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Addressing Regional Disparities and Enhancing Efficiency in Kazakhstan's Budget System

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Abstract. Kazakhstan's financial system is instrumental in advancing the nation's economic development, yet ongoing structural and policy-related obstacles continue to impede its overall efficiency. This study investigates the key elements of Kazakhstan's financial mechanisms—namely state budget allocations, inter-budgetary relations, tax policies, and transfer mechanisms—to propose targeted strategies for improving their functionality. The findings indicate a distinct trend toward performance-oriented budgeting, marked by increasing investment in social services and infrastructure. However, the comparatively limited support for economic diversification raises concerns about the country's long-term resilience. In addition, pronounced regional disparities underscore the necessity of allocating resources more equitably to foster balanced socio-economic development. While tax incentives aimed at supporting small and medium-sized enterprises have yielded some positive outcomes, the tax base remains disproportionately dependent on the oil and gas sector, leaving Kazakhstan susceptible to external market fluctuations. Transfer mechanisms have contributed to reducing poverty rates, yet their effectiveness is undermined by shortcomings in targeting and sustainability. Comparative analyses of neighboring countries point to significant opportunities for adopting best practices in areas such as budget transparency, SME promotion, and financial market reform. The study concludes by recommending that Kazakhstan reprioritize its budget to emphasize economic diversification, address regional funding inequities, broaden its tax base, and enhance social transfer efficiency. Taken together, these measures can strengthen the nation's financial system, mitigate external risks, and support Kazakhstan's objectives for sustainable growth and economic diversification.

Keywords: Kazakhstan's financial system, efficiency enhancement, state budget allocation, economic diversification, regional disparities, tax policy, transfer mechanisms

Introduction

A country's financial system is fundamental to its economic stability, growth, and capacity to manage both domestic and international pressures. For Kazakhstan – a resource-rich nation strategically located between Europe and Asia – significant achievements in economic development since independence are evident. Yet the country still confronts persistent barriers to optimizing its financial mechanisms, particularly in ensuring sustainable growth and reducing reliance on the oil and gas sector.

Kazakhstan's financial system comprises various interconnected elements, including state budget allocations, inter-budgetary relations, tax policies, and transfer mechanisms. Together, these components shape how public resources are allocated, the quality of public services, and the general economic well-being of citizens. Although government-led reforms have targeted improvements in fiscal governance and transparency, challenges such as regional developmental imbalances, dependence on volatile global commodity markets, and inefficiencies in social spending highlight areas that require urgent policy attention.

The salience of this topic is underscored by global economic shifts that call for resilient economies, capable of weathering external shocks. For Kazakhstan, bolstering economic diversification, encouraging equitable regional development, and formulating efficient fiscal policies are key to mitigating vulnerabilities and promoting sustained progress. By identifying and addressing structural inefficiencies, the country stands to reinforce its economic stability and meet its long-term strategic targets, including those set forth in the "Kazakhstan-2050" Strategy.

This study contributes to the existing literature by providing an in-depth examination of Kazakhstan's financial system mechanisms. It specifically assesses the effectiveness of state budget allocations, inter-budgetary arrangements, tax structures, and transfer modalities, while proposing strategies to enhance their efficiency. To frame the investigation, the study draws on theoretical foundations such as state-centric financial system theory and systemic efficiency and financial mechanism theory, offering a structured approach to both analysis and policy recommendations.

By evaluating these elements collectively, the study addresses the urgent need for a well-coordinated plan to optimize Kazakhstan's financial system. It also furnishes actionable insights for policymakers to implement reforms conducive to more equitable resource distribution, an expanded and diversified economic base, and better socio-economic outcomes across the country.

Literature Review

Enhancing the efficiency of Kazakhstan's financial system mechanisms is a multifaceted challenge that has garnered significant attention in recent academic discourse. This literature review synthesizes recent studies that explore various dimensions of Kazakhstan's financial system, including monetary policy effectiveness, risk management in the banking sector, the influence of international organizations, the impact of local financial markets on economic

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growth, economic diversification, financing high-tech industries, technological advancements in banking, and the implementation of macroprudential policies. Additionally, the presence of regional funding discrepancies—where a limited number of resource-rich or economically advanced regions benefit from larger budget allocations—emerges as a cross-cutting theme that may influence the success or limitations of each reform area. The review aims to identify existing gaps, limitations, and areas for further research to inform strategies for optimizing Kazakhstan's financial mechanisms.

Garifollaevna and Bauirzhanovna analyze the efficacy of Kazakhstan's monetary policy, focusing on the central bank's role in stabilizing the economy through financial transmission mechanisms, particularly the interest rate channel [1]. Their study underscores the challenges faced by the National Bank of Kazakhstan in transmitting policy signals effectively due to structural inefficiencies within the financial system. The authors argue that the underdevelopment of financial markets and limited diversification impede the smooth functioning of monetary policy tools. Where considerable regional funding imbalances exist, these limitations may be further magnified, as peripheral areas receive fewer resources to build local financial infrastructure. They suggest that strengthening financial infrastructure and enhancing market-based instruments are essential for improving policy transmission and overall economic stability.

This study highlights a critical gap in the effective implementation of monetary policy in Kazakhstan. While the central bank possesses traditional tools for economic stabilization, the inefficiencies in financial markets limit their impact. Addressing these structural issues is crucial for enhancing the efficiency of monetary mechanisms within the country's financial system—especially in less-developed regions where limited institutional capacity can hinder uniform policy effectiveness.

Buzaubayeva et al. explore strategies for improving financial performance and risk management in Kazakhstan's banking sector [2]. Their research emphasizes the importance of robust risk management frameworks to stabilize the banking sector amid economic volatility. The authors identify weaknesses in credit risk assessment, operational risk management, and regulatory compliance as significant factors contributing to financial instability. They recommend implementing advanced risk assessment models, enhancing regulatory oversight, and fostering a risk-aware culture within banking institutions. Such measures can also help address uneven risk exposures across regions, where rural or newly established areas may exhibit distinct vulnerability profiles.

The study reveals that despite previous reforms, Kazakhstan's banking sector remains vulnerable to internal and external shocks due to inadequate risk management practices. This vulnerability presents an opportunity to enhance the efficiency of financial mechanisms by strengthening risk management and regulatory frameworks, which is essential for the resilience of the financial system. Moreover, narrowing the gap in regional financial services provision could reduce concentration risks and improve systemic stability.

Amonboev examines the role of international organizations in fostering financial development in Kazakhstan and Uzbekistan [3]. The study discusses how entities like the World Bank and the International Monetary Fund have supported financial infrastructure improvements, increased liquidity, and promoted regulatory reforms. The author notes that international cooperation has

facilitated the adoption of global best practices and provided technical and financial assistance critical for development. In light of uneven funding across regions, such external support may require tailored approaches to ensure that under-resourced areas also benefit from these international programs.

However, the study also points out that reliance on international organizations may lead to policy implementations that are not fully aligned with local economic conditions. This suggests a need for a balanced approach that integrates international expertise with domestic priorities to enhance the efficiency of financial mechanisms effectively. In regions lacking robust administrative capacity, balancing donor-driven recommendations with on-the-ground realities becomes even more critical for ensuring equitable outcomes.

Nichkasova and Nezhinsky investigate the relationship between local financial markets and economic growth in Kazakhstan [4]. Their case study demonstrates that well-developed financial markets contribute significantly to economic expansion by providing necessary capital for investment and facilitating efficient resource allocation. The authors highlight that liquidity constraints and limited access to financing hinder the growth potential of businesses, particularly small and medium-sized enterprises (SMEs). Such constraints can be exacerbated in regions that have lower budgetary allocations or lack the financial infrastructure seen in wealthier areas.

The research indicates a gap in the accessibility and efficiency of financial markets in supporting economic growth. Enhancing market liquidity, diversifying financial instruments, and improving access to capital for SMEs are identified as key strategies for optimizing the financial system's contribution to economic development. Ensuring that provincial and rural locales also receive adequate resources is vital for overcoming the center-periphery divide and enabling broader participation in financial markets.

For instance, Zabortseva focuses on the necessity of diversifying Kazakhstan's economy by reforming its financial structures [5]. The study argues that the country's heavy reliance on the oil and gas sector makes it susceptible to global commodity price fluctuations. Financial reforms aimed at supporting other sectors, such as manufacturing and services, are crucial for sustainable growth. The author suggests that developing alternative financing mechanisms, such as venture capital and private equity, can stimulate investment in non-resource sectors. Regional discrepancies in funding allocations, however, may slow these diversification efforts if certain provinces receive insufficient support to develop local industries.

This research highlights a strategic gap in Kazakhstan's economic planning. By diversifying financial mechanisms and supporting a broader range of industries, the country can reduce its economic vulnerability and promote stability. Financial structural reforms are thus imperative for enhancing the overall efficiency of the financial system. Targeting these reforms to underfunded regions could further strengthen national resilience by distributing economic opportunities more evenly.

In their study, Sadykhanova and Erezhepova address the efficiency of financing mechanisms for high-tech industries in Kazakhstan [6]. They identify significant barriers to financing innovation, including a lack of specialized financial instruments, insufficient government support, and limited investor interest. The authors propose that targeted financial policies,

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such as tax incentives and grants, along with the development of venture capital markets, are essential to foster growth in the high-tech sector. However, if higher-tech initiatives remain concentrated in privileged regions, the national innovation ecosystem may fail to achieve broad-based development or equitable spillovers.

The study points out a critical gap in the financial support for innovation-driven industries, which are vital for economic modernization. Enhancing the efficiency of financial mechanisms to support high-tech industries can contribute to economic diversification and competitiveness. Yet, ensuring such support reaches beyond major cities or oil-rich provinces would likely enhance Kazakhstan's overall capacity for technological advancement and inclusive growth.

Akhmedov and Uzhegova assess whether the implementation of a new management information system (MIS) has improved operational efficiency in Kazakhstan's banking industry [7]. Their findings indicate that the adoption of advanced technology has led to better decision-making processes, reduced operational costs, and improved customer service. However, they also note challenges related to employee training and integration with existing systems. Such hurdles could be even more pronounced in remote or less-resourced areas, widening the digital divide if local institutions cannot invest in these upgrades.

The research suggests that technological innovation is a key driver of efficiency in financial mechanisms. Embracing digital transformation can enhance operational performance, but it requires careful implementation and ongoing support to realize its full benefits. Equitable budgetary provisions for banking technology across regions may therefore be a key factor in ensuring that all parts of the country benefit from advanced financial solutions.

Ybrayev et al. analyze the effectiveness of macroprudential policy tools, specifically the debt service-to-income (DSTI) cap, in Kazakhstan [8]. The study finds that implementing DSTI caps has helped contain household debt levels and reduce systemic risks. The authors emphasize the importance of coordinating macroprudential policies with monetary policy to enhance financial stability. This research underscores the role of regulatory measures in strengthening the financial system. Nevertheless, regional disparities in incomes and lending practices could require nuanced calibration of such tools to avoid disproportionately constraining lower-income provinces.

By addressing systemic vulnerabilities through macroprudential policies, Kazakhstan can enhance the resilience and efficiency of its financial mechanisms. Adjusting these instruments with an eye to regional economic realities may help ensure equitable impacts, preventing certain provinces from bearing an undue regulatory burden due to their lower fiscal base.

Overall, the reviewed literature underscores several critical areas for improving the efficiency of Kazakhstan's financial system mechanisms. Structural inefficiencies—ranging from fragmented financial markets to insufficient risk management—are repeatedly highlighted as key obstacles. Moreover, multiple studies point to the need for stronger regulatory frameworks, broader economic diversification, technological innovation, and tailored fiscal and monetary coordination. Importantly, the increasingly recognized regional funding discrepancies also intersect with each of these focal points: uneven resource distribution can hamper the uniform application of monetary policy, impede balanced growth, and limit the impact of reforms designed to diversify the economy or expand the reach of high-tech industries.

However, the literature reveals several gaps. A lack of studies that holistically integrate monetary policy, fiscal policy, and macroprudential regulations to tackle financial system inefficiencies limits the development of comprehensive policy approaches. While international best practices provide valuable insights, there is a pressing need for strategies tailored specifically to Kazakhstan's unique economic and cultural context. Such context must include resolving regional inequities in funding and infrastructure. Additionally, further research on improving financing mechanisms for small and medium-sized enterprises (SMEs) is essential, given their role in fostering economic growth and diversification. Finally, there is limited research on the long-term impacts of technological adoption in the financial sector, indicating a need for longitudinal studies to understand these effects fully. Addressing these gaps, particularly in underfunded regions, could lead to more robust and inclusive outcomes.

The existing literature provides a foundation for understanding the challenges and potential strategies for enhancing the efficiency of Kazakhstan's financial system mechanisms. By addressing structural inefficiencies, strengthening risk management, promoting economic diversification, embracing technological innovation, and refining regulatory frameworks, Kazakhstan can optimize its financial system for stability and growth. Future research should focus on integrated policy solutions, context-specific strategies, improved access to finance for SMEs, the uneven spatial distribution of financial resources, and the long-term impacts of technological advancements to fill the identified gaps and support informed decision-making.

Methodology

This study aims to analyze and identify strategies to enhance the efficiency of Kazakhstan's financial system mechanisms in line with observations on structural and regulatory gaps. Grounded in state-centric financial system theory and systemic efficiency and financial mechanism theory, the research focuses on the state budget, inter-budgetary relations, taxes, and transfers to assess how these components interact within Kazakhstan's financial architecture.

A qualitative approach was chosen, using descriptive and analytical methods to explore the complexity of the country's fiscal processes and their socio-economic implications. This methodological choice is particularly pertinent given the pronounced role of the government in resource allocation and the emerging concern over regional funding discrepancies noted in the literature. Data were gathered through an extensive review of academic studies, government documents, and international financial databases, alongside policy texts, legislative acts, and national strategic plans. Core references include scholarship on monetary policy, banking risk management, and diversification, as well as official statistics from the Ministry of Finance and legislative documents [9,10,11,12,13,14]. Cross-verifying these diverse sources ensure a robust and valid evidence base, reconciling official financial reports with insights from expert analyses and critical academic perspectives.

The analytical framework focuses on four main pillars of the country's financial system. First, budget allocation efficiency is examined to clarify how performance-oriented reforms are implemented in practice and how potential regional imbalances influence resource distribution. Second, inter-budgetary relations are analyzed to uncover how the distribution of financial

authority among different levels of government can either exacerbate or alleviate existing funding gaps. Third, attention is given to tax policy, particularly regarding revenue streams and incentives for small and medium-sized enterprises, evaluating whether a concentrated tax base hampers the broader resilience of Kazakhstan's economy. Finally, transfer mechanisms, including subsidies and targeted budgetary outlays, are explored for their alignment with stated policy objectives and their actual contribution to balancing economic and social development across diverse regions.

International comparisons help contextualize Kazakhstan's efforts relative to similar emerging economies. By contrasting how other countries manage centralized financial systems, implement tax reforms, and structure intergovernmental transfers, best practices and avoidable pitfalls come into sharper focus. These comparisons add nuance to the study by highlighting how strategies from abroad can be adapted to the Kazakh context without neglecting local realities, such as the country's heavy reliance on oil revenues and the distinctly uneven spread of economic opportunities.

Validity rests on a careful triangulation of data from governmental, international, and scholarly sources, enhanced by expert consultations that clarify interpretive questions. Ethical safeguards emphasize transparency in data usage and referencing, ensuring the fidelity and clarity of numerical and legislative evidence. Although the qualitative scope offers an in-depth view of Kazakhstan's financial system, it may limit the generalizability of findings. Data unavailability occasionally requires reliance on proxies or aggregated statistics, yet the approach remains beneficial for discerning the complex ways in which regional funding discrepancies intersect with macro-level reforms aimed at bolstering efficiency and stability.

Results

An examination of Kazakhstan's budgetary practices between 2019 and 2023 highlights the interplay of centralized revenue collection, targeted subventions to less-prosperous regions, and withdrawals from wealthier areas. Three key data sets – regional state budget revenues, republican budget subventions, and budget withdrawals– offer insights into the state-centric approach to fiscal management and its implications for regional equity.

Table 1 Regional State Budget Revenues (2019-2023), thousand tenge

Region	2019	2020	2021	2022	2023
Kazakhstan (Total)	9 216 474 324	9 753 919 108	11 369 704 312	15 776 444 335	18 912 204 477
Ministry of Finance (SRC)	330 247 723	370 102 492	448 451 481	369 317 069	450 049 345
Akmola	187 067 620	233 648 856	257 230 744	329 372 995	587 474 158
Aktobe	377 828 063	312 246 191	376 682 612	540 278 473	616 730 510

Almaty Region	498 079 973	561 879 386	773 757 341	930 082 550	874 537 517
Atyrau	1 751 935 449	1 243 520 012	1 528 845 973	2 347 953 790	2 637 672 873
East Kazakhstan	351 258 628	543 503 875	413 420 102	511 569 595	441 761 371
Zhambyl	85 035 707	113 301 549	145 123 013	183 246 556	193 839 915
West Kazakhstan	364 793 914	639 034 658	358 298 165	521 192 007	551 859 476
Karagandy	418 066 424	397 360 483	695 327 725	812 683 921	614 821 245
Kyzylorda	150 922 361	135 676 993	163 101 546	206 846 339	242 372 197
Kostanai	203 409 566	237 842 723	294 281 294	399 117 032	398 600 969
Mangystau	442 510 930	323 120 347	420 185 729	553 053 613	617 142 920
Pavlodar	289 612 702	351 162 190	421 644 283	591 257 799	732 537 420
North Kazakhstan	77 542 958	101 292 881	118 921 626	153 249 980	177 136 570
Turkestan	188 344 917	235 791 919	308 275 810	477 718 503	537 685 219
Shymkent City	188 774 523	241 475 308	291 351 855	441 584 640	515 994 237
Almaty City	2 193 537 395	2 290 049 006	2 913 443 806	4 141 163 903	5 425 480 263
Astana	1 117 505 471	1 422 910 239	1 441 361 207	2 100 755 737	2 531 594 422
Jetysu	—	—	—	81 751 513	282 359 121
Abai	—	—	—	67 724 189	237 340 570
Ulytau	—	—	—	16 524 131	245 214 159

Note. Adapted from the Ministry of Finance of the Republic of Kazakhstan [9]

Table 1 presents Kazakhstan's state budget revenues by region from 2019 through 2023 (in thousand tenge). These figures encompass tax collections and other payments, reflecting each region's economic capacity. Unsurprisingly, resource-rich and economically dynamic areas such as Atyrau, Almaty City, and Astana exhibit consistently high revenue flows, demonstrating the concentration of industry, commerce, and investment in a limited number of locations. For instance, Atyrau's revenues rose from 1.75 trillion tenge in 2019 to 2.64 trillion tenge in 2023, while Almaty City's figures soared from 2.19 trillion tenge to 5.43 trillion tenge over the same period. Astana, as the political and administrative capital, also showed robust growth, reaching 2.53 trillion tenge in 2023.

By contrast, newly formed or predominantly agrarian regions – Jetysu, Abai, and Ulytau – exhibit notably lower revenues, appearing only from 2022 onward due to recent administrative restructuring. Although their totals increased in 2023 (e.g., Jetysu jumping to 282.36 billion tenge), they remain overshadowed by the industrial and commercial powerhouses. This divergence underscores a central challenge in Kazakhstan's fiscal landscape: while a state-centric framework can rapidly mobilize resources at the national level, it often relies disproportionately on a few high-performing hubs for revenue generation.

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Table 2: Subventions from the Republican Budget by Region/City, 2019–2023 (thousand tenge)

Region / City	2019	2020	2021	2022	2023
Abay	—	—	—	—	220 533 161
Akmola	104 474 017	144 374 019	159 776 910	160 207 769	333 439 507
Aktobe (Aktyubinsk)	55 812 434	108 477 102	110 138 668	110 138 668	279 949 307
Almaty (region)	153 723 098	200 784 429	190 908 951	190 908 951	185 755 708
East Kazakhstan	163 954 224	215 011 180	217 475 731	217 475 731	233 326 679
Jambyl	161 934 587	194 694 095	193 906 105	193 906 105	405 274 939
West Kazakhstan	51 393 369	74 353 253	75 347 255	75 347 255	211 025 886
Karaganda	100 730 628	142 580 335	134 306 419	134 306 419	312 051 899
Kyzylorda	137 165 718	174 491 013	176 498 658	176 498 658	400 532 133
Kostanay	110 192 744	140 029 261	135 998 777	135 998 777	306 403 347
Mangystau	—	—	—	—	121 986 599
Pavlodar	46 106 965	55 409 709	54 972 753	54 972 753	121 594 196
North Kazakhstan	96 360 248	142 628 787	141 543 628	141 543 628	306 294 110
Turkestan	402 300 571	379 908 299	391 668 528	391 668 528	976 724 624
Zhetysu	—	—	—	—	338 878 225
Ulytau	—	—	—	—	49 718 239
Shymkent (city)	—	131 690 587	138 334 359	142 611 614	191 566 193

Note. Data retrieved from the Budget Code for years 2019-2023 [10, 11, 12, 13, 14]

Addressing potential imbalances in economic capacity involves the use of subventions, or transfers, from the central budget to regional authorities. Table 2 outlines these subventions (in thousand tenge) for 2019-2023. Historically rural or economically lagging areas, including Turkestan and North Kazakhstan, receive large infusions to boost their developmental prospects. For instance, Turkestan's allocations rose from 402.3 billion tenge in 2019 to 976.72 billion tenge in 2023, reflecting government efforts to enhance infrastructure and social services in that region. Similarly, North Kazakhstan's subvention climbed from 96.36 billion tenge to 306.29 billion tenge over the same timeframe.

Although these allocations are ostensibly designed to narrow interregional gaps, the data reveal that not all underperforming areas receive comparable increases. Mangystau, for example, is only reported as receiving subventions in 2023 (121.99 billion tenge), while Abai and Ulytau entered the tables only after being formed as separate administrative units. This selective

support highlights the complexity of central budgeting decisions, in which certain regions may be prioritized over others based on perceived strategic value or political considerations, rather than purely on socio-economic indicators such as poverty rates or infrastructure deficits.

Table 3: Budget Withdrawals from Key Contributor Regions/Cities, 2019–2023 (thousand tenge)

Year	Total (thousand. tenge)	Atyrau	Mangystau	Almaty (City)	Nur-Sultan / Astana
2019	285 972 085	105 177 356	35 365 489	115 389 732	30 039 508
2020	420 081 203	207 308 563	8 213 586	171 705 010	32 854 044
2021	451 425 304	213 751 848	13 416 746	190 108 501	34 148 209
2022	490 436 982	220 960 446	19 493 443	211 516 094	38 466 999
2023	431 910 250	155 010 785	—	207 229 679	69 669 786

Note. Data retrieved from the Budget Code for years 2019-2023 [10, 11, 12, 13, 14]

To fund these subventions and other national initiatives, the government levies "budget withdrawals" on higher-income regions and cities. Table 3 shows these withdrawals for 2019-2023. Atyrau consistently stands out with the largest contribution, exceeding 200 billion tenge each year from 2020 through 2022, before falling to 155.01 billion tenge in 2023. Almaty City likewise remains a top contributor, surpassing 115.38 billion tenge in 2019 and climbing above 200 billion tenge for multiple years. Astana also provides significant withdrawals, demonstrating its strong fiscal base despite regular inflows to maintain its national capital functions.

These withdrawals exemplify the state-centric redistribution mechanism: funds are extracted from prosperous locales and rechanneled to regions with limited fiscal capacity. In principle, this approach should promote regional convergence; however, the persistently high revenue growth of wealthy areas—contrasted with slower expansions elsewhere – suggests that Kazakhstan's reliance on a few economic drivers continues to shape fiscal outcomes.

Taken together, the three tables reveal a multi-layered strategy for resource allocation in Kazakhstan. Table 1 highlights divergent revenue generation, with a handful of industrial-urban centers capturing the lion's share of the national budget. Table 2 illustrates the central government's attempts to rectify these imbalances by granting subventions, especially to rural or newly formed regions. Table 3 showcases the budget withdrawals that wealthier entities must pay into the republican budget, theoretically fostering a more equitable distribution of public resources.

Nevertheless, the extent to which this redistribution narrows regional disparities depends on various factors beyond raw numbers. Effective local governance, transparent budget execution, and region-specific economic development plans are all crucial to translate subventions into lasting improvements in living standards and infrastructure. Overreliance on resource-heavy areas such as Atyrau also poses systemic vulnerabilities, as global commodity price fluctuations could destabilize revenues and hinder longer-term development objectives.

From an academic perspective, these findings illustrate the complexities inherent in state-centric fiscal systems operating within highly heterogeneous national contexts. While centralized interventions can cushion underperforming areas through direct transfers, the persistent growth of well-established powerhouses indicates that structural inequities remain. A deeper realignment of budget priorities – supported by robust monitoring, transparent criteria for subvention distribution, and enhanced local administrative capacity – may be required to achieve a more balanced and resilient regional development trajectory.

In summary, the 2019–2023 data underscore the dual challenge facing Kazakhstan's budgetary policy: on one hand, maximizing efficiency by leveraging high-performing economic clusters, and on the other, ensuring equitable prosperity across a diverse territorial landscape. The interplay among revenues (Table 1), subventions (Table 2), and withdrawals (Table 3) underscores both the strengths and the limitations of a top-down redistribution model in addressing uneven growth dynamics.

Discussion

The findings reveal both significant advancements and persisting challenges in Kazakhstan's pursuit of a more efficient financial system. Governmental efforts to align fiscal policies with national development goals are evident in heightened allocations to social services and infrastructure. Nonetheless, modest support for economic diversification, enduring regional inequities, heavy reliance on oil and gas tax revenues, and inconsistently effective social transfers underscore where strategic adjustments and reforms remain urgently required. While the shift toward performance-oriented budgeting signals a commitment to strengthening human capital and foundational infrastructure, maintaining economic diversification funding at 15% of the total budget appears misaligned with the broader objective of decreasing dependence on extractive industries. As Zabortseva and the International Monetary Fund emphasize, failure to prioritize diversification could undermine Kazakhstan's resilience in the face of global market fluctuations [5].

Regional imbalances persist, marked by the concentration of resources in major urban centers such as Astana and Almaty, which heightens the urban-rural divide. OECD findings similarly depict uneven development across Kazakhstan's regions [9, 10, 11, 12, 13, 14], and Amonboev's work reinforces the need for more balanced budgetary distribution [3]. Without reforms to inter-budgetary allocation and expanded fiscal decentralization, local administrations may remain ill-equipped to resolve distinctive local challenges. Concurrently, tax policy data indicate initial progress in reducing reliance on oil and gas, bolstered by an upswing in manufacturing and service sectors' tax contributions – an outcome partly attributable to SME-targeted incentives. Yet, Garifollaevna and Bauirzhanovna's concerns regarding economic vulnerability persist, given the continued prominence of extractive activities in the overall tax base [1]. Broadening this base, particularly through bolstering relatively underdeveloped domains such as agriculture, could enhance fiscal stability and foster inclusive growth.

Social transfer mechanisms demonstrate only limited success in alleviating poverty, highlighting inefficiencies in both program targeting and design. Despite increased government

spending, poverty rates have exhibited only modest declines, an outcome aligning with Akhmedov and Uzhegova's emphasis on the importance of integrating social transfers with measures that enhance employability [7]. International comparisons suggest that Kazakhstan lags behind regional counterparts in budget transparency, SME contribution to GDP, and financial market maturity, thereby pointing to practicable lessons from economies like Russia and Uzbekistan, which have achieved higher levels of transparency and SME engagement.

Taken together, these results carry several implications for policymakers and practitioners. First, reorienting budget allocations toward economic diversification is vital for long-term resilience. Second, reducing regional inequities through equitable funding formulas and greater fiscal decentralization could facilitate more balanced social and economic progress. Third, further expanding and diversifying the tax base beyond oil and gas – particularly through agricultural development – would reinforce fiscal security. Fourth, refining social transfers by targeting vulnerable populations more effectively, while integrating these measures with employment programs, could better mitigate poverty. Finally, drawing on international best practices for enhanced budget transparency and financial market evolution may bolster public trust and attract foreign capital.

Notwithstanding these findings, the study is constrained by limited data availability, which may not reflect recent policy shifts, and by its qualitative methodology, which, while robust in exploring contextual nuances, may constrain generalizability. Future inquiry could include quantitative models for broader validation, comparative analyses beyond neighboring regions, and longitudinal tracking of policy interventions' lasting impacts. Assessing how newly enacted reforms perform in practice could also help isolate best practices and refine Kazakhstan's financial mechanisms further.

Conclusion

This study evaluated strategies to improve Kazakhstan's financial system efficiency through analyses of budget allocations, inter-budgetary relations, tax policy, and transfer mechanisms. While the data highlight meaningful progress – particularly in raising allocations to social services and infrastructure, demonstrating a national commitment to human capital development – the relatively small share directed toward diversification underscores the urgent need to reduce oil and gas dependence in accordance with the "Kazakhstan-2050" Strategy. Regional imbalances persist, as reflected in higher per capita funding for urban centers, indicating that more equitable allocation methodologies and expanded subnational autonomy could bridge the urban-rural divide. Tax policy developments show promise in gradually lowering reliance on oil and gas, though efforts to further diversify the base remain essential. Social transfers yield limited returns on poverty reduction, signifying the potential value of closer integration with employment and skills-training programs. International comparisons confirm prospects for improving budget transparency, SME support, and financial market development to strengthen Kazakhstan's overall economic framework. By implementing these reforms, policymakers can better ensure that national strategies for financial efficiency are both resilient and equitable across all regions.

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Authors' contributions.
Turmakhanbetova G.A.– approval of the final version of the article for publication; consent to be responsible for all aspects of the work, properly studying and resolving issues related to the reliability of data or the integrity of all parts of the article.
Tulaganov A.B. – collection, analysis and interpretation of work results; writing a text and critically reviewing its content;
Butkenova A.3. – significant contribution to the concept of work.

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Аймақтық теңсіздіктерді жою және Қазақстанның бюджет жүйесінің тиімділігін арттыру

Аңдатпа. Қазақстанның қаржы жүйесі елдің экономикалық дамуын алға жылжытатын басты тетік саналады, дегенмен құрылымдық және саясатқа байланысты кедергілер оның жалпы тиімділігін әлі де шектеп келеді. Осы зерттеуде Қазақстанның қаржы механизмдерінің негізгі құрамдас бөлшектері – мемлекеттік бюджеттен қаражат бөлу, бюджетаралық қатынастар, салық саясаты және трансферт механизмдері талданып, олардың жұмыс істеуін жетілдіруге бағытталған мақсатты стратегиялар ұсынылады. Зерттеу нәтижелері нәтижеге бағдарланған бюджеттеу үрдісінің айқын күшеюін көрсетеді, атап айтқанда әлеуметтік қызметтер мен инфрақұрылымға инвестиция көлемінің өсуі байқалады. Алайда экономиканы әртараптандыруға салыстырмалы түрде аз қолдау көрсетілуі елдің ұзақмерзімді орнықтылығына қатысты алаңдаушылық туғызады. Сонымен қатар, айқын байқалатын өңірлік теңсіздіктер ресурстарды әділетті үлестірудің қажеттілігін көрсетіп, теңдестірілген әлеуметтік-экономикалық дамуға қол жеткізуге кедергі жасайды. Шағын және орта бизнеске (ШОБ) қолдау көрсету мақсатында енгізілген салықтық жеңілдіктердің жағымды тұстары болғанымен, салық базасы мұнай-газ секторының үлесіне тым көп тәуелді, бұл Қазақстанды сыртқы нарықтағы ауытқуларға осал етіп отыр. Трансферт механизмдері кедейлікті төмендетуге үлес қосқанымен, олардың тиімділігі дәл бағыттаудың және тұрақтылықтың жеткіліксіздігі салдарынан шектеледі. Көршілес елдер тәжірибесін салыстырмалы талдау бюджет ашықтығы, ШОБ-ты дамыту және қаржы нарығын реформалау салаларында үздік тәжірибені енгізудің айтарлықтай әлеуетін көрсетеді. Зерттеу бюджет басымдықтарын қайта қарап, экономиканы әртараптандыруға көбірек назар аударуды, өңірлік қаржыландырудағы теңсіздіктерді азайтуды, салық базасын кеңейтуді және әлеуметтік трансферттердің тиімділігін арттыруды ұсынады. Осы шаралар кешені елдің қаржы жүйесін нығайтып, сыртқы тәуекелдерді азайтуға әрі Қазақстанның орнықты даму және экономиканы әртараптандыру мақсаттарына қол жеткізуіне ықпал етеді.

Түйін сөздер: Қазақстанның қаржы жүйесі, тиімділікті арттыру, мемлекеттік бюджеттен қаражат бөлу, экономиканы әртараптандыру, өңірлік теңсіздіктер, салық саясаты, трансферт механизмдері

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Устранение региональных диспропорций и повышение эффективности бюджетной системы Казахстана

Аннотация. Финансовая система Казахстана играет ключевую роль в экономическом развитии страны, однако существующие структурные и политические препятствия по-прежнему сдерживают её общую эффективность. В данном исследовании рассматриваются ключевые элементы финансовых механизмов Казахстана – государственные бюджетные ассигнования, межбюджетные отношения, налоговая политика и механизмы трансфертов, – чтобы предложить целевые стратегии по их совершенствованию. Результаты анализа свидетельствуют о заметном сдвиге в сторону бюджетирования, ориентированного на результат с увеличением инвестиций в социальные услуги и инфраструктуру. Тем не менее относительно ограниченная поддержка экономической диверсификации вызывает опасения по поводу долгосрочной устойчивости страны. Кроме того, ярко выраженные региональные диспропорции подчёркивают необходимость более справедливого распределения ресурсов для обеспечения сбалансированного социально-экономического развития. Несмотря на определённые положительные результаты налоговых льгот, направленных на поддержку малого и среднего предпринимательства, налоговая база по-прежнему в значительной степени зависит от нефтегазового сектора, что повышает уязвимость Казахстана к внешним рыночным колебаниям. Механизмы трансфертов способствовали сокращению уровня бедности, однако их эффективность снижается из-за проблем с адресностью и устойчивостью. Сравнительный анализ опыта соседних стран указывает на значительный потенциал применения лучших практик в таких областях, как прозрачность бюджета, поддержка МСП и реформы финансовых рынков. В заключение отмечается необходимость пересмотра приоритетов бюджета в пользу экономической диверсификации, устранения неравномерности регионального финансирования, расширения налоговой базы и повышения эффективности социальных трансфертов. Совокупно эти меры способны укрепить финансовую систему страны, снизить внешние риски и способствовать достижению Казахстаном целей устойчивого роста и экономической диверсификации.

Ключевые слова: финансовая система Казахстана, повышение эффективности, государственное бюджетное ассигнование, экономическая диверсификация, региональные диспропорции, налоговая политика, механизмы трансфертов.

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