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EVALUATION REPORT



TRANSTEC
PROJECT
MANAGEMENT

**UDF-KAZ-07-179 - Coalition 'Oil revenue – under public oversight!' – against
poverty (Republic of Kazakhstan)**

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Errors and omissions remain the responsibility of the author.

Disclaimer: The views expressed in this report are those of the author. They do not represent the UNDEF or any other institutions referenced in the report.

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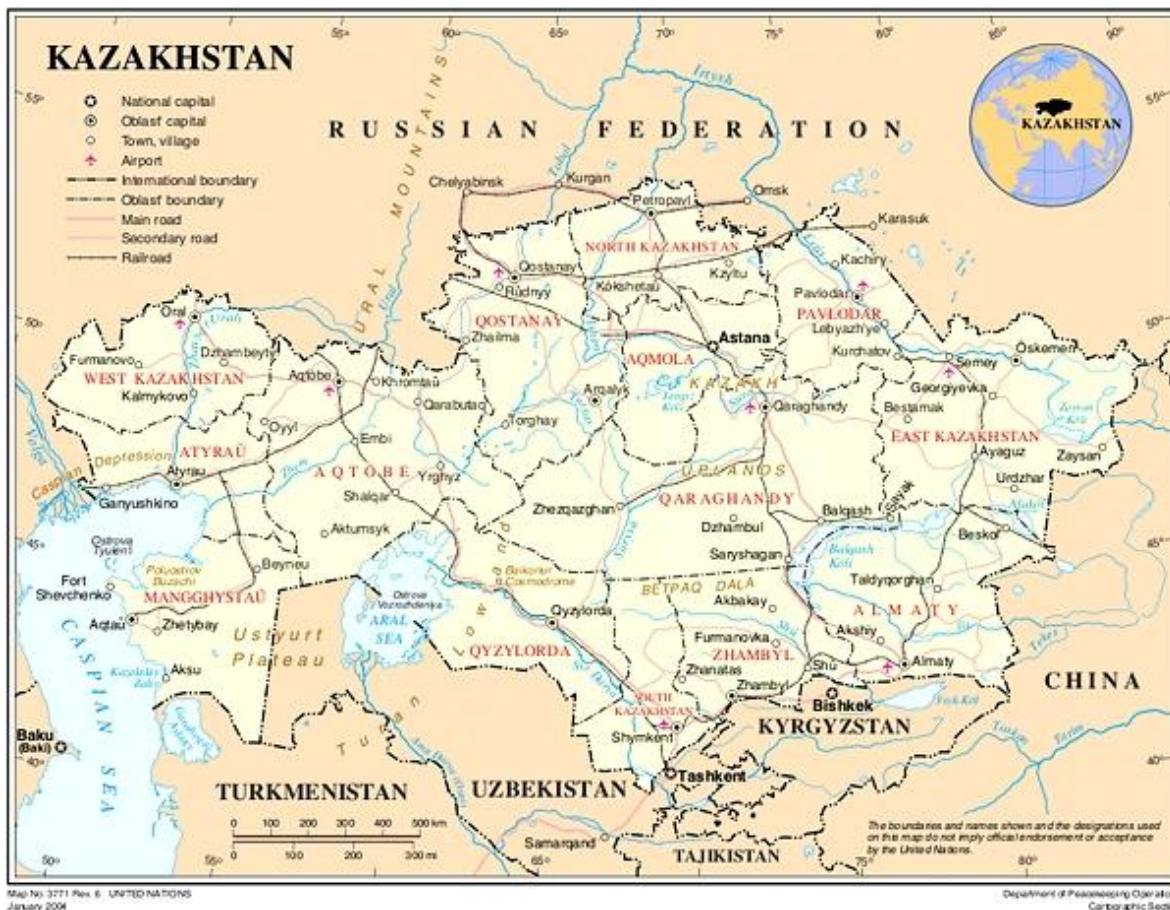


