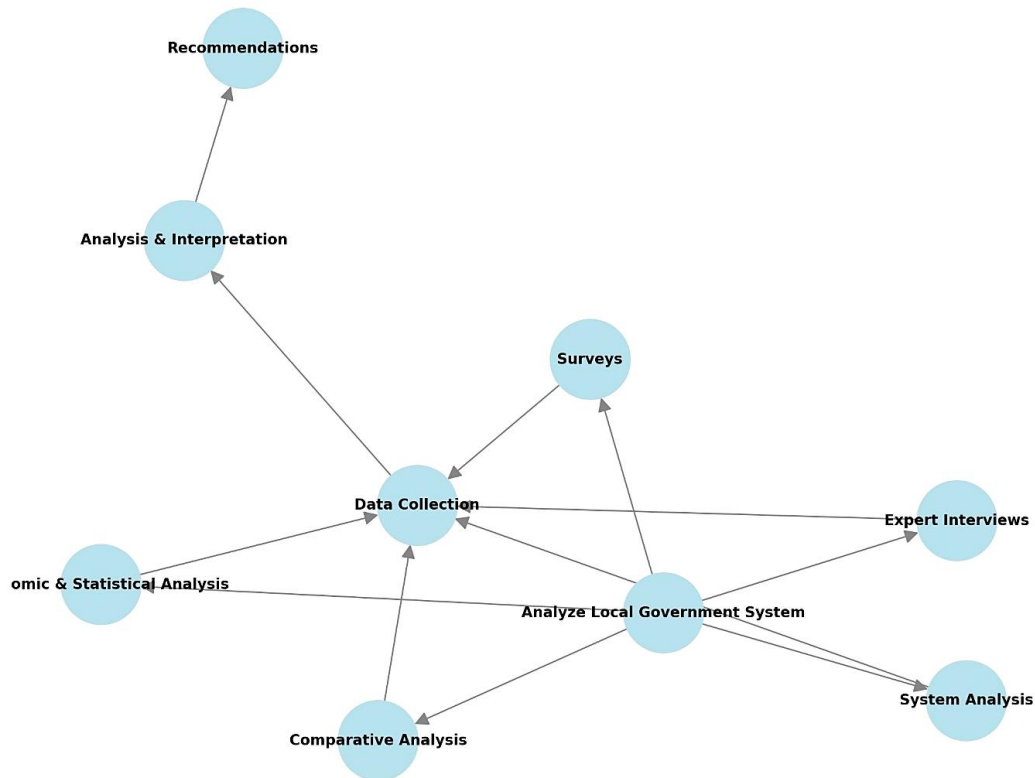


Figure 2. Scheme of research methods

In this study, a systematic analysis approach was applied to examine the structural organization of local government in Kazakhstan, assess the interaction between central and local authorities, and identify systemic challenges within the governance framework. The analysis was based on official documents, legislative acts, and regulatory frameworks governing the operations of local administrative bodies. This approach enabled the evaluation of the local government system as an integrated structure composed of interrelated elements. As a result, several critical deficiencies were identified, including the limited financial autonomy of regional administrations and insufficient administrative authority in key policy areas.

To further contextualize the findings, a comparative analysis was conducted by juxtaposing Kazakhstan's local government system with governance models implemented in foreign states, specifically Germany, France, Sweden, and South Korea. The focus of this comparison was on decentralization, fiscal resource allocation, and mechanisms for public participation in decision-making processes. This comparative approach facilitated the identification of key components contributing to the success of international models, allowing for potential adaptation within Kazakhstan's governance framework. Particular emphasis was placed on enhancing the financial independence of local authorities and improving accountability mechanisms to ensure greater transparency and responsiveness to public needs.

Furthermore, an economic and statistical analysis was undertaken to evaluate the efficiency of governance across different regions of Kazakhstan. This assessment was conducted using quantitative indicators such as:

1. The proportion of tax revenues retained within local budgets, reflecting the degree of fiscal decentralization;
2. Public expenditure on social services, indicating investment priorities at the regional level;
3. Regional unemployment rates and average income levels, serving as measures of socio-economic development;
4. The volume of infrastructure investments, illustrating the commitment to long-term economic growth.

By employing this multidimensional methodological approach, the study provided a comprehensive evaluation of the effectiveness of local governance in Kazakhstan and offered insights into potential reforms aimed at enhancing administrative and financial autonomy at the regional level.

The analysis of the collected data facilitated an assessment of resource distribution between central and local government authorities and provided insights into the influence of these factors on the socio-economic development of Kazakhstan's regions. The study relied on official reports from government agencies and statistical bulletins published over the past five years, ensuring a data-driven approach to evaluating governance efficiency.

To gain a deeper understanding of the current state of local governance and to identify practical challenges faced by local authorities, a series of expert interviews was conducted. The respondents included:

1. Representatives of local government bodies,
2. Experts in the field of decentralization,
3. Officials from central government agencies.

This qualitative research method enabled the collection of firsthand insights into existing governance issues, perceptions regarding the necessity of reforms, and the potential barriers to implementing decentralization measures.

Additionally, a survey of civil servants was carried out, encompassing 80 respondents. The survey aimed to assess the key challenges and future prospects for the implementation of public-private partnership (PPP) projects in Kazakhstan. The participant pool included representatives from:

1. Local government authorities,
2. Central government agencies,
3. Decentralization policy experts.

The survey was conducted using a mixed-method approach, combining online questionnaires distributed via the Google Forms platform with in-person (offline) surveys conducted during meetings. The geographical coverage of the study included both urban centers and rural regions, allowing for a comprehensive and context-sensitive assessment of governance conditions across diverse administrative environments (Table 3, Appendices 1 and 2).

Table 3. Responses to the survey of civil servants

№	The Question	Answer Options	%
1	What types of public-private partnership projects have been implemented or are planned to be implemented in your department?	Infrastructure projects (roads, bridges, airports, etc.)	20%
		Social projects (healthcare, education, social services, etc.)	40%
		Energy and environmental projects (energy, water supply, waste treatment, etc.)	20%
		Innovative projects (development of new technologies, digitalization, etc.)	20%
2	What are the main goals and objectives that your department sets for public-private partnership projects?	Infrastructure development (roads, bridges, transport network, etc.)	10%
		Social security (healthcare, education, social housing, etc.)	35%
		Environmental sustainability and environmental protection	10%
		Economic growth and investment attraction	20%
		Innovative development and technological projects	25%
3	What methods and tools do you use to manage projects within the framework of a public-private partnership?	Project management methodology (e.g. PMBOK, PRINCE2, etc.)	40%
		Project management software (e.g. MS Project, Jira, etc.)	35%
		Project monitoring and evaluation systems (e.g. KPI, SCORECARD balance, etc.)	25%
4	What challenges and problems do you face when implementing public-private partnership projects, and how are they solved?	Financial constraints	35%
		Legal difficulties	25%
		Political factors	30%
		Lack of professional staff	10%
5	What criteria and success indicators are used when evaluating public-private partnership projects?	Financial instruments (subsidies, grants, preferential loans, etc.)	40%
		Tax and import/export benefits	10%
		Regulation and government support	45%
		Assistance in finding private investors	5%
6	What impact do public-private partnership projects have on the economic and social development of a region or a country?	Promoting economic growth and increasing GDP	30%
		Improving infrastructure and living conditions of the population	25%
		Creating new jobs and reducing unemployment	20%
		Stimulating innovation and development of small and medium-sized businesses	25%

7	Evaluate the effectiveness of cooperation with private partners in the framework of public-private partnership	Very effective	55%
		Effective enough	20%
		Rather inefficient	10%
		Completely ineffective	5%
		I find it difficult to answer	10%
8	What additional resources or support would your department benefit from for more successful implementation of public-private partnership projects?	Additional financing and investments	40%
		Staff training and development	10%
		Simplification of legal procedures and acceleration of resolution of issues	25%
		Partnership with international organizations and foundations	25%

The statistical analysis conducted in this study utilized Spearman's correlation coefficient to examine the relationships between various factors influencing local governance and public-private partnerships.

A Spearman's correlation coefficient of 0.7 indicates a strong positive correlation between strategic goals and operational objectives. This suggests that government agencies prioritizing infrastructure development are also actively engaged in advancing social security, environmental sustainability, economic growth, and innovation. These institutions recognize the interconnection and mutual influence of these domains and aim for a balanced and comprehensive development strategy that accounts for all key aspects.

Conversely, a Spearman's correlation coefficient of -0.25 signifies a weak negative correlation between respondents' preferences for different project management methodologies. This finding implies that individuals favoring one particular methodology do not exhibit strong commitment to alternative approaches. The observed divergence is likely attributable to variations in professional work styles, usability of specific management tools, or prior experience with each methodology.

Furthermore, a Spearman's correlation coefficient of -0.4 reflects a weak negative correlation between the challenges encountered by respondents in their professional activities. This suggests that individuals facing one category of problems may be relatively less affected by others, and vice versa. Such disparities could be explained by differences in organizational structures, operational contexts, and sector-specific constraints within local governance frameworks.

In addition to the statistical analysis, an entrepreneurial survey was conducted to examine the perceptions and experiences of business representatives participating in public-private partnership (PPP) projects. The study sampled 60 entrepreneurs from various industries, selecting respondents from among current and prospective PPP participants, as well as business representatives interested in engaging with government institutions.

The survey was carried out over a period of two months using a mixed-method approach. Approximately 75% of respondents completed the survey online via a specialized digital platform, while the remaining 25% participated in in-person surveys conducted during business forums and thematic meetings with government agencies (Table 4). This methodological approach ensured broad coverage and diverse representation, capturing insights from entrepreneurs across different sectors and geographical locations.

Table 4. Responses to the survey of entrepreneurs

№	The Question	Answer Options	%
1	What types of public-private partnership projects have you participated in or plan to participate in?	Infrastructure projects (roads, bridges, airports, etc.)	35%
		Social projects (healthcare, education, social services, etc.)	25%
		Energy and environmental projects (energy, water supply, waste treatment, etc.)	20%
		Innovative projects (development of new technologies, digitalization, etc.)	20%
2	What are the main reasons for your company's participation in public-private partnership projects?	Development of new markets and opportunities	30%
		Access to government resources and infrastructure	20%
		Cooperation with government agencies to solve public problems	20%
		Improving business reputation and public perception	30%
3	What challenges and problems do you face when participating in public-private partnership projects?	Bureaucratic difficulties and limitations	20%
		Unpredictability of government policy and legislation	20%
		Financial risks and instability	40%
		Difficulties in partnership with government agencies and organizations	20%
4	How do you assess the effectiveness of public-private partnership project management?	High efficiency, projects successfully achieve their goals	40%
		Moderate efficiency, there are problems, but they can be solved.	30%
		Low efficiency, projects are often delayed or do not achieve their goals.	10%
		I find it difficult to answer	20%

5	What changes in legislation or practice of public-private partnership do you consider most necessary to improve the business environment?	Simplification of procedures and reduction of bureaucracy	20%
		Increasing transparency and predictability of government actions	35%
		Creating incentives and benefits for private investors	25%
		Development of dispute resolution mechanisms and protection of business rights	20%
6	How do you assess the role of the state in supporting business through public-private partnership projects?	Positively, the government creates favorable conditions for business development	20%
		Neutrally, some initiatives are useful, but there is room for improvement.	40%
		Negatively, government actions limit business development	10%
		I find it difficult to answer	30%
7	What types of risks do you consider the most significant when participating in public-private partnership projects?	Financial risks (market instability, changes in exchange rates, etc.)	40%
		Political risks (changes in legislation, unpredictability of the political situation, etc.)	20%
		Technical risks (insufficient qualifications of personnel, technical failures, etc.)	10%
		Strategic risks (failed partnerships, conflicts of interest, etc.)	30%
8	What mechanisms of government support and incentives do you consider the most effective for attracting businesses to participate in PPP projects?	Financial incentives (benefits, subsidies, etc.)	20%
		Simplification of procedures and reduction of bureaucracy	30%
		Guarantees of investment security and risk minimization	30%
		Infrastructure development and creation of a favorable business environment	20%
9	How do you assess the general policy of the state in the field of public-private partnership?	Positively, the state effectively supports the development of partnership	30%
		Neutrally, there are positive and negative aspects.	40%
		Negatively, government policy is not conducive to business development	10%
		I find it difficult to answer	20%

In this study, regression and correlation analysis methods were employed to evaluate the quantitative relationships between the financial autonomy of local governments and key socio-economic indicators of regional development.

Correlation Analysis

The correlation analysis aimed to determine the degree of dependence between the level of financial autonomy of regional authorities and fundamental socio-economic indicators, including:

1. Growth in household income,
2. Reduction in unemployment rates.

By examining these relationships, the study identified the extent to which financial independence at the local level correlates with improvements in socio-economic conditions across different regions.

Regression Analysis

To quantify the impact of various financial and economic factors on regional socio-economic development, regression analysis was conducted. Multiple regression models were constructed to assess the influence of key financial variables. The primary model employed linear regression, allowing for the estimation of how specific financial determinants contribute to economic growth at the regional level.

Comprehensive Analysis of Local Governance in Kazakhstan

A multidimensional approach was applied to evaluate the current state of local governance in Kazakhstan and to explore pathways for its modernization. The research relied on a combination of systematic, comparative, economic-statistical, and regression analysis methods, enabling the formulation of evidence-based conclusions and recommendations for improving the efficiency of the local governance system.

The main areas of analysis included:

1. Revenue and expenditure structure of local budgets,
2. Trends in tax revenue collection and intergovernmental transfers,
3. Public services provided by local authorities,
4. The degree of digital transformation in local government administration.

Analysis of Local Budget Revenues and Expenditures

A critical aspect of the study was the examination of local budget revenues and expenditures, focusing on the composition of revenue sources. Data were sourced from the Ministry of Finance of the Republic of Kazakhstan and regional financial reports covering the past five years.

Through economic and statistical analysis, the study evaluated the dynamics and structure of revenue generation, including:

1. Locally generated revenues (tax and non-tax income),
2. Intergovernmental transfers from the central budget,
3. Rental income and other financial sources.

Financial Autonomy and Service Quality

Special attention was given to analyzing the financial independence of regional governments and its effect on the quality of public services provided to the population. Correlation analysis was applied to establish statistical relationships between budget revenues and socio-economic performance indicators of the regions.

Tax Revenue Dynamics and Regional Financial Dependence

An in-depth examination of tax revenue trends and intergovernmental transfers was conducted to assess the degree of financial dependency of regional authorities on the central government. Data on tax revenues were obtained from official reports published by tax authorities and the Ministry of Finance.

Using regression analysis, the study evaluated how changes in tax revenue collection influence regional governments' capacity to finance socio-economic initiatives. These findings provide valuable insights into the sustainability of regional funding mechanisms and the potential for strengthening financial decentralization within Kazakhstan's local governance system.

This study provides a comprehensive legal analysis of the regulatory framework governing the activities of local authorities in Kazakhstan in order to assess its compliance with international standards. As part of the analysis, the Constitution of the Republic of Kazakhstan, the Law "On Local Self-Government", the Tax and Budget Codes, as well as legislation on public-private partnership were studied. Special attention was paid to the European Charter of Local Self-Government and the reports of international organizations, including the World Bank and the OECD, which analyze the processes of decentralization and financial autonomy of regions.

The study covers various areas, including the analysis of the economic independence of regions, the degree of citizen involvement in the decision-making process, as well as the legal aspects of digitalization of management. Special emphasis is placed on the mechanisms of formation of local budgets, the distribution of tax revenues and legislative provisions governing the participation of the population in the local government system. The methodology of normative comparison is applied, aimed at identifying gaps in the current legislation and opportunities for its improvement.

A comparative analysis of foreign experience is based on the study of successful practices in Sweden, Germany, France, Estonia, Singapore and Brazil, which revealed key trends in the field of decentralization and financial independence of municipalities. The study focuses on issues of tax autonomy, financial equalization mechanisms, digital governance, and tools for civic engagement in budgeting. The comparative analysis uses reports from the OECD, the World Bank, the European Union, official reports from national authorities of the countries under consideration, as well as scientific articles on municipal governance and digitalization.

For a deeper understanding of the current state of local government in Kazakhstan, semi-structured interviews were conducted with representatives of local authorities, independent experts in the field of decentralization, representatives of civil society and business analysts. The main focus of the interview was on the barriers hindering the financial independence of regions, the need to make legislative changes to expand the tax base of municipalities, the effectiveness of the introduction of digital services, as well as the possibility of adapting foreign practices to Kazakhstani realities.

In addition to legal and expert analysis, an economic and statistical approach was used, including correlation and regression analysis, a study of inter-budget transfers, as well as an assessment of the effectiveness of municipal expenditures. The official statistical reports of the Ministry of Finance and the National Bureau of Statistics of the Republic of Kazakhstan, international ratings of regional economic development and analytical reports on financial decentralization were used as an empirical basis.

An additional element of the study was a survey of civil servants and entrepreneurs aimed at identifying their opinions on the problems of financing local authorities and barriers to the implementation of public-private partnership projects. During the survey conducted among civil servants and business representatives, data was collected that made it possible to identify the main problematic aspects of municipal governance and identify areas for possible reforms.

A comprehensive methodological approach, including legal analysis, comparative research, expert interviews and statistical modeling, ensured the objectivity of the data obtained and made it possible to identify key problems of local self-government in Kazakhstan. The results obtained form the basis for the development of effective solutions aimed at increasing the financial independence of the regions, expanding the tools of civic participation and modernizing digital technologies in municipal government.

3- Results and Discussion

The ongoing modernization of the local governance system in the Republic of Kazakhstan is designed to enhance administrative efficiency, strengthen citizen participation in decision-making processes, and improve the quality of public services. A significant milestone in this reform process was the approval of the Concept for the Development of Local Self-Government until 2025, which was signed by the President of the Republic of Kazakhstan on August 18, 2021 [43].

Key Strategic Directions of the Concept

1. **Clarification of Responsibilities.** The Concept establishes a clear delineation of responsibilities between local executive bodies and self-governing institutions, thereby eliminating functional duplication and enhancing governance efficiency.
2. **Enhancing Citizen Participation.** The framework emphasizes active public engagement in governance through mechanisms such as local community assemblies, public hearings, and other instruments of direct democracy. These measures are intended to strengthen civic oversight and foster greater transparency in local decision-making processes.
3. **Financial Independence of Local Governments.** One of the core objectives of the modernization strategy is to increase the fiscal autonomy of local governments by granting them the authority to generate and manage their own budgets. This approach aims to ensure greater financial sustainability and responsiveness to local needs.
4. **Strengthening the Role of Local Representative Bodies.** The institutional role of maslikhats (local representative councils) is being reinforced to expand their supervisory and decision-making powers at the municipal level. This enhancement seeks to improve accountability and ensure that governance structures are more representative and effective in addressing local socio-economic challenges.

The implementation of this Concept represents a comprehensive approach to decentralization and governance reform, aligning Kazakhstan's local government system with international best practices while ensuring greater adaptability to regional and local contexts.

The directions of the development of local self-government are determined by a number of problematic issues that hinder the improvement of this institution at the present stage:

- First of all, it is necessary to note the complexity of the procedures and restrictions on holding the primary event for the realization of the right to self-government - the meeting of the local community. In this part, the state strongly regulates the basic right of citizens to self-organization: only after approval by the mayor and only in the presence of the mayor or his representative. At the same time, local self-government presupposes a certain degree of freedom of self-organization at the local level to solve problems of local importance.
- Secondly, the limitations and inflexibility of legislation are also reflected in the fact that other forms of local self-government are not provided for.
- Thirdly, the combination of the functions of local self-government and public administration in one institution (akims and maslikhats) leads to the fact that the powers of public administration prevail over the functions of self-government. Further development of such hybrid structures risks blurring the hierarchy of responsibility in the public administration system, and lack of responsibility to the population in the local government system.
- Fourthly, the financial and economic base of local self-government hindered the full implementation of local self-government, primarily akims.
- Fifth, territorial councils of local self-government at the regional level are only an advisory body, and therefore cannot represent the interests of numerous urban local communities. In this regard, more flexible legislation is required on the organization of citizens' self-government in large cities.

Today, the contours of improving local self-government are outlined in the Concept of Local Self-government Development - for rural and urban areas. Among the development vectors:

1. Fiscal decentralization;
2. Differentiations of the powers of local self-government and public administration;
3. Involving the local community;
4. Strengthening the activities of the audit commissions;
5. Improving the efficiency of maslikhats at all levels, etc.

At the same time, the Concept does not limit local development practices that could become widespread if properly implemented, meaning these measures can be supplemented and improved locally.

The Budget Code of the Republic of Kazakhstan defines budget security as the cost of public services financed from the relevant budgets for each recipient of such services. However, this indicator is interpreted in different ways. In this analysis, budget security is considered as the ability of the budget to cover its expenses from its own income without attracting external assistance. The level of budget provision was determined as follows: the number of transfers from the republican budget was deducted from local budget revenues, after which the result was expressed as a percentage of the total amount of local budget expenditures (Figure 3).

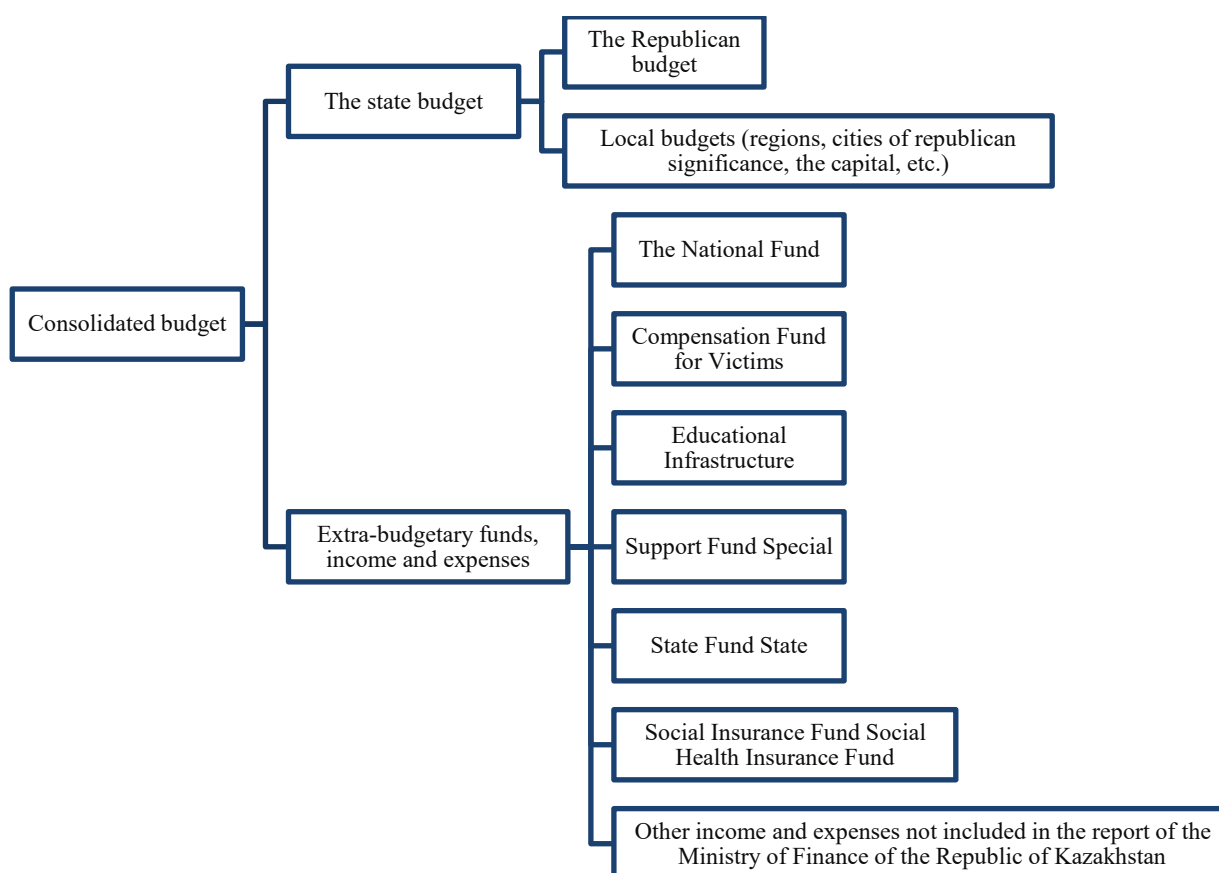


Figure 3. Structure of Kazakhstan's budget system (adopted from [43])

Thus, the state budget includes two levels: the republican and local budgets. The republican budget is the central part of the budget system and finances national programs and projects that are important for the whole country. Local budgets, in turn, cover the budgets of regions, cities of national importance and the capital. These budgets are designed to address local-level challenges, meet regional needs, and implement local social and infrastructure projects. Thus, such a two-tier system ensures a balanced distribution of funds between the center and the regions, which allows taking into account territorial features and needs.

In addition to the State budget, the structure of the budget system includes extra-budgetary funds that play an important role in the country's financial system. One of the key elements is the National Fund, designed to stabilize the economy and accumulate resources for future generations. This fund is used to support the economy in case of crisis situations and to ensure long-term financial stability.

The structure also includes funds such as the Victims Compensation Fund, the Education Infrastructure Support Fund, and special government funds. These funds are created to finance specific social and economic needs, which allows funds to be allocated to specific tasks. For example, the Education Infrastructure Support Fund aims to improve learning conditions and modernize educational institutions, which contributes to the development of human capital.

The State social insurance fund and the social health insurance fund are an important part of the extra-budgetary system. These funds provide social protection for the population, including insurance in case of illness, disability or retirement. Their availability makes it possible to reduce the financial burden on the state budget and ensure sustainable financing of social programs.

Thus, the structure of Kazakhstan's budget system is a complex but balanced mechanism for allocating financial resources aimed at meeting both national and regional needs. The division of the budget into state and extra-budgetary components makes it possible to effectively manage funds, direct them to solving priority tasks and ensure long-term stability of the economy. Extra-budgetary funds, in turn, play an important role in supporting the social sphere and infrastructure development, which makes the budget system more flexible and resilient to economic challenges.

Figure 4 shows the number of projects in the region, the central government agency.

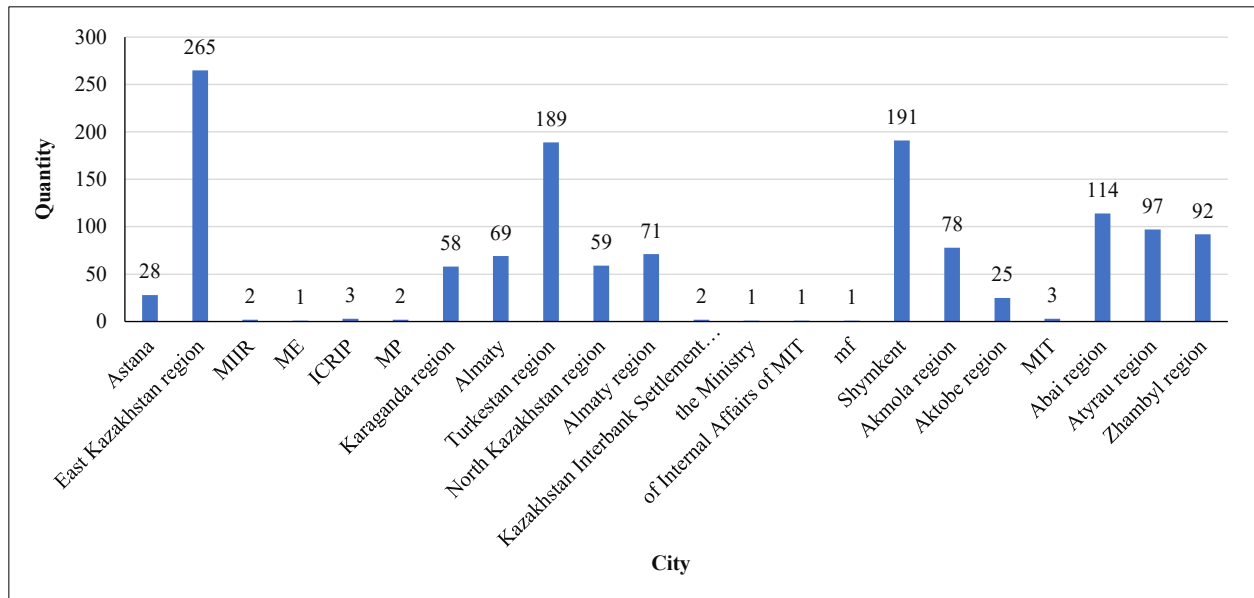


Figure 4. Number of projects by region, central government agency (adopted from [44])

According to Figure 4, the largest number of projects was carried out from 2015-2023 in the East Kazakhstan region – 265 projects, in the Turkistan region – 189 projects, in Astana – 28, in Shymkent – 191 and Abai region – 114.

Figure 5 shows the classification of projects by type of object.

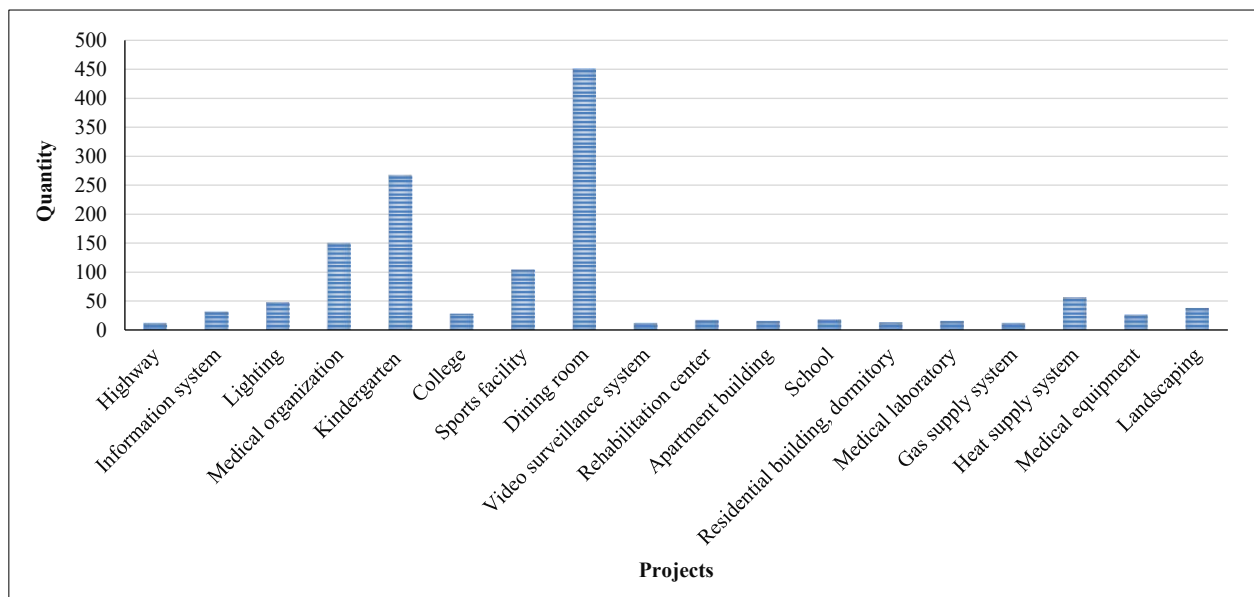


Figure 5. Analysis of PPP projects by industry for 2024 (adopted from [45])

Based on the drawing, we can say that most of the projects are social organizations, namely canteens, medical organizations, kindergartens and sports facilities. Figure 6 shows the project level.

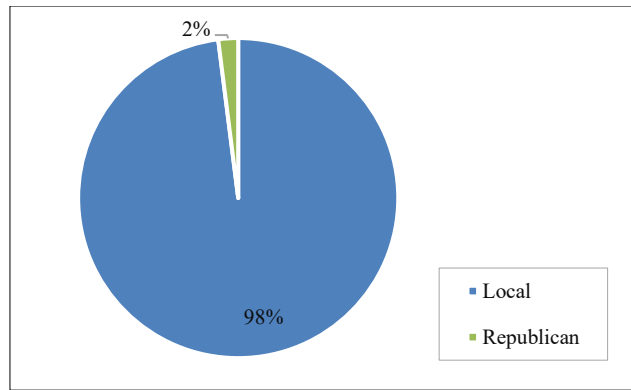


Figure 6. Project level (adopted from [45])

According to the figure, 98% of projects are implemented at the local level and only 2% at the national level.

Figure 7 shows the status of the projects for 2024.

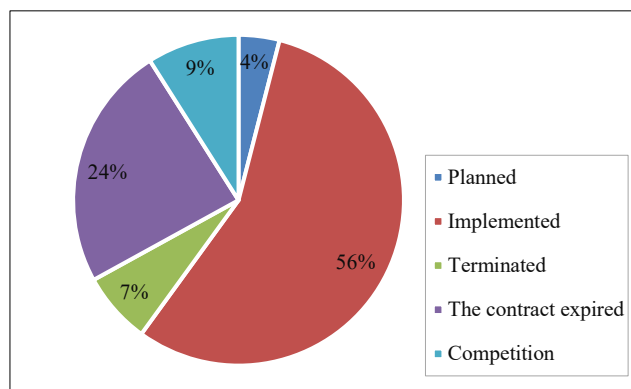


Figure 7. Project status for 2024 (adopted from [45])

According to Figure 7, 4% of the total number of projects from 2015-2023 are planned and 56% are being implemented, which indicates that only a small number of new projects were planned at that time. Ongoing projects account for 56% of the total. This indicates that most of the projects planned during this period have been successfully implemented or are in the process of being completed. The terminated projects account for 7%. This means that some projects have been interrupted or cancelled for some reason. Projects that have expired account for 24%. This means that a significant part of the projects are at the stage when their deadlines have already expired. Projects currently in the competition stage account for 9%. This indicates that some projects are still in the process of evaluation and selection for implementation. Figure 8 shows the number of contracts concluded from 2015-2023.

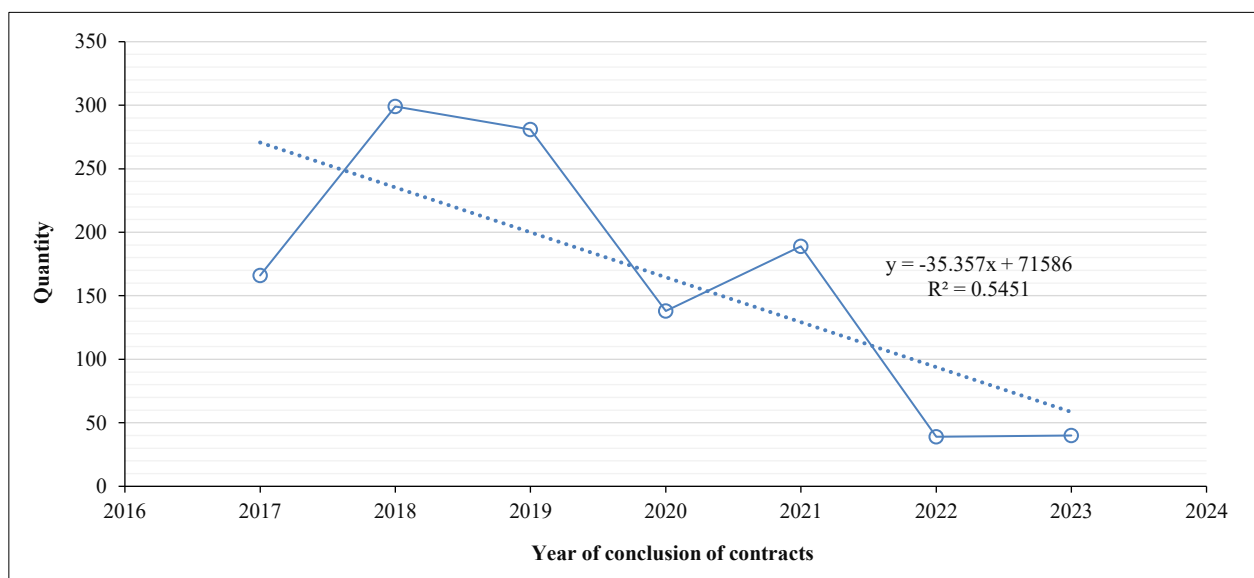


Figure 8. Number of concluded contracts from 2015-2023 (adopted from [45])

As can be seen from the graph, the largest number of concluded contracts falls on 2018, and the smallest number is observed from 2022 to 2023.

During the study, it was revealed that the minimum amount for the analyzed period was 300.20 in 2018, it should be noted that the maximum amount was also recorded in 2018 and amounted to 510,967,322.00.

The Turkestan region was selected for a more detailed analysis of the local self-government. Turkestan region is an administrative-territorial unit in the south of Kazakhstan, characterized by a rich historical and cultural heritage and a dynamically developing economy. The Turkestan region was established in 2018, when the city of Turkestan received the status of a regional center, replacing Shymkent, which became a city of national significance. This event marked an important stage in the development of the region, contributed to the growing importance of Turkestan as the historical and spiritual center of Kazakhstan and Central Asia.

Enterprises of the light and food industries, mining and construction industries operate in the Turkestan region. The region has significant reserves of minerals such as lead, zinc, uranium and building materials, which contributes to the development of the mining industry and the construction sector.

The Government of Kazakhstan pays special attention to the development of the Turkestan region, including infrastructure and the social sphere. In recent years, large-scale projects have been implemented in Turkestan to build new roads, administrative buildings, educational and medical institutions, which contributes to improving the quality of life of the population and the development of tourism. Infrastructure development programs include the construction of new hotels, cultural facilities and tourist areas, which contributes to the transformation of the city into one of the main tourist centers of Kazakhstan.

Let's consider the regional budget of the Turkestan region for 2024-2026, thousand tenge (Table 5).

Table 5. The regional budget of the Turkestan region for 2024-2026, million tenge (adopted from [46])

Income	79 113.1
Tax receipts	4 270.0
Non-tax receipts	1 161.1
Proceeds from the sale of fixed assets	35.0
Proceeds from transfers	73 647.0
Expenses	76 500.0
Net budget lending	1 000.0
Budget loans	1 500.0
Repayment of budget loans	500.0
Balance of operations with financial assets	1 000.0
Acquisition of financial assets	1 000.0
Budget deficit	2 613.1
Financing the budget deficit	2 613,1

The regional budget of the Turkestan region for 2024 provides for a total revenue of 79 113.1 million tenge. The main sources of revenue are tax revenues, which amount to KZT 4,270.0 million, and non-tax revenues at the level of KZT 1,161.1 million. The budget also includes income from the sale of fixed assets in the amount of 35.0 million tenge and significant transfers, which reach 73,647.0 million tenge.

An analysis of revenue dynamics for the period 2022-2024 shows a downward trend in revenue: if in 2022 the volume of revenue was 97,303.2 million tenge, then in 2023 it decreased to 89,116.1 million tenge, and in 2024 decreased to 79,113.1 million tenge. This indicates a gradual reduction in the budgetary resources available to the region in recent years.

The revenues of the regional budget for 2024, as of April 1, show both positive and negative dynamics compared to 2023. In general, the budget for 2024 is planned with a slight decrease compared to the previous year, reflecting current economic conditions.

The revenue structure focuses on tax revenues, which make up a significant part of the budget. In particular, tax revenues in 2024 show a slight increase compared to the same period last year. Despite this, the fulfillment of tax revenues exceeds the plan by 4.6%, which indicates a more efficient tax collection.

At the same time, revenues from non-tax sources, such as revenues from State property and capital sales, show significant fluctuations. For example, the income from the sale of capital reached 35 million tenge, which is significantly higher than planned. This may indicate one-time transactions related to the sale of assets.

The largest part of income is made up of transfers from the republican budget, which remain at the level of the previous year, but their share in the income structure is still significant. This indicates the high dependence of the regional budget on inter-budget transfers, which may limit the financial independence of the region [47].

It is also worth noting that, despite the improvement in some income items, total revenue in 2024 decreased by 11.2% compared to 2023. This decrease is primarily due to a decrease in transfers, which may indicate a redistribution of budget funds at the national level or a change in funding priorities.

Figure 9 shows the dynamics of expenditures of the regional budget of the Turkestan region for the period 2022-2024.

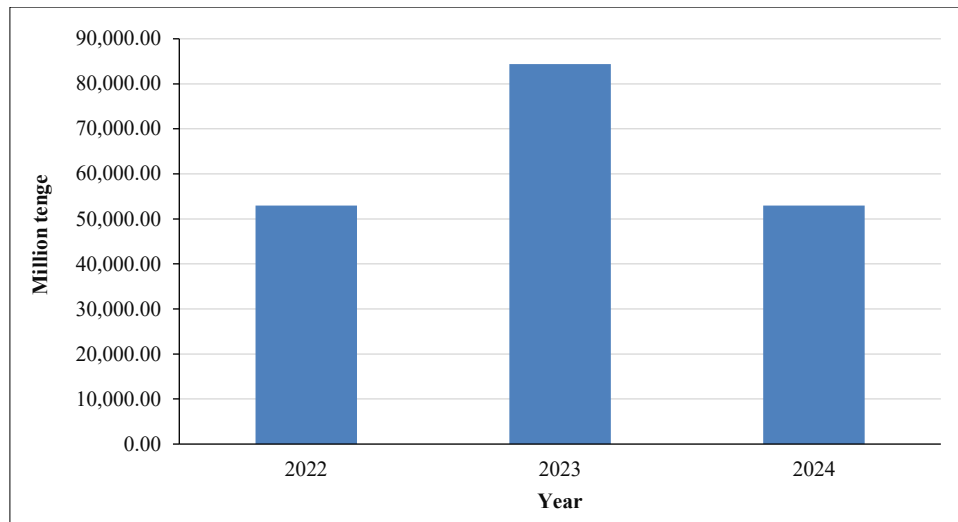


Figure 9. The dynamics of expenditures of the regional budget of the Turkestan region for the period 2022-2024 (adopted from [46])

It can be seen that in three years there has been a significant reduction in costs. In 2022, expenses amounted to 87,907 million tenge, in 2023 they decreased to 84,414.2 million tenge, and in 2024 they are planned to reach 52,965.1 million tenge. This decrease of more than 30,000 million tenge between 2023 and 2024 indicates significant budget cuts.

Such a reduction in expenditures may be due to a change in priorities in the region's budget policy, a reduction in transfers from the national budget, or a desire to increase financial stability by optimizing expenditures. However, such a reduction in the budget may also indicate the need to review financing strategies for key programs in order to avoid reducing the quality of services provided and the implementation of infrastructure projects in the region.

Figure 10 shows the structure of expenditures of the regional budget of the Turkestan region.

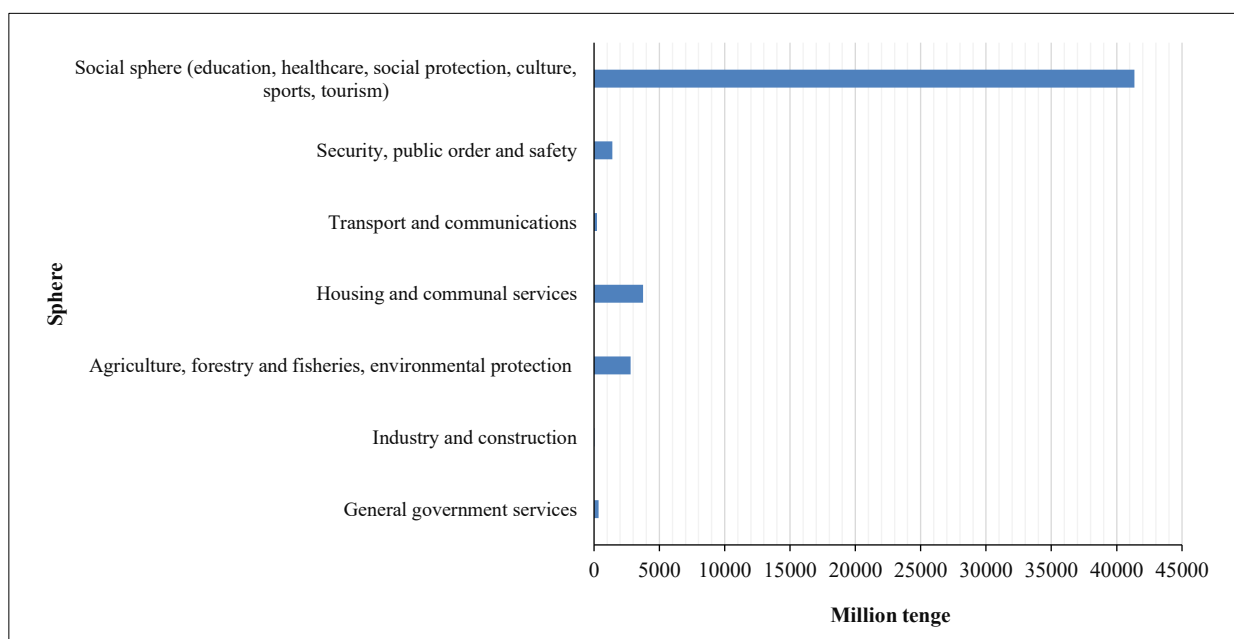


Figure 10. The structure of expenditures of the regional budget of the Turkestan region (adopted from [46])

The structure of expenditures of the regional budget of the Turkestan region for 2024 shows that the largest part of the funds is allocated to the social sphere, including education, healthcare, social protection, culture, sports and tourism. 41,364.5 million tenge is provided for these purposes, which underlines the region's priority attention to improving the quality of life of the population. Significant expenditures are also directed to housing and communal services, with a volume of 3,763.7 million tenge. This indicates efforts to improve infrastructure and utilities. The third place in terms of financing is occupied by the sector of agriculture, forestry and fisheries, as well as environmental protection with a budget of 2,788.6 million tenge, which demonstrates support for environmentally oriented programs and rural development. 1,395.6 million tenge has been allocated for the protection of public order and security, which indicates the maintenance of stability and security in the region. Only 233.7 million tenge is allocated for transport and communications, which may indicate the priority use of the existing infrastructure without significant investments in its expansion. Industry and construction received minimal financing — 28.6 million tenge, which indicates their low priority in the current budget cycle. In addition, 341.9 million tenge was allocated for general public services, which is related to providing administrative functions and maintaining the activities of government agencies.

Overall, the analysis shows that the main focus of the region's budget policy is on social programs and the maintenance of communal infrastructure, while investments in industry and transport remain limited.

Let's analyze social spending by category (Figure 11).

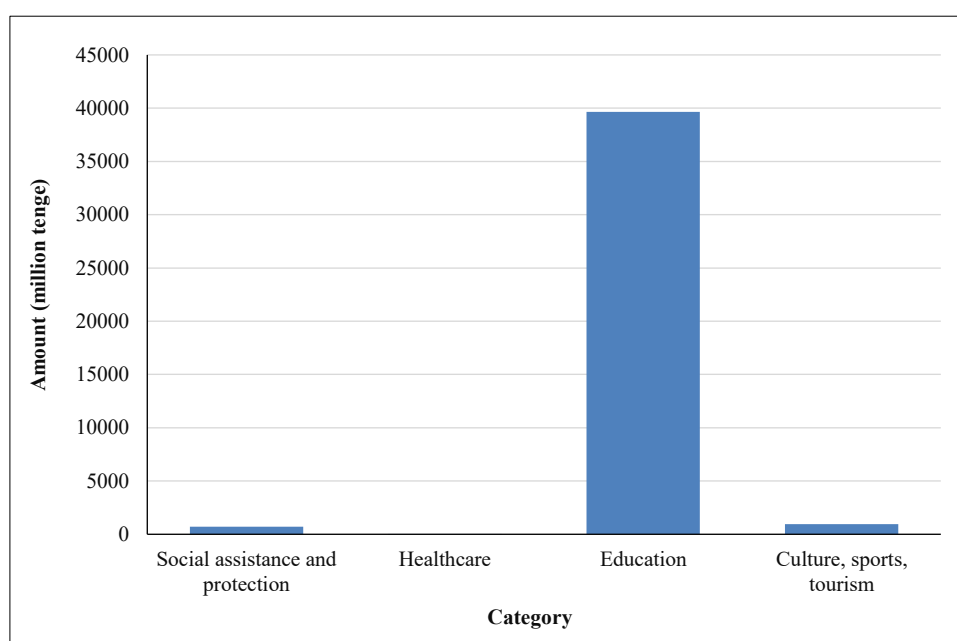


Figure 11. Social spending by category (adopted from [46])

An analysis of the structure of social spending in the Turkestan region for 2024 shows that the focus is on educational programs. The budget for education is 39,665.2 million tenge, which makes it the largest item of expenditure in this category. The investments are aimed at supporting primary, secondary and vocational education, as well as the development of preschool education and advanced training.

Social assistance and protection also occupy a significant place in the budget with a funding volume of 707.0 million tenge. These funds are intended to support socially vulnerable segments of the population, including assistance to the poor and social protection.

Expenditures on culture, sports and tourism amount to 951.8 million tenge, which indicates the region's desire to support cultural initiatives and sporting events, as well as to develop tourism to attract visitors and improve the image of the region.

Only 25.9 million tenge has been allocated for healthcare, which is significantly less than in other categories. This may indicate limited resources for the sector or that major investments in healthcare were made in previous years. Nevertheless, healthcare remains an important area, and even small funds can be allocated to targeted programs, such as disease prevention and the provision of basic medical services.

Overall, priorities in social spending are focused on education and social support, reflecting long-term goals to improve human capital and social stability in the region.

Figure 12 shows the dynamics of social spending for 2021-2024.

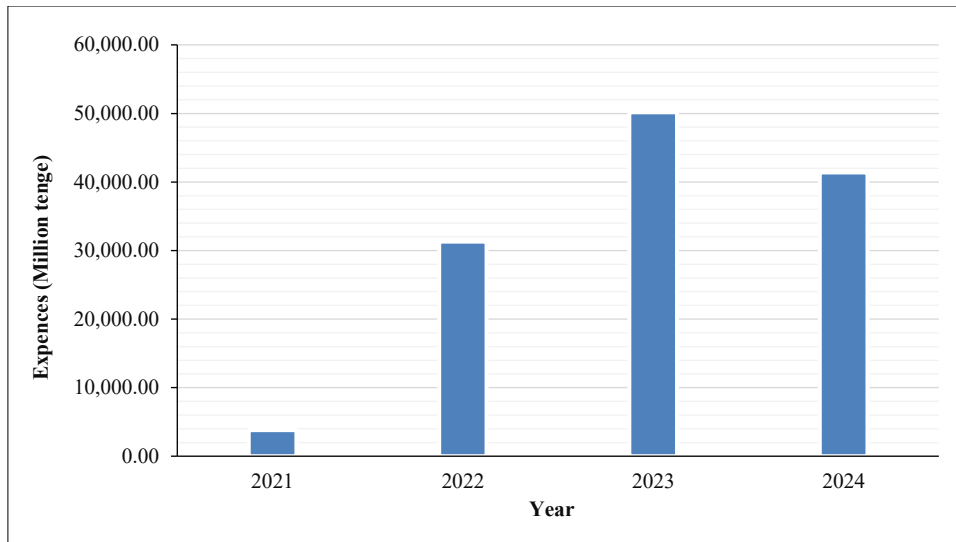


Figure 12. The dynamics of social spending for 2021-2024 (adopted from [46])

The dynamics of financing shows that the regional authorities actively invested in the social sphere in 2022-2023, which made it possible to achieve maximum budget values. In 2024, despite some reduction, the amount of funds allocated remains quite high, which underlines the priority of social programs for the Turkestan region.

Let's analyze the budget execution for the social sphere in 2024 (Figure 13).

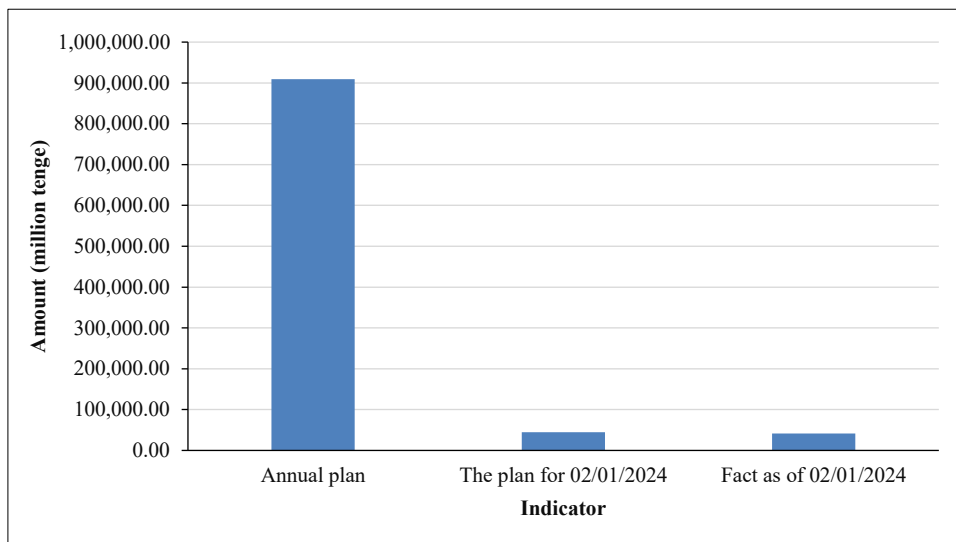


Figure 13. Budget execution for the social sphere in 2024 (adopted from [46])

Despite the fact that actual expenditures are slightly behind the plan for the beginning of the year, the regional budget retains a significant amount of funding for the social sector. This underlines the strategic importance of this area for the Turkestan region. The region will need to manage its budget funds quickly in order to achieve its targets and fully implement its planned social programs by the end of the year.

In the context of global changes and challenges of the 21st century, the state structures of the Republic of Kazakhstan face the task of not only improving existing mechanisms of local government, but also comprehensively modernizing them in accordance with the best international practices. Modernization of the local government system of the Republic of Kazakhstan provides for proactive updating of the institutional framework, increasing the efficiency and accountability of local authorities, as well as the introduction of innovative technologies for management and interaction with the population. The basis of such a process is a comprehensive reform aimed at decentralizing and strengthening local self-government.

According to a survey of civil servants, public-private partnership (PPP) projects are perceived by them as an important tool for achieving various social and economic goals. Most of the respondents highly appreciate the effectiveness of cooperation with the private sector in the framework of PPP and see this as a way to successful development and implementation of projects.

However, in order to maximize the potential of PPP projects, there are several key aspects that should be addressed.:

1. The need for additional financial resources for the successful implementation of projects was noted by a significant number of respondents. This highlights the importance of ensuring sustainable financing of PPP projects for their successful completion.
2. Improving the professional skills and qualifications of staff can improve the efficiency of PPP project management and ensure better and more efficient task performance.
3. Simplification of legal procedures and reduction of time for resolution of legal issues. This can help speed up the project implementation process and reduce administrative barriers, which is important to ensure the efficiency and effectiveness of PPP projects.
4. Cooperation with international partners can provide access to additional resources, expertise and experience, which contributes to the successful implementation of projects and their compliance with international standards and practices.

The overall picture shows that PPP projects have the potential to stimulate economic growth, improve infrastructure, create jobs, and stimulate innovation, but to maximize their implementation, it is necessary to pay attention to the above aspects and ensure a balanced approach to their implementation.

Summarizing the data provided, it can be concluded that entrepreneurs assess participation in public-private partnership projects as an important area for the development of business and society as a whole.

Analyzing the data above, we can identify several areas where the opinions of government officials and entrepreneurs converge, as well as those in which they differ.:

Similarities:

1. Both groups recognize the importance of public-private partnership projects for economic and social development.
2. Both government officials and entrepreneurs recognize the importance of cooperation between the government and the private sector for the successful implementation of PPP projects.

Differences:

1. Entrepreneurs have more direct experience of encountering specific problems in the process of implementing PPP projects, such as bureaucracy, financial risks, and technical difficulties. Government employees are less aware of these issues or perceive them less acutely.
2. Government officials are more optimistic about the government's actions in supporting businesses through PPP projects, while entrepreneurs see shortcomings in the implementation of this support and are unhappy about it.
3. Entrepreneurs feel that the government and civil servants may not always understand the real problems and needs of business in the process of implementing PPP projects, and also do not hear them when they state this.

However, there are a number of challenges that entrepreneurs face when participating in such projects. Bureaucratic difficulties, uncertainty in government policy, financial risks, and difficulties in interacting with government agencies are all factors that affect the effectiveness and success of participation in PPP projects.

Entrepreneurs recognize the role of the state in supporting businesses through PPP projects, but express different opinions about the effectiveness of these efforts. Financial incentives, simplification of procedures, investment security guarantees and infrastructure development are highlighted as important factors contributing to attracting businesses to participate in PPP projects.

In general, despite the challenges and different points of view, public-private partnership projects remain an important tool for the implementation of infrastructure, social, energy and innovation initiatives, contributing to the development of business and society as a whole (Table 5).

Correlation analysis showed that social spending has a strong relationship with the volume of transfers (correlation coefficient 0.93) and the level of socio-economic development (0.90). This highlights the importance of financial support from the central budget for ensuring social well-being in the regions and confirms that increased transfers contribute to improving socio-economic conditions. The moderate correlation (0.68) between local budget revenues and socio-economic development indicates that the regions' own revenues also play an important role, but their impact is limited. Interestingly, projects at the local level show a weak connection with other parameters, indicating a lack of integration of these initiatives into broader mechanisms of regional development.

Table 6. Correlation analysis

	Projects	Transfers (millions)	Local budget revenues (millions)	Socio-economic development (index)	Expenditures on the social sphere (million)	Projects at the local level (%)	Completed projects (%)
Projects	1.000	0.768	0.605	0.786	0.824	0.247	-0.399
Transfers (millions)	0.768	1.000	0.701	0.677	0.930	0.489	-0.408
Local budget revenues (millions)	0.605	0.701	1.000	0.679	0.729	0.164	-0.594
Socio-economic development (index)	0.786	0.677	0.679	1.000	0.895	0.656	0.021
Expenditures on the social sphere (million)	0.824	0.930	0.729	0.895	1.000	0.657	-0.189
Projects at the local level (%)	0.247	0.489	0.164	0.656	0.657	1.000	0.575
Completed projects (%)	-0.399	-0.408	-0.594	0.021	-0.189	0.575	1.000

An analysis of income distribution and transfers revealed a high dependence of most regions on financial support from the center, which limits their financial autonomy. This is especially noticeable in regions with low levels of personal income, where transfers make up a significant part of the budget. This dependence hinders the long-term sustainability and independence of local authorities, requiring a review of existing mechanisms for inter-budgetary relations.

A study of projects in the regions has shown that Turkestan and East Kazakhstan regions are leading in the number of initiatives being implemented. This is due to the high proportion of programs implemented at the local level, reflecting their success in attracting financial and organizational resources. These areas are becoming an example for other regions, demonstrating the effectiveness of decentralized approaches to project management and implementation.

Thus, the analysis showed that most regions of Kazakhstan are heavily dependent on transfers from the national budget. In some regions, such as Turkestan and East Kazakhstan, transfers account for more than 70% of local budget revenues. This limits the ability of local authorities to independently plan and implement long-term projects. At the same time, local government's own revenues account for a relatively small proportion of budgets, which indicates weak financial autonomy.

The transfer of authority to the local level is being implemented slowly. Local authorities perform functions delegated by central structures to a greater extent than they manage themselves. This is especially noticeable in small towns and rural areas, where akimats are often limited in decision-making without coordination with central authorities.

The socio-economic development of the regions is largely determined by the volume of transfers. The high correlation between transfers and socio-economic development (0.93) highlights the dependence of social programs on national funding. This is reflected, for example, in the allocation of healthcare, education, and social protection costs, where the regions' own funds are extremely limited.

Up to 98% of all projects are implemented at the local level, which indicates a high share of regional initiatives in the development of infrastructure and social services. However, despite this, the effectiveness of program implementation is often reduced due to a lack of financial and human resources. Turkestan and East Kazakhstan regions show the best results in terms of the number and quality of implemented programs, which can serve as an example for other regions.

During the research, a project was developed: The neural network platform "Smart Project Management of akimats".

Project objectives:

- Improving the effectiveness of akimats' project management through the introduction of neural network technologies.
- Automation of data analysis, forecasting and decision-making in the local government system.
- Reducing the costs associated with errors at the stages of project planning and management.
- Increase transparency and citizen engagement through open access to data and forecasts.

Akimats' Smart Project Management is an artificial intelligence—based platform that combines big data processing, forecasting, and project management.

The platform consists of three key modules:

1. Analytical module.
 - Analysis of budgets, transfers, and project effectiveness.
 - Forecasting the socio-economic impact of projects based on historical data.
2. Recommendation module:
 - Automatic generation of resource allocation recommendations.
 - Prioritization of projects for maximum socio-economic impact.
3. Module of interaction with citizens:
 - Publication of data on projects and their current status.
 - Collecting feedback from citizens through voting and comments.

Table 7 shows the project implementation plan.

Table 7. Project implementation plan

Month	Name	Description
1-3 months	The research stage	- Analysis of existing data from local government and self-government bodies. - Collecting demands from regions and akimats.
4-6 month	Prototype development	- Creation of the basic architecture of the platform. - Model training based on historical data from local government projects.
7-9 month	Testing	- Testing of the platform in pilot regions (for example, in the Turkestan region). - Collecting feedback from users.
10-12 months	Integration	- Full-fledged launch of the platform. - Training of users and local specialists.

Development dates: 1 year.

Payback period: 2-3 years by optimizing budgets, reducing errors and speeding up project implementation.

Main sources of income/savings:

1. Reducing losses from inefficient projects.
2. Increasing the investment attractiveness of the regions.
3. Save on manual data processing.

Figure 14 shows the risks of the project.

Technical risks:

- ☐ Limited amount of data for training the model.
- ☐ Integration with existing management systems.

Social risks:

- ☐ Low involvement of citizens in the use of the platform.
- ☐ Distrust of neural network recommendations.

Economic risks:

- ☐ Exceeding the development budget.
- ☐ Delayed implementation dates.

Figure 14. Project risks

The projected economic impact resulting from the implementation of the intelligent project management platform for akimats is illustrated in Figure 15.

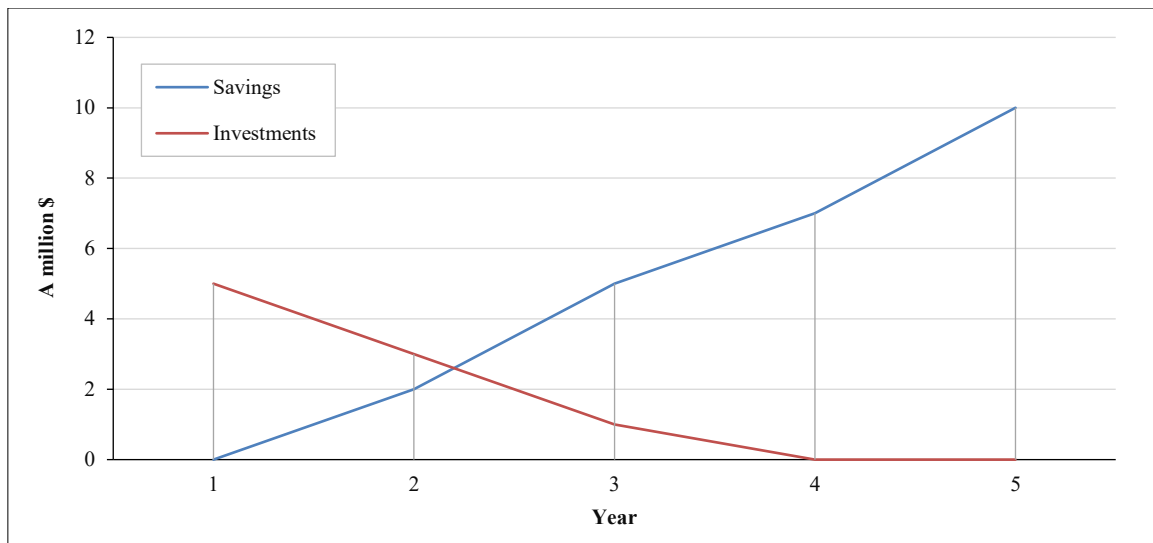


Figure 15. Forecast of economic effect

According to the data presented, the volume of accumulated savings demonstrates a consistent upward trend: starting from \$0 million in the first year, it increases to \$2 million in the second year, \$5 million in the third, \$7 million in the fourth, and reaches \$10 million by the fifth year of the project's implementation.

In contrast, the volume of initial investments steadily declines—from \$5 million in the first year to \$3 million in the second, \$1 million in the third—and is entirely eliminated by the fourth year. This pattern indicates the conclusion of the capital investment phase and the transition to a phase of sustainable cost efficiency.

Thus, the project demonstrates a high degree of efficiency, achieving full payback within three years and generating substantial long-term financial benefits while minimizing further expenditures. These projections support the rationale for integrating digital solutions into local self-governance practices.

The growth of citizen engagement associated with the implementation of the intelligent project management platform is illustrated in Figure 16.

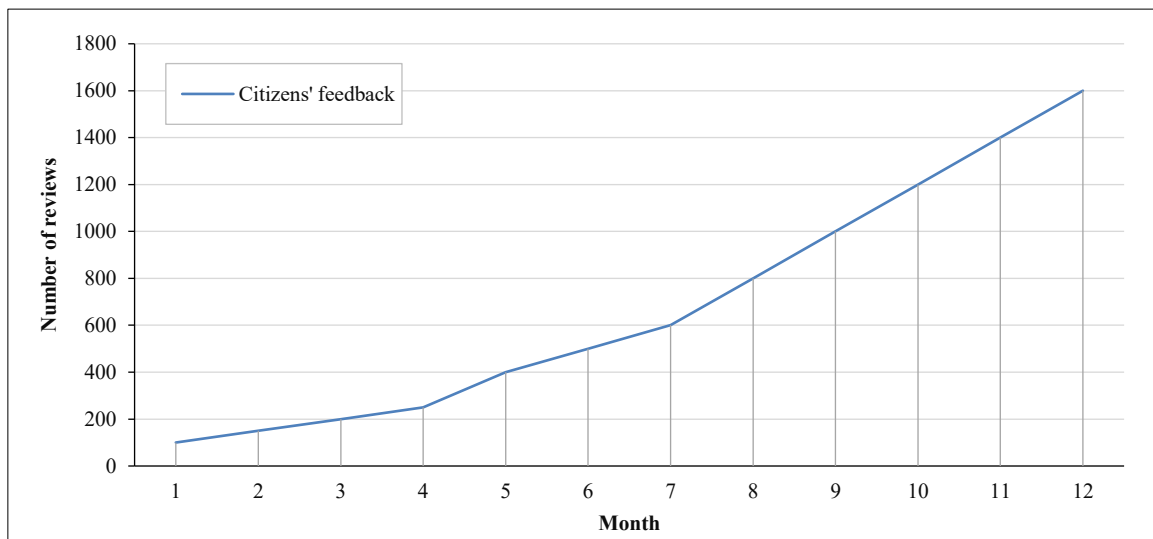


Figure 16. The growth of citizen engagement

The data show a steady increase in the number of citizen reviews over a 12-month period. In the first month, approximately 100 submissions were recorded. This number gradually increased to 200 by the fourth month, reaching around 400 by the sixth month and exceeding 600 in the seventh month. From the eighth month onward, the growth accelerated significantly: 800 reviews in month eight, 1000 in month nine, 1200 in month ten, 1400 in month eleven, and finally 1600 by the end of the twelfth month.

This trend reflects a substantial rise in public participation at the local level. The increase in citizen feedback can be attributed to the expansion of digital communication channels, improved transparency in decision-making processes, and growing public trust in local governance. The results underscore the importance of digitalization as a key mechanism for promoting civic engagement in regional development.

The “Smart project management of akimats” project is of great importance for all participants: the state, citizens and business. It is a tool that increases the efficiency and transparency of governance for government agencies. Automating the processes of planning and allocating resources helps to reduce administrative costs, eliminate duplication of functions and minimize errors. The platform also helps to improve long-term forecasting, allowing the government to more accurately determine development priorities that meet the interests of the regions. The transparency of the data provided by the system strengthens citizens' trust in the authorities and makes their activities more understandable.

The project opens up new opportunities for citizens to actively participate in decision-making. The platform allows people to participate in voting, discussions, as well as proposed initiatives and monitor the progress of their implementation. This approach stimulates the involvement of the population in the development of their community and increases their responsibility for the overall result. At the same time, the platform improves access to high-quality public services and makes interaction with the authorities convenient and expeditious. All this strengthens citizens' trust in the authorities, as their opinions are taken into account and become part of the management process.

For businesses, the platform simplifies interaction with government agencies by reducing bureaucratic barriers and speeding up the application and permit processes. Thanks to transparent monitoring and forecasting mechanisms, the platform reduces risks for entrepreneurs and investors. This helps to create a favorable business environment where small and medium-sized businesses can develop without unnecessary restrictions. In addition, the platform supports the implementation of innovative solutions by attracting high-tech companies and startups, which contributes to the development of the modern economy.

Thus, the project not only optimizes management, but also creates mutually beneficial conditions for the state, citizens and businesses, strengthening their interaction and contributing to the sustainable development of the regions.

Based on the analysis of foreign experience in the modernization of local government, the following recommendations can be proposed to improve the management system in Kazakhstan. These measures are aimed at improving the efficiency, transparency and sustainability of local authorities, as well as at more actively involving the population in the decision-making process (Table 8).

Table 8. Recommendations based on international experience

	Recommendation	Implementation mechanism
Decentralization and expansion of powers of local authorities (experience of Sweden and Germany)	Transfer more powers and resources to the local level so that akimats can independently make decisions on local issues. This will allow for a more flexible response to the needs of the regions and improve the quality of services provided.	Introduction of legislative changes that will allow local authorities to independently manage budgets and projects, including the possibility of introducing local taxes to increase financial independence.
Development of e-governance and digitalization of processes (the experience of Estonia and Singapore)	Actively implement electronic management systems to automate administrative processes and improve interaction with citizens. This will increase transparency and reduce corruption risks.	To develop and implement a single digital platform for the provision of public services at the local level, so that citizens can apply, pay for services and receive consultations online.
Creation of mechanisms for citizens' participation in decision-making (the experience of Japan and Finland)	To increase the involvement of citizens in the governance process through public consultations, public discussions and electronic voting platforms. This will increase the credibility of the authorities and will allow taking into account the opinion of the population when developing development strategies.	The introduction of online platforms for public consultations and surveys, as well as the creation of advisory councils under akimats, which will include representatives of various social groups.
Cooperation with local authorities and creation of regional clusters (experience of the Netherlands and Germany)	To encourage cooperation between regions and local authorities to implement joint projects in the field of infrastructure, transport and ecology. This will make it possible to use resources more efficiently and solve common problems.	Development of inter-regional cooperation programs and creation of financial incentives to unite the efforts of regions within the framework of national programs.
Transparency and accountability (UK and Australian experience)	To increase the transparency of the work of local authorities by mandatory publication of reports on the costs and results of projects. This will strengthen the trust of citizens and investors.	The introduction of mandatory standards for public disclosure of information about the activities of local authorities and the creation of an independent audit system.
Support for social initiatives and partnerships (experience of Canada and Denmark)	Create conditions for supporting initiatives by citizens and NGOs through grants and public-private partnerships. This will help solve social and environmental problems at the local level.	Development of grant programs to support local projects and initiatives aimed at improving the quality of life of the population.
Strengthening resilience and risk management (experience of New Zealand)	Implement a comprehensive risk management system to increase emergency preparedness, including natural disasters. This is especially important for regions of Kazakhstan that are exposed to climate and man-made risks.	Development of crisis management strategies at the akimat level and implementation of early warning and monitoring systems.
Development of public space and infrastructure (the Danish experience)	Focus on creating a comfortable urban environment, developing public transport, cycling and pedestrian infrastructure. This will increase the attractiveness of cities for residents and businesses.	Developing programs to improve urban infrastructure with an emphasis on sustainable development and energy conservation.

Today, no region or city of republican significance has a separate maslikhat website outside the unified portal of government agencies, with the exception of Astana. The presence of such a website does not indicate the effectiveness of work, however, it would be easier for every citizen to contact local self-government bodies and engage in local self-government on special resources not affiliated with the executive branch, since there is an E-otinish system for interacting with government agencies.

Individual Internet resources could serve the purpose of distinguishing between local self-government and public administration, defining the agenda of local self-government in their independent space. Thus, each maslikhat of the region and the city of republican significance could create its own website, including in order to involve the local community and digitalize its activities.

The next promising direction would be to teach the population self-government through the creation of training courses. Today, the Concept provides for a number of measures to professionalize personnel, but they relate to akims and deputies, or are presented in the form of awareness-raising events. The organization of permanently accessible courses based on the community centers planned by the concept could strengthen civic participation. For example, in Georgia, a training portal has been created specifically aimed at the local community, where anyone can get acquainted with the basics, principles, mechanisms and forms of local self-government.

One of the promising steps to increase the effectiveness of maslikhats at all levels may be the introduction of a unified set of indicators for evaluating the activities of maslikhats. In some maslikhats of Kazakhstan, for example, in the city of Kokshetau, there is already such a positive practice as measuring the effectiveness of individual work of maslikhat deputies. At the same time, a single scale of effectiveness for the country – no longer individuals, but structures – could become a real tool for highlighting problematic issues of local self-government everywhere and contribute to the adoption of constructive measures to develop local self-government in Kazakhstan.

An analysis of some proven and dynamic measurement indicators has revealed two conditional groups of indices for evaluating the work of local self-government. Depending on the purpose, they can be external or internal.

External – assessment of the activities of local self-government bodies through indicators of activity, types of activities, transparency, accessibility, and analysis of public data.

Internal indicators are the satisfaction of the population with their representatives, an assessment of their activities in specific areas.

Examples of two such indexes are LSGI (Local Self-Government Index), created by several analytical structures in Georgia for the national assessment of Georgian municipalities, and LGPI (The Local Governance Performance Index), developed by the World Bank.

The first LSGI index contains 107 specific measurable criteria for 3 blocks and 17 sub-blocks. Its indicators cover the field of representation of the activities of local self-government bodies that manage cities or a set of settlements. Almost all of these criteria can be applied to Kazakhstan's realities: assessment of openness and transparency, proactive publication of socially significant information, electronic support, promotion of citizen participation and accountability of municipalities representing local government.

The second LGPI index, which identifies the assessment of local self-government from a civilian perspective "from the inside", taking into account the personal experience of respondents, is aimed at creating a map of the institutional shortcomings and advantages of the self-government system, identifying priority reforms at the country and local levels. Its modules: 1) education; 2) health; 3) physical safety and dispute resolution; 4) social assistance and social security; 5) ties between citizens and the state and corruption; 6) social components (formal/informal ties, institutions of influence, etc.) and culture.

That is, the second index allows us to take into account not only the interests of the population and their expectations, but also to form an image of the socio-cultural characteristics of a particular community – for example, the initial expectation of nepotism in the field.

These indexes are not necessary for full implementation in Kazakhstan's realities, but they fully meet the goals of local self-government development, outlining the trajectories of efficiency. Analyzing the current situation of local self-government in this vein and developing its own methodology and set of indicators should be the next step towards strengthening local self-government in the country by intensifying public engagement and increasing confidence in the activities of deputies, respectively, decentralizing power.

The implementation of the Concept involves the phased implementation of reforms aimed at strengthening the institutional and economic foundations of local government. The following results are expected to be achieved by 2025:

- Increasing the share of local budgets in the total volume of government expenditures.
- Increasing the transparency and accountability of local governments to the public.
- Strengthening cooperation between government agencies and civil society.

The successful implementation of the Concept requires joint efforts by government agencies, local communities and civil society aimed at creating an effective and transparent system of local government that meets modern requirements and international standards.

These recommendations are aimed at improving the efficiency and adaptability of the local government system in Kazakhstan. They are based on the best international practices and can contribute to the creation of a more flexible and inclusive system that better meets the needs of the population and contributes to the sustainable development of the regions.

In general, successful foreign models of local government are based on the principles of decentralization, digitalization, transparency and public engagement. These principles make it possible not only to increase the efficiency and efficiency of local government, but also to create conditions for the active participation of citizens in the life of their communities. The use of these approaches can be useful for modernizing the local government system, providing more effective and needs-oriented management.

Modernization of the local government system in the Republic of Kazakhstan is a key step towards improving the efficiency of public administration and improving the quality of life of the population. The study revealed a number of problems that require immediate solutions. In particular, the high financial dependence of the regions on the national budget significantly limits their independence and opportunities for the implementation of long-term projects. More than 70% of regional revenues are transfers, which reduces the ability of local authorities to effectively plan and implement their initiatives. At the same time, successful examples such as the Turkestan and East Kazakhstan regions show that active resource mobilization at the local level can become a model for other regions.

Another important problem is the low involvement of the population in the decision-making process. The lack of transparent mechanisms of interaction between authorities and citizens limits the trust of the population and leads to insufficient activity of local communities. International experience, such as Finland and Japan, highlights the need for citizen engagement through electronic platforms, public discussions, and advisory boards. This allows us to take into account the opinion of the population and increase the legitimacy of decisions made.

Digitalization of management processes remains at a low level, which complicates effective interaction with citizens and limits the transparency of the work of local authorities. The example of Estonia and Singapore shows that the introduction of e-governance can significantly increase transparency, reduce corruption risks and improve the quality of services provided. The introduction of a single digital platform for project management and interaction with citizens would be an important step towards achieving these goals.

The lack of qualified personnel in local authorities is also a serious obstacle to the successful implementation of programs. This is especially noticeable in rural areas, where many akimats face a shortage of specialists, which reduces the effectiveness of their work. The development of educational programs and advanced training courses for local government officials is a necessary measure.

The effectiveness of the current project management system leaves much to be desired. Despite the fact that 98% of projects are implemented locally, many of them face delays at the planning and execution stages. The proposal to introduce the intelligent Akimats Project Management platform is aimed at automating processes and improving transparency. This will reduce administrative costs, reduce errors, and speed up project implementation.

It is expected that the implementation of the proposed reforms will increase the financial autonomy of the regions, improve interaction between government agencies and the population, and strengthen citizens' trust in local authorities. These changes are aimed at creating an effective local government system that will meet modern requirements and contribute to the sustainable development of the regions. Thus, the modernization of the local government system should become not just an adjustment of existing mechanisms, but a full-fledged reform based on the best international practices and taking into account the specifics of Kazakhstan.

The financial dependence of local authorities on the centralized budget is one of the key problems of the functioning of the local government system in the Republic of Kazakhstan. The high degree of subsidized dependence of regions leads to a number of institutional and administrative restrictions that significantly reduce their independence in decision-making and limit the possibilities of sustainable socio-economic development.

First of all, the dependence of local budgets on revenues from the national treasury limits the flexibility of local authorities in planning and implementing priority programs. Regional administrations are forced to focus not on local needs, but on centrally established areas of financing, which reduces the adaptability of management. As a result, there is an imbalance between the actual needs of the population and the capacity of local authorities to meet them.

In addition, significant dependence on transfers slows down the decision-making process. The complexity and length of the procedure for coordinating budget allocations with central authorities complicate the budget planning process, which can negatively affect the efficiency of the implementation of infrastructure and social projects. This is especially important in cases where an emergency reallocation of funds is required to eliminate the consequences of emergency situations or respond to economic challenges.

Another negative consequence of financial dependence is the weakening of the motivation of local authorities to independently generate sources of income. Regional administrations, realizing that a significant part of their budget is formed by subsidies, may be passive in matters of tax administration, attracting investments and developing entrepreneurial activity. In the long term, this creates a vicious circle: the regions continue to experience financial difficulties and require increased transfer volumes, which hinders the process of decentralization and increased managerial efficiency.

To assess the degree of financial autonomy of local authorities in Kazakhstan, it is advisable to conduct a comparative analysis with the models of decentralized states such as Sweden and Germany, where municipalities have much greater independence in budget regulation, which allows them to manage their resources more effectively.

Sweden is a classic example of a country with a high degree of financial decentralization. According to the legislation, local authorities have the right to independently determine the level of municipal personal income tax, which is the main source of financing for municipalities and accounts for about 70% of their income. In addition, local governments may levy taxes on real estate, business activities, and other economic activities. This approach provides municipalities with the opportunity to independently form budgets and determine priority spending directions.

In Germany, the system of financial regulation of local budgets is based on the principle of "financial equalization" (Finanzausgleich), in which regions and municipalities receive a significant share of tax revenues. In particular, municipalities receive a portion of the personal income tax (about 15%), a share of the corporate income tax, and also have the right to set their own taxes and fees. The share of local revenues in the structure of municipal budgets exceeds 50%, which ensures a high level of financial autonomy and independence in decision-making.

Unlike Sweden and Germany, Kazakhstan is characterized by a low level of financial independence of local authorities. On average, the share of transfers in regional budget revenues is 70-80%, and own tax revenues are generated primarily through income tax and property payments. Local authorities have practically no tools for independent tax regulation, which significantly limits their ability to form a stable financial base.

Thus, the key differences between the financial systems of Kazakhstan, Sweden and Germany can be summarized in the following aspects:

1. Limited tax powers of the regions. In Kazakhstan, local authorities do not have the right to set their own taxes, which makes them dependent on the national budget.
2. High percentage of transfers. Kazakhstan's regions are largely funded by centralized allocations, whereas in Sweden and Germany, most of the budget is generated by local taxes.
3. Weak tax base. In developed countries, local budgets are replenished by personal income tax, income tax, as well as various local taxes and excise taxes, while in Kazakhstan the tax base of the regions remains limited.

To increase the financial independence of local authorities in Kazakhstan, it is necessary to implement a set of measures aimed at expanding sources of income and increasing the independence of regions in the budget process.:

1. Introduction of municipal taxes and fees. One of the most effective tools for increasing financial autonomy is to grant local governments the right to impose additional taxes. For example, Kazakhstan may consider introducing a municipal tax on commercial real estate, a tax on tourism activities, or environmental fees. Such measures will allow the regions to generate additional sources of income without increasing the burden on the general state budget.
2. Optimization of inter-budget transfers. The current system of inter-budgetary relations requires revision in order to reduce the dependence of regions on subsidies. One possible solution is to introduce a mechanism for phasing down transfers for financially stable regions, which will encourage them to actively develop their own revenue base.
3. Expanding the practice of public-private partnership (PPP). In conditions of limited budget resources, one of the promising areas is to attract private capital to finance infrastructure and social projects. A number of successful PPP initiatives are already being implemented in Kazakhstan, but further simplification of legislative procedures and creation of more attractive conditions for investors are required.
4. Modernization of the tax administration system. To increase tax collection at the local level, it is necessary to introduce modern digital technologies in tax administration. This will reduce the level of tax violations and increase the transparency of the budget process.
5. Diversification of income sources. Local authorities should actively develop alternative sources of financing, such as issuing municipal bonds, attracting grants from international organizations, as well as programs to attract investors within the framework of strategic cluster initiatives.
6. Development of the investment attractiveness of the regions. To ensure long-term financial stability, it is necessary to create favorable business conditions, which will lead to an increase in tax revenues. An important step in this direction is the development of regional strategies to support entrepreneurship, stimulate innovative projects and develop industrial zones.

The implementation of these measures will strengthen the financial independence of local authorities in Kazakhstan, reduce their dependence on the national budget and improve the effectiveness of governance at the regional level.

The involvement of citizens in the governance process is a key factor in increasing the effectiveness of local government, strengthening the social responsibility of state institutions and building public confidence in government. In the context of digitalization and widespread use of electronic services, civic participation in management processes can be significantly expanded through the introduction of innovative tools such as electronic platforms, participatory budgeting mechanisms and digital feedback systems.

International experience shows that increasing the level of civic participation in governance contributes to:

- Increasing transparency in the activities of government agencies;
- Reducing corruption through public oversight;
- More accurate consideration of the needs of the population in budget planning and implementation of infrastructure projects;
- Strengthening social cohesion and increasing the level of trust in government.

In Kazakhstan, the involvement of citizens in governance remains at a relatively low level, due to a number of factors, including the lack of development of digital platforms, limited awareness of public participation opportunities, as well as the weak influence of citizens on budget planning and decision-making. In this context, the analysis of successful international practices and the development of tools adapted to Kazakhstan's realities are urgent tasks.

Modern digital technologies significantly simplify the processes of interaction between the population and government agencies, providing citizens with the opportunity to vote for initiatives, propose projects and promptly receive information about the activities of local authorities. This section examines the most effective digital tools that promote the active involvement of citizens in governance processes.

One of the key areas is the development of online platforms for public consultations that allow citizens to:

- Participate in the discussion of topical issues of socio-economic development of the region;
- Take initiatives to modernize urban infrastructure;
- Vote for priority projects that affect the quality of life of the population.

An example of the successful application of such a tool is the British Citizen Space platform, which provides the opportunity to conduct public consultations in digital format. In Kazakhstan, it is advisable to create a similar resource based on the existing e-Otinish system with expanded functions, including rating voting and an online petition mechanism.

The transparency of the activities of local authorities largely depends on the regular reporting of budget expenditures, the implementation of government programs and the results achieved. In countries such as Germany and Sweden, there are electronic platforms where municipal administrations publish real-time budget spending data. The introduction of a similar system in Kazakhstan will allow citizens to exercise public control over the effectiveness of the use of public resources.

The development of mobile technologies opens up new perspectives for civic participation in governance. In particular, the Decidim application is successfully operating in Barcelona, which allows citizens to propose initiatives, vote for projects and monitor the process of their implementation. In Kazakhstan, the creation of a similar application will provide convenient public access to government services, including the ability to file complaints, suggestions, and participate in public discussions.

The use of blockchain technologies and digital identification opens up prospects for online voting and electronic referendums. The i-Voting system is successfully operating in Estonia, allowing citizens to participate in elections in digital format using electronic identity cards. The introduction of a similar system in Kazakhstan can increase the level of civic engagement, especially in remote regions.

Participatory budgeting is a process in which citizens have the opportunity to directly participate in the allocation of a portion of the local budget, putting forward initiatives and voting for the most priority projects. This mechanism is widely used in various countries and demonstrates high efficiency.

- Brazil (Porto Alegre) - about 20% of the city budget is allocated to projects proposed by citizens, which contributed to the improvement of urban infrastructure and the social climate.
- France (Paris) – about 5% of the city's budget is allocated annually to citizens' initiatives, and voting for projects is carried out through a specialized online platform.
- Poland (Krakow, Lodz) – the introduction of participatory budgeting at the municipal level has increased the transparency of budget planning.

In Kazakhstan, the practice of participatory budgeting has not yet become widespread, but it has significant potential. For its effective implementation, it is necessary:

- To fix at the legislative level the mandatory allocation of a certain percentage of the local budget for citizens' initiatives;
- Create an online platform for collecting and voting for public projects;
- Develop monitoring and reporting mechanisms for ongoing projects.

The experience of leading countries demonstrates the effectiveness of digital solutions in the process of citizen engagement. The most successful examples include:

- Estonia (X-Road) is a national digital platform that integrates all state and municipal services. Kazakhstan can adapt X-Road by creating a single database for information exchange between government agencies and the public.
- Finland (Otakantaa) is an online platform that allows citizens to participate in the development of draft laws and initiatives.

Singapore (OneService App) is a mobile application for submitting requests to municipal services and monitoring their execution.

Active civic participation contributes to:

- Reducing corruption through public control;
- Building trust in government institutions;
- Prompt resolution of local problems;
- Improving the quality of public services provided.

To increase the level of citizen involvement in governance processes in Kazakhstan, it is necessary to introduce modern digital tools such as the national public participation platform, electronic public consultation system, participatory budgeting and mobile applications for interaction with government authorities. These initiatives are aimed at strengthening transparency, accountability and efficiency of public administration, as well as at building a more active civil society.

However, the success of such reforms largely depends on an understanding of the motives and interests of all participants in the political process. In this context, the theory of public choice plays an important role, which considers public administration through the prism of economic rationality. She proceeds from the fact that civil servants, politicians and voters make decisions based not only on public interests, but also on personal incentives, which has an impact on the implementation of decentralization, the development of local self-government and mechanisms for involving citizens in governance.

The theory of public choice interprets political processes from the point of view of the economic rationality of their participants, based on the assumption that civil servants, representatives of the political elite and voters are guided primarily by personal interests, and not solely by the desire to achieve the public good. Within the framework of this theory, the key provisions explaining the specifics of the functioning of public administration are highlighted. The bureaucratic apparatus, seeking to increase the budget and expand its powers, often hinders the implementation of reforms aimed at decentralizing power. Political leaders, focusing on short-term benefits and electoral cycles, are usually not ready to implement long-term reforms that require a systematic and consistent approach. The limited awareness of citizens about the mechanisms of public administration weakens their ability to effectively control power, and political lobbying and bureaucratic inertia contribute to the irrational allocation of financial resources.

Applied to Kazakhstan, the theory of public choice makes it possible to identify key factors that make it difficult to reform local self-government. Despite the proclaimed principles of decentralization, the regions retain significant financial dependence on centralized budget transfers, which limits their economic independence. In the context of a rigid vertical of power, local governments face administrative restrictions that force them to act within the framework of centralized directives. Limited political competition, expressed in the low level of competitiveness in elections to maslikhats, reduces the incentives to increase accountability and management efficiency. An additional complication is created by information asymmetry, in which citizens often do not have sufficient information about budget processes, which prevents their active participation in local government.

Comprehensive reforms are needed to overcome these problems and improve the effectiveness of local government. The key direction is to expand the tax powers of local authorities, which will allow regions to increase their level of financial autonomy and reduce their dependence on centralized transfers. Ensuring transparency of budget processes is also becoming an important factor, which can be implemented through the introduction of digital platforms that provide citizens with access to information on the formation and expenditure of budget funds. In addition, it is necessary to stimulate political competition by reducing barriers to the participation of independent candidates in elections, which, in turn, will help strengthen accountability and improve the efficiency of local authorities.

The concept of governance with public participation is based on the principle of direct citizen involvement in the decision-making process. Unlike traditional models of public administration, where the leading role belongs to state institutions, this approach involves cooperation between authorities, the business community and civil society. It aims to create mechanisms that allow the population to have a real impact on the development and implementation of political decisions, thereby contributing to their legitimacy and effectiveness.

Among the key management tools with public participation, participatory budgeting occupies an important place, providing citizens with the opportunity to participate in the allocation of budget funds and determine priority areas of financing. Civic consultations play an essential role, creating platforms for discussing socially significant issues and conducting surveys before making managerial decisions. The practice of open data, which provides public access to information about the work of local authorities, contributes to increasing transparency of government activities. In addition, public councils are of significant importance, which are decentralized structures that involve citizens in the governance process and allow their opinions to be taken into account when developing policy initiatives.

In Kazakhstan, the level of citizen involvement in governance processes remains limited for a number of reasons. One of the main factors is the lack of development of participatory budgeting mechanisms, which reduces the degree of public participation in decision-making on the allocation of financial resources. A significant obstacle also remains the low level of digitalization, which limits the ability to submit proposals and hold votes on civil initiatives. In addition, public distrust of state institutions hinders the active participation of society in management processes, which creates additional barriers to effective interaction between the state and citizens.

International experience demonstrates a number of successful practices that contribute to strengthening public participation in governance. In Brazil, participatory budgeting is actively used, which allows citizens to directly allocate budget funds in accordance with the priority needs of local communities. Finland has developed digital platforms that simplify the submission of civil initiatives and ensure direct interaction of the population with the authorities. Estonia has implemented the X-Road system, which guarantees transparency of data and the possibility of electronic interaction between citizens and government agencies, which has significantly increased the level of openness of management.

To increase public engagement in governance processes in Kazakhstan, it is necessary to develop and implement a set of measures aimed at creating effective tools for civic participation. An important step will be the creation of a national platform for public petitions and voting, which will provide citizens with the opportunity to influence decision-making processes. An additional mechanism may be the creation of a digital register of public initiatives with open access, allowing the public to propose and support various projects. The introduction of participatory budgeting in large cities of Kazakhstan will also be a significant step towards increasing citizen participation in governance, giving them the opportunity to directly influence the allocation of municipal budgets and the implementation of socially significant projects.

New institutionalism is a theoretical approach that analyzes the impact of both formal and informal institutions on public administration processes. Special attention in this area is paid to the importance of historically established norms, traditions and cultural attitudes that influence the functioning of administrative systems and political institutions.

One of the key provisions of the new institutionalism is the assertion that institutions shape the behavior of political and administrative actors, which can lead to a slowdown or difficulty in implementing reforms, even if they are officially adopted. Informal mechanisms such as corruption, clientelism and paternalism play a significant role, which reduce the effectiveness of decentralization and hinder the development of local self-government. An important aspect is also the historical predestination of changes, since the success of reforms largely depends on previous political experience and established management traditions.

In the context of Kazakhstan, the theory of new institutionalism explains a number of structural problems that hinder the full implementation of decentralization. Despite the existence of formal institutions of local self-government, such as maslikhats, their functioning is often nominal, and key management decisions continue to be made within a centralized system of government. This creates the phenomenon of an "institutional void" in which legislative norms exist but are not actually applied. One of the manifestations of this problem is formal decentralization without a real transfer of powers, as a result of which the regions remain dependent on the decisions of central authorities. Additional difficulties are created by the informal redistribution of resources, which reduces the effectiveness of budget management and increases the risks of corrupt practices. In addition, the paternalistic expectations of the population, focused on the intervention of the central government in solving local problems, also hinder the development of regional independence.

To overcome these problems and improve the effectiveness of local government, it is necessary to conduct an institutional audit of local authorities in order to identify the real scope of their powers and responsibilities. An essential area of reform should be the introduction of transparent mechanisms for allocating budget funds and anti-corruption tools, which will improve the efficiency of public administration. The development of civic engagement through educational programs and initiatives aimed at fostering a culture of self-management and reducing paternalistic attitudes among the population also plays an important role.

The analysis of the current situation highlights the need for an integrated approach to reforming the local government system in Kazakhstan. Among the priorities should be highlighted the strengthening of financial and administrative autonomy of the regions, the intensification of civic participation in governance processes, the introduction of modern digital technologies to increase transparency and efficiency of municipal structures, as well as the systemic reform of the institutional environment, taking into account national political traditions and international experience.

Modern digital technologies not only contribute to improving the efficiency of governance, but can also contribute to the redistribution of power in favor of local governments and civil society institutions.

In Kazakhstan, local governments remain dependent on the centralized allocation of financial resources and administrative control over public services. The introduction of digital solutions helps automate budget processes and simplifies the management of local taxes and expenses. The use of blockchain technologies and digital reporting platforms reduces the influence of central structures on the allocation of budget funds.

The development of decentralized digital solutions (for example, municipal management platforms, electronic registries) provides regions with the opportunity to more effectively administer housing and communal services, social support, and local taxation. The use of artificial intelligence (AI) to predict municipal budget revenues can contribute to their financial stability.

One of the main challenges of decentralization in Kazakhstan is the lack of transparency of budget administration and corruption risks. Modern digital tools can significantly increase the level of openness and accountability of local authorities.

In Kazakhstan, it is advisable to introduce mandatory online publication of all municipal expenses and the development of digital control mechanisms by public organizations.

The use of blockchain will ensure the immutability of data on budget transactions, excluding the possibility of their adjustment, which will increase public confidence in local governments.

Digital technologies not only ensure transparency of governance, but also create mechanisms for more active citizen participation in decision-making at the local level.

Citizens can participate in the budget planning process through online voting for priority projects. Examples:

1. Brazil – digital platforms that allow citizens to vote for the allocation of municipal budgets.
2. Poland (Warszawa Participatory Budget) is a system that provides the opportunity to put forward initiatives and monitor their implementation.

In Kazakhstan, it is possible to introduce the national platform "Electronic Akimat", which allows citizens to propose projects and participate in their financing.

The development of chatbots for processing civil appeals and digital platforms for tracking urban infrastructure problems (for example, complaints about housing and communal services and road conditions). Examples:

FixMyStreet (UK) is a system that allows citizens to report problems of the urban environment by automatically sending requests to municipal services.

It is advisable for Kazakhstan to introduce similar digital feedback platforms for the rapid response of government agencies to citizens' requests.

Despite the potential of digital technologies in matters of decentralization, there is a possibility that they can be used to strengthen the control of central authorities over the regions.

If the main digital platforms are exclusively under the control of central authorities, this may lead to increased monitoring of the activities of regional administrations. To minimize such risks, it is important to transfer the management of regional digital portals to the akimats' level.

In some regions of Kazakhstan, there is an insufficient level of digital literacy, which limits citizens' access to electronic services and reduces their involvement in management. In this regard, it is necessary to develop digital learning programs, especially for the rural population.

Digitalization of local government is not only a tool for increasing administrative efficiency, but also a powerful factor in decentralization, strengthening accountability of government structures and active civic participation. However, for the successful implementation of digital initiatives, it is important to take into account not only their potential, but also the possible risks of excessive centralization of power. An optimal balance can be achieved through the development of autonomous digital services at the local level, the introduction of transparent control mechanisms and the expansion of digital education programs for citizens.

An analysis of the existing scientific literature confirms that the issues of modernization of local self-government are the subject of active study. In particular, Saule Emrich-Bakenova's research is devoted to the evolutionary transition of Kazakhstan from a centralized Soviet management model to a more decentralized approach. However, the author

focuses on the lack of financial independence of local authorities and the low level of citizen engagement. These conclusions are confirmed in our study, which also revealed a significant dependence of local budgets on centralized transfers.

Komarevtseva's [2] work focuses on the study of the decentralization process, taking into account regional peculiarities. The author's main recommendations are aimed at reducing financial dependence on the center and strengthening the role of local communities in the decision-making process. Our research confirms these provisions and, in addition, suggests specific mechanisms for their implementation, including the introduction of digital platforms for interaction with the public and proactive budgeting.

In our study, special attention is paid to the prospects for the modernization of local government in Kazakhstan, with the main focus on the introduction of innovative technologies. Our research complements this approach by developing the concept of the intelligent platform "Smart Project Management of Akimats", which provides automation of management processes and increased transparency of decisions.

Financial independence of the regions: Unlike previous studies, our study suggests specific measures to increase financial autonomy, including the redistribution of tax revenues, attracting investments and the development of alternative sources of financing.

Citizen engagement: Although most previous works emphasize the importance of civic engagement, detailed consideration of specific mechanisms for its implementation is rare. Our research suggests digital platforms for online voting, public discussions, and proactive budgeting.

Digitalization of management: Our research develops the ideas of Castelnovo & Sorrentino (2023) [36] in the field of digital management, adapting them to the Kazakh context by creating a single digital platform for monitoring and project management.

Comparative analysis of international experience: Unlike the Setyowati (2017) [39] study, which is limited to the Indonesian context, our study examines the practices of Sweden, Germany, Estonia, Singapore and Finland, suggesting the adaptation of their strategies to the conditions of Kazakhstan.

Evaluating the effectiveness of programs: As opposed to the work of S. Kucherenko & V. Riznyk, our research analyzes in detail the mechanisms for evaluating the effectiveness of decentralization, suggesting the development of an index system for evaluating the activities of local governments.

The present study fills in the gaps in existing literature by offering a comprehensive approach to the modernization of local government, which includes:

- Strengthening the financial autonomy of the regions;
- Enhancing civic engagement through digital platforms;
- Development of e-governance and ensuring transparency of administrative processes;
- Adapting the best international practices;
- Creation of tools for evaluating the effectiveness of implemented programs.

The implementation of the proposed measures can significantly increase the effectiveness of local government in Kazakhstan, improve the quality of services provided and strengthen citizens' trust in government institutions.

4- Conclusion

Modernization of the local government system in Kazakhstan is necessary to increase the efficiency of management, improve the quality of services and sustainable development of the regions. The study revealed the main problems: financial dependence on the center, insufficient decentralization, weak citizen engagement, inefficient allocation of budget funds and a low level of digitalization. These factors hinder the development of the regions and reduce public confidence in the government. Financial dependence limits the independence of local authorities, making it difficult to implement long-term projects. Insufficient decentralization exacerbates the situation, especially in rural areas, where local authorities lack real authority. Citizens are poorly involved in management processes, which makes it difficult to take into account their real needs. Priority financing of the social sphere (education, healthcare) reduces investments in infrastructure, transport and industry, which slows down economic growth. Digitalization of government is developing slowly, complicating the interaction of citizens with the authorities and reducing the efficiency of decision-making. To solve these problems, it is necessary to strengthen the financial independence of the regions, transfer additional powers to local authorities and introduce digital mechanisms for civic participation. The acceleration of digitalization will increase the transparency of management, reduce bureaucracy and corruption risks. The introduction of mandatory reporting will increase the accountability of authorities to society. Investments in infrastructure, transport and environmental projects will make the regions more attractive for business and improve the quality of life. The development of human resources through educational programs will enhance the competence of local authorities. Thus, an integrated approach to local government reform will ensure sustainable development, strengthen citizens' trust in state institutions and improve the standard of living of the population.

5- Declarations

5-1-Author Contributions

Conceptualization, A.A. and M.K.; methodology, A.A.; software, A.A.; validation, A.A., M.K., and S.Y.; formal analysis, A.A.; investigation, A.A.; resources, A.A.; data curation, A.A.; writing—original draft preparation, A.A.; writing—review and editing, M.K.; visualization, A.A.; supervision, S.Y.; project administration, S.Y.; funding acquisition, M.K. All authors have read and agreed to the published version of the manuscript.

5-2-Data Availability Statement

The data used in this study were derived from publicly available sources, including official reports, statistical bulletins, and international case studies.

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5-5-Institutional Review Board Statement

Not applicable.

5-6-Informed Consent Statement

Not applicable.

5-7-Conflicts of Interest

The authors declare that there is no conflict of interest regarding the publication of this manuscript. In addition, the ethical issues, including plagiarism, informed consent, misconduct, data fabrication and/or falsification, double publication and/or submission, and redundancies have been completely observed by the authors.

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Appendix I: Survey for Government Employees

1. What types of public-private partnership projects have been implemented or are planned to be implemented in your department?
 - Infrastructure projects (roads, bridges, airports, etc.)
 - Social projects (healthcare, education, social services, etc.)
 - Energy and environmental projects (energy, water supply, waste treatment, etc.)
 - Innovative projects (development of new technologies, digitalization, etc.)
2. What are the main goals and objectives that your department sets for public-private partnership projects?
 - Infrastructure development (roads, bridges, transport network, etc.)
 - Social security (healthcare, education, social housing, etc.)
 - Environmental sustainability and environmental protection
 - Economic growth and investment attraction
 - Innovative development and technological projects
3. What methods and tools do you use to manage projects within the framework of a public-private partnership?
 - Project management methodology (e.g. PMBOK, PRINCE2, etc.)
 - Project management software (e.g. MS Project, Jira, etc.)
 - Project monitoring and evaluation systems (e.g. KPI, SCORECARD balance, etc.)
4. What challenges and problems do you face when implementing public-private partnership projects, and how are they solved?
 - Financial constraints
 - Legal difficulties
 - Political factors
 - Lack of professional staff
5. What criteria and success indicators are used when evaluating public-private partnership projects?
 - Financial instruments (subsidies, grants, preferential loans, etc.)
 - Tax and import/export benefits
 - Regulation and government support
 - Assistance in finding private investors
6. What impact do public-private partnership projects have on the economic and social development of a region or a country?
 - Promoting economic growth and increasing GDP
 - Improving infrastructure and living conditions of the population
 - Creating new jobs and reducing unemployment
 - Stimulating innovation and development of small and medium-sized businesses
7. Evaluate the effectiveness of cooperation with private partners in the framework of public-private partnership
 - Very effective
 - Effective enough
 - Rather inefficient
 - Completely ineffective
 - I find it difficult to answer
8. What additional resources or support would your department benefit from for the more successful implementation of public-private partnership projects?
 - Additional financing and investments
 - Staff training and development
 - Simplification of legal procedures and acceleration of resolution of issues
 - Partnership with international organizations and foundations

Appendix II: Questionnaire for Entrepreneurs

1. What types of public-private partnership projects have you participated in or plan to participate in?
 - Infrastructure projects (roads, bridges, airports, etc.)
 - Social projects (healthcare, education, social services, etc.)
 - Energy and environmental projects (energy, water supply, waste treatment, etc.)
 - Innovative projects (development of new technologies, digitalization, etc.)
2. What are the main reasons for your company's participation in public-private partnership projects?
 - Development of new markets and opportunities
 - Access to government resources and infrastructure
 - Cooperation with government agencies to solve public problems
 - Improving business reputation and public perception
3. What challenges and problems do you face when participating in public-private partnership projects?
 - Bureaucratic difficulties and limitations
 - Unpredictability of government policy and legislation
 - Financial risks and instability
 - Difficulties in partnership with government agencies and organizations
4. How do you assess the effectiveness of public-private partnership project management?
 - High efficiency, projects successfully achieve their goals
 - Moderate efficiency, there are problems, but they can be solved.
 - Low efficiency, projects are often delayed or do not achieve their goals
 - I find it difficult to answer
5. What changes in legislation or practice of public-private partnership do you consider most necessary to improve the business environment?
 - Simplification of procedures and reduction of bureaucracy
 - Increasing transparency and predictability of government actions
 - Creating incentives and benefits for private investors
 - Development of dispute resolution mechanisms and protection of business rights
6. How do you assess the role of the state in supporting business through public-private partnership projects?
 - Positively, the government creates favorable conditions for business development
 - Neutrally, some initiatives are useful, but there is room for improvement
 - Negatively, government actions limit business development
 - I find it difficult to answer
7. What types of risks do you consider the most significant when participating in public-private partnership projects?
 - Financial risks (market instability, changes in exchange rates, etc.)
 - Political risks (changes in legislation, unpredictability of the political situation, etc.)
 - Technical risks (insufficient qualifications of personnel, technical failures, etc.)
 - Strategic risks (failed partnerships, conflicts of interest, etc.)
8. What mechanisms of government support and incentives do you consider the most effective for attracting businesses to participate in PPP projects?
 - Financial incentives (benefits, subsidies, etc.)
 - Simplification of procedures and reduction of bureaucracy
 - Guarantees of investment security and risk minimization
 - Infrastructure development and creation of a favorable business environment
9. How do you assess the general policy of the state in the field of public-private partnership?
 - Positively, the state effectively supports the development of partnership
 - Neutrally, there are positive and negative aspects
 - Negatively, government policy is not conducive to business development
 - I find it difficult to answer