TABLE OF CONTENTS

I.	Executive Summary	1
II.	Introduction and Development Context	4
	(i) Project and evaluation objectives	4
	(ii) Evaluation methodology	4
	(iii) Development context	5
III.	Project Strategy	7
	(i) Project approach and strategy	7
	(ii) Logical framework	8
IV.	Evaluation Findings	9
	(i) Relevance	9
	(ii) Effectiveness	10
	(iii) Efficiency	10
	(iv) Impact	11
	(v) Sustainability	12
V.	Conclusions	13
VI.	Recommendations	14
	Annexes	15
	Annex 1: Evaluation questions	15
	Annex 2: Documents Reviewed	16
	Annex 3: Persons Interviewed	17
	Annex 4: Acronyms	18

I. Executive Summary

i. Project data

The project ran from 1 October 2008 to 30 November 2010 with a total grant of USD 300,000. The project “Coalition ‘Oil revenue – under public oversight!’ – against poverty” was led by the Sange Research Center (Sange) and aimed to promote improved understanding of transparency and accountability in extractive sector governance, with emphasis on impacts on poverty (environment vulnerability, labor conditions and rights, income and access to services). A three months no-cost extension was granted as two project partners dropped out whereas they were to contribute time and insights in the analytical, advocacy and education work.

Project efforts and activities focused on multiple stakeholders operating in five regions of Kazakhstan, with the goal of developing more transparent, accountable, and effective institutions that would expand citizen participation and promote more sustainable development. As defined in the Project document, the project objectives were to:

- Conduct a preliminary research work on poverty, dedicate special attention to rural areas and establish a sustainability index;
- Compile and disseminate the research results to a wide range of actors ranging from government officials to civil society organisations;
- Organize a series of events to bring public and local actors together, and
- Work towards a common methodology for sustainable development.

ii. Evaluation findings

Relevance

Findings with respect to relevance are all positive. Activities were appropriate to context and needs at the local level. The Coalition project’s ambitions for impact were operationalized through approaches and targets that were for the most part concrete, practical, realistic, and appropriate to stakeholder interests. They also built networks and capacity within and across partner and beneficiary organizations.

The project targeted geographic and functional empowerment areas of significant need: areas where extractive industries are important economic actors and civil society needs capacity or support to achieve more effective engagement. Project activities tackled an extraordinary gap in isolated areas’ access to usable outside information through research, analysis, and outreach. Collaborative learning tactics supported increased local engagement.

Effectiveness

Findings on effectiveness are mixed. The project’s original problem analysis and expected impact assessment were unrealistic. Project design underestimated structural and institutional resistance to reform resulting in quite limited effects on formal institutions such as the national and local councils, and on official patterns of behavior, such as decisions on social investment. Project design and strategy had the least effect on local authorities.

However, anecdotal evidence suggests that Coalition project activities were effective in raising awareness among organized civil society in the regions, perhaps in part because of their great need for information and capacity (as noted in Relevance findings above). The project achieved its strongest results in areas under most direct project control and produced significant research on regional business, government, and civil society.

Efficiency

The relationship of resources expended to results achieved through grant activities was reasonable. We noted that intended impacts were too ambitious for project resources and time frame but that, as described below, at least there were positive impacts achieved.

Impact

Practicing democratic outreach and management procedures in itself had an impact on partners and beneficiaries. Round-table discussions were felt to be an especially useful approach and effective in helping participants increase their understanding of various subjects and their abilities to perceive possibilities for change. Stakeholders commented on the value of continuing to use this approach for a wide variety of participatory and learning applications.

Impact is visible though limited by the difficult political environment in which the project worked. But the project did have little demonstrated effect on local government's role in lack of transparency and accountability, again unsurprising over this short period. Anecdotal evidence suggests that highlighting contradictions between constitutional or legal principles and the current operations of many local and regional institutions has raised civic awareness. To some extent this approach resonates with responsible business interests, although impact on corporate policy or behavior is not measurable at this time.

Sustainability

Many partner and beneficiary groups linked under the UNDEF grant remain in active contact more than a year later. Sange and partners report constructive value in the connections generated or further developed through performance of Coalition activities. However it is hard at this stage to ascertain persistent systems and behaviours are in place.

iii. Conclusions

- ***In difficult contexts, simply implementing democratic approaches to project management and problem solving can have an impact***, albeit limited to people working closely with the project. Stakeholders often repeated the value of demonstrated benefits in methodological and operational learning that they were already carrying forward in further activities. These results—potentially the Coalition project's most sustainable impact—were not reported or emphasized from the implementing agency perspective. This conclusion draws together findings on relevance efficiency and impact.

- Management choices taken by Sange while executing this project strongly shaped outcomes and lessons learned in partner and beneficiary experiences. ***Dealing with initial partner incompatibilities pushed Sange into engaging more effectively with grant partners*** addressing a wider range of sociopolitical and economic challenges. This conclusion draws together findings on effectiveness and UNDEF value added

- **The project scope was overly ambitious and under-estimated the challenges posed by the national context. With hindsight, project design was not well-targeted and pragmatic.** Combining findings on relevance, effectiveness, and impact, Sange clearly built the Coalition project's achievements on local knowledge and through existing and growing networks. Equally clear, institutionalizing fundamental structural reform across five regions was beyond the reach of this grant. From a program theory or design

perspective, the grant's unrealistically high ambition is already evident in expecting behavior change, under very challenging circumstances, across three fronts: national and international extractive industry business interests, civil society, and local governments. Some frustrations or disappointment could have been mitigated through design review to identify scope and scale of activities matching the problem analysis, intervention best practices appropriate to that analysis, and achievable goals and targets driven by relevant program theory.

- In this project, as in some others covered by this evaluation, UNDEF was able to **add value by working in extremely difficult political contexts**. While stakeholders did not directly raise the issue of the perceived neutrality of the UN "brand," it is almost self-evident that bilateral donors would not have been welcome in this charged environment. Extractive industries operate in inhospitable areas remote from Western influence and disconnected from the Almaty/Astana donor clusters, and the UNDEF grant enabled the project to reach populations living in these areas of Kazakhstan.

iv. Recommendations

On the basis of the above conclusions we recommend the following:

- **Strengthen management principles and planning criteria in UNDEF application** requirements and award decisions. Following from the first conclusion, adjusting award criteria to validate explicit management principles or plans may help other projects similarly succeed. Simply putting democratic principles into practice was a significant contribution of this project, and the same may be true of others. This may also help applicants anticipate managing or resolving conflict and clearly commit to internal transparency and accountability practices with partners. This also draws from conclusion n°2.

- In future work, SENGE should **adopt a more critical approach** to ensuring that the relationship between objectives, required institutional change, and constraints is a **realistic** one.

- SENGE should **build on the credibility it established** through this project to **search out areas of common ground between government, workers, and businesses** in order to identify possible new projects designed to build confidence and promote discussions. There may be areas (e.g., workplace safety education) where pockets of shared goals and mutually acceptable approaches can be identified.

II. Introduction and Development Context

(i) Project and evaluation objectives

This report is the evaluation of the Coalition “Oil revenue – under public oversight!” – against poverty” project implemented in Kazakhstan by the Sange Research Center (Sange) from 1 October 2008 to 30 November 2010. The UNDEF grant amount was US\$300,000, with US\$25,000 retained by UNDEF for monitoring and evaluation activities. The Coalition project aimed to promote improved understanding and behavior of government, companies, and civil society with respect to transparency and accountability, specifically in the extractive industries. Perceived effectiveness of local governments and companies was also a factor of interest. All project effort and activities focused on stakeholders in the context of extractive industries in five of Kazakhstan’s fourteen regions, aiming to improve management and operations toward making development more sustainable. As defined in the Project document, the project objectives were to:

- Conduct preliminary research on poverty, dedicating special attention to rural areas and establishing a sustainability index
- Compile and disseminate the research results to a wide range of actors ranging from government officials to civil society organisations
- Organize a series of events to put public and local actors together
- Work towards a common methodology for sustainable development

UNDEF and Transtec have agreed on a framework governing the evaluation process, set out in the Operational Manual. According to the manual, the objective of the evaluation “is to *‘undertake in-depth analysis of UNDEF-funded projects to gain a better understanding of what constitutes a successful project which will in turn help UNDEF devise future project strategies. Evaluations also assist stakeholders to determine whether projects have been implemented in accordance with the project document and whether anticipated project outputs have been achieved.’*”

(ii) Evaluation methodology

The methodology of the evaluation is set out in the Operational Manual governing the UNDEF–Transtec framework agreement, with brief additions in the evaluation Launch Note. In accordance with the agreed process, the evaluation aimed to answer questions concerning the Development Assistance Committee (DAC) criteria of *relevance, effectiveness, efficiency, impact, and sustainability*. In addition, the evaluation team especially sought information relevant to *UNDEF value added*. These issues were addressed as set out in the Evaluation Questions in Annex 1.

The evaluation team gathered information on intentions, experiences, achievements, and lessons learned in context through project-related documents, additional research, and structured interviews with sector stakeholders and project participants and beneficiaries. The team spoke with people knowledgeable about the project from different regions and met with individuals and groups in Astana, Karaganda, and Shakhtinsk.

As indicated in the Launch Note, project documents suggested areas to explore for lessons that could be useful for UNDEF. The first area was initial partnering challenges, reported by Sange in the MidTerm Report: the original structure of three core partners with generally exclusive areas of responsibility did not work, and Sange reorganized narrower task assignments allocated by tenders across a larger number of more diverse partners. While the project documents overall reported little impact on project results due to this transition, evaluation questions incorporated inquiry into management and decision-making lessons.

Another area targeted to explore in the evaluation was the variation between intended outputs and outcomes to be achieved through the Coalition’s original project organization, versus the actual results reported by Sange. Evaluating the impact of reorienting partnerships thus was part of the assessment.

(iii) Development context

On 16 December 1991, Kazakhstan became the last former Soviet republic to become independent. Continuity in the present with institutions and practices of the Soviet era remains notable: The country’s first president, Nursultan Nazarbayev, led Kazakhstan during the communist era and has continued in power since independence. The highly centralized presidential republic restricts political expression and freedom of speech: Freedom House in 2011 categorized Kazakhstan as “Not free”. Corruption is a significant problem, and elections observed by the Organization for Security and Co-operation in Europe (OSCE) have not met international standards. Trade unions are widely viewed as not protecting workers’ rights.



Roadside view between Karaganda and Astana, March 2012

Kazakhstan maintains a strategic goal of economic development through a market economy and integration into the global economy. Challenges include geography, demography, and climate. The region has few market-oriented trading partners. Ninth largest in the world by geographical area; Infrastructure to facilitate market-based growth must function despite country size and severe weather extremes.

Assets for integration into global markets include oil and mineral resources. With low domestic consumption of oil and exports averaging one million barrels per day, Kazakhstan is a significant player in world oil markets. It has the largest recoverable crude oil reserves in the Caspian region, and the hydrocarbon industry accounts for roughly 50% of official government revenues. Strong economic performance from 2000 to 2007, with average real GDP growth of 10 percent, was buoyed by high world prices for crude oil.

Extractive industries overall are crucial factors in the country’s economy. Kazakhstan is the world’s largest uranium producer and has extensive resources of many valuable elements, including chromium, lead, zinc, manganese, copper, coal, iron, and gold. While these assets attract significant interest from foreign investors and transnational corporations, most oil and mining company operations in Kazakhstan are partly or fully state-owned.

The period of high economic growth significantly decreased the population proportion below the government’s defined poverty line, from 35% in 1999 to 8.2% in 2009. A paradoxical pairing of high income levels and high poverty levels, however, occurs in key regions dependent on extractive industries, such as Mangistau (oil), Atyrau (oil), and Karaganda (mining). This pattern reflects inequities in income distribution from extractive industries, exacerbated by administrative corruption. Those living near extractive industries also suffer from associated environmental degradation and health problems. Extractive industry working

conditions are often inadequate and labor safety regulations are weak, weakly respected, or unenforced.

Many areas with mining or other extractive industries unfortunately offer few employment alternatives. Infrastructure in these areas is often limited and poorly maintained, and free enterprise and entrepreneurial skills stifled during the Soviet era are still discouraged under Nazarbayev.

Strong centralized state and economic institutions carry over from the Soviet era. Regional and local officials are appointed from other regions for limited terms, thus have few local ties and little incentive to disrupt existing relationships and systems. Weak and marginalized civil society institutions reinforce ordinary citizens' low expectations. For example, the structure of regional councils requires business, government, and citizen representatives. Business and government work closely together, however, and the citizen representatives are appointed through government, thus council processes tend to lack diverse voices.



Black snow along the roadside between Karaganda and Astana, March 2012

In May 2011, the Mangistau region's oil industry saw labor protests erupt. Thousands of workers were involved in protests at their peak, demanding higher pay and better working conditions, parity with foreign workers, and the right to establish new, independent trade unions. Local courts as usual deemed these strikes illegal, and hundreds of workers who participated were fired. Independent trade union lawyer Natalia Sokolova, who participated in demonstrations, was sentenced to six years in prison for inciting social disturbance. Police in the end opened fire on Zhanaozen protesters, on 16 December 2011, injuring more than a hundred workers and killing at least sixteen. While Sokolova's sentence was commuted to a two-year suspended sentence in March 2012, other activists remain in detention. Despite conciliatory statements from the national government, social tensions remain high across oil and mining regions in Kazakhstan today.

III. Project Strategy

(i) Project approach and strategy

Founded in 1993, Sange Research Center (www.sange.kz) produced the first study of corruption in independent Kazakhstan in 1997. With strengths and experience in marketing, social science research, and survey execution, Sange partners with businesses, government bodies, non-governmental organizations (known as public associations in Kazakhstan), and international organizations. Sange has offices in Almaty and Astana.

The Coalition project aimed to address the following problem: poverty and inequality in Kazakhstan are made worse by government and extractive industry practices, which are neither transparent nor accountable. Project activities aimed first to develop research and analytical evidence on these factors not only in Kazakhstan but also compared to other countries' experience and international best practices. Then the project intended to use these papers, brochures, presentations, and other published and electronic products in outreach and education to increase public awareness regarding government and company behavior, management, and decision processes. This evidence and education would focus on the ways in which transparency and accountability affects the use of revenues from oil and other extractive industries in connection with goals of sustainable development. The original proposal ambitiously aimed to alter not only awareness but also to mobilize civil society, especially civil society organizations, NGOs, or public associations, and ultimately to alter institutional arrangements toward more effective oversight and better practices in order to achieve more sustainable development.

“The companies think that they do a lot for locals, but it’s wrong. They didn’t realize that they actually don’t do things that they ought to. With our ratings, rankings, we could show that they are **not doing** enough.”

Sange Research Center

The three aspects of project activities thus were:

- to gather and analyze information on local governments and companies in order to rate their engagement in sustainable social development;
- to build a network to strengthen civil society in various efforts to work with companies and local governments on these issues; and
- to undertake advocacy and training activities targeting all groups, to build greater understanding of transparency, accountability, and sustainability principles, and to promote more open consultations and decision processes.

Ultimately the project envisioned creating better governance through improved institutional arrangements (for example, ensuring citizens or organizations representing citizens on local councils are more effective, to better balance local government and extractive companies in their council roles) that would continue beyond the grant period.

While the project shifted implementation tactics considerably compared to the original vision, the overall strategy led by Sange stayed consistent over time. The original Project Document named only three members of the Coalition, describing these as roughly equal partners, with Sange the implementing agency based on organizational seniority. As the organization holding the formal agreement with UNDEF, then, Sange responded to early communication and management challenges among the three named partners with creative adjustments. Sange reallocated activities, redefining them as needed into more focused tasks or products, and negotiated agreements to deliver outputs and activities across a broader array of active Coalition partners. Ultimately Sange implemented the project strategy effectively overall, yielding additional benefits for Coalition partners and project beneficiaries.

(ii) Logical framework

The project’s logic flows from combining coordinated field research in Kazakhstan, analysis of data and perspectives from experiences in other countries and settings, and educational outreach or training activities. Convergence of contributions in these three areas from Sange Research Center, ACAP, and Blago (the three initial partners), respectively, was expected to catalyze institutional and legal changes. As noted above, despite altered partnership arrangements, the overall strategy was pursued relatively intact.

The scale of these ambitions is impressive, even without taking into account the political context and asymmetrical resources available to local citizen groups or public associations (NGOs) in comparison to the power and resources of business and government in extractive regions of Kazakhstan. Given the context of limited grant funding and a short timeframe, the theory of change was in a sense beyond the scope of the project. While this logical framework appears to be sound and could be pursued with substantial commitment to a longer-term effort, a small-scale grant might more appropriately and realistically address theories of more incremental change. As the initial challenges in executing activities led Sange to revise its approach to partner selection and implementation management, the overarching logical or strategic framework was not similarly revised. The project followed its logic to the extent feasible under this grant, and delivered identified products and outputs.

Project activities	Intended outcomes	Mid-term impacts	Long term development impacts
<p><i>Research:</i> Field investigation into the realities of the current situation in Kazakhstan, including stakeholder perspectives, related to experiences and practices in extractive industries, transparency and accountability, and sustainable development</p>	<p>Improved information available to Kazakh citizens and NGOs used to inform project and activists’ options, strategies, activities</p>	<p>Increased leverage of citizens and NGOs with companies and government</p>	<p>Institutional change to establish meaningful three-way dialogue (business, citizens, government) ensuring representative and informed community engagement in business practices, government decisions, and use of extractive industry revenues</p>
<p><i>Analysis:</i> Exploration of international experience, best practices, and other relevant research into the intersection of these and related issues in other countries and comparable contexts</p>	<p>Increased information on current situation used to empower citizens, apply more effective pressure for change, and monitor changes</p>	<p>Improved functioning of public councils at regional levels through better informed participation of more representative citizens and NGOs</p>	<p>Consistent practice of international standards by industry and government to protect citizens, environment, and sustainability</p>
<p><i>Outreach:</i> Use of research and analytical products in seminars and other educational dissemination or communication activities, especially in locations most affected by mining and other extractive industries</p>	<p>Increased capacity of affected populations used to engage constructively and effectively advocate greater transparency, accountability, and more sustainable development</p>		

IV. Evaluation Findings

Discussions of findings are grouped below according to the criteria adopted for evaluating UNDEF grant projects.

(i) Relevance

Project activities were appropriate to context and needs at the local levels. Original goals (such as creating national and regional councils) that appeared overly ambitious in project documents became more reasonable when clarified by situational knowledge. Creating tripartite councils (the three parties here are government, business, and civil society) institutionalized at regional and national levels meant in practical terms that Coalition partner activities intended to strengthen councils, which already existed, toward improved democratic functioning that would better serve community interests. Project goals were to help these bodies become more open and representative, in other words, and specifically to help balance business and government participation with more effective civil society advocates. During the evaluation, improved citizen capacity to engage in local or regional councils was anecdotally reported.

The Extractive Industries Transparency Initiative (EITI) council is Kazakhstan’s national-level tripartite council, with members from the government, business, and NGO sectors. Sange and other Coalition project partners have been members on this council. The EITI process establishes third-party reconciliation of company payments and government receipts that is publicly overseen with active participation of civil society organizations (public associations, NGOs). The government’s participation in this process can be viewed as acquiescence in a positive direction. After having Kazakhstan’s application for full membership put on hold for a second time, in February 2012, stakeholders were surprised by the government’s willingness to continue to participate in EITI. That decision is a moderately positive sign, although there is no direct link to project activities.

“Local people cannot usually directly speak about problems.”
Sange Research Center

Below the national level, project tactics targeted areas of greatest need, both functionally (empowerment) and geographically. An extraordinary gap in access to outside information limits Kazakhstan’s local organizations in tasks such as problem analysis, identification of potentially effective strategic and tactical approaches, and gathering and sharing information. In short, very little pertinent outside information reaches citizens in remote areas in language they can understand and upon which they can act, and much of Kazakhstan is remote. International funding helped magnify the Coalition project’s ability to reach effectively into these areas.

The project’s three-pronged strategy was also in this sense well suited to the local context. Sange’s central management of research and analysis—synthesizing information on domestic conditions and practices, and international standards and experience—vitaly informed the third element of education, making the Coalition project’s findings not only available through publications but meaningful at the ground level through seminars and other outreach and advocacy events. Reaching remote local audiences with international standards, and international audiences with conditions in Kazakhstan’s extractive industry areas, suited the challenges of these issues in this context very well.

(ii) Effectiveness

The original problem analysis and expectations for project impact were unrealistic, and not helped by the dissolution of the original core partnership. Ultimately different philosophies, a breakdown in communications, and many other factors led to the termination of subcontracts. Even had those original relationships held, however, the project's research, analysis, and education strategy had little realistic chance of significantly reforming tripartite councils and extractive industry governance, perhaps at any level of funding, within only two years. Institutionalization of reforms was an even more unrealistic goal in this timeframe.

Yet the Coalition project achieved some version of all targeted outputs. Indeed, with the exception of the more ambitious strategic goals, Sange managed its tasks and those of the partners to achieve in many instances a stronger version of its objectives. The project made impressive albeit incremental progress, through research on local conditions and education of people in the most affected areas, combined with analysis of international experience. Its achievements owe much to capacity to adapt, improvise, and continue pushing forward through local efforts with active partners, despite operational and strategic challenges.



Mine workers at Miners Families

The strongest results of the project were in the areas under most direct project control: analysis of international experience and studies with potential relevance to Kazakhstan's extractive industry and sustainable development dilemmas, and research on the status quo in regional business, government, and civil society conditions. The project gathered materials and developed meaningful information for use in addressing contemporary challenges. The evaluation found actual products or results often exceeded original goals, in part through the expanded identification of partners for specific tasks, and the broader scope for building individual and organizational capacity that emerged through this response to the original partnership challenges.

Emphasizing the government's own legal principles and requirements, and working within this framework, were undoubtedly prudent tactics; they would also have required long-term investment to produce meaningful institutional change.

The Coalition project's incremental contribution to strengthen civil society's understanding of and capacity to engage effectively with local business and government is an important success story.

(iii) Efficiency

The relationship between resources expended and results achieved through grant activities was reasonable. As noted, the original strategic vision did not match available grant funding. However, the project did produce positive achievements in these delicate and contentious issue areas while avoiding negative repercussions to the project's partners and beneficiaries. This incremental progress is solid value considering the funding and timeframe of the grant, and especially in light of the obstacles in this context: the post-Soviet context and persistent Soviet-era institutions and attitudes, limited receptivity among business and local government officials to citizen engagement, and limited capacity of most regional civil organizations.

(iv) Impact

Empowerment of project stakeholders repeatedly came through to the evaluation team in statements and examples of learning through Coalition project activities, connections among groups and participants, and efforts ongoing after the project's end.

Partners and beneficiaries expressed commitment to methods and processes introduced by or attributed to Coalition project activities. The introduction and practice of participatory capacity building and round-table discussions to participants, as methods to explore and understand a wide variety of issues, almost seemed to have revolutionized some individuals' appreciation of democratic principles and processes. Whether to address basic needs or explore abstract ideals, participants promoted the advantages they had found of building democratic progress through practicing open discussion and stakeholder engagement.

Sange was forthcoming in documentation and discussions about adjustments made to work toward strategic goals effectively. The original UNDEF proposal for the *Coalition "Oil revenue – under public oversight" – against poverty* described a project that consisted of three core collaborating partners. The initial collaboration broke down and Sange had to look for new partners.

Working more extensively and directly with a larger number of supplementary partners meant Sange directly reached across a broader array of groups and experts to enlist in the Coalition project's vision. Sange reported difficulty identifying partners with appropriate capacity to carry out certain activities, but this broader operational outreach arguably built more local capacity and experience. In practice this revised implementation approach also strengthened organizational collaboration and networking, which had been a partial intention of the original plan. Sange experienced some limitations or frustrations compared to the original vision, but in the end these new partners with varying capacities integrated well into the overall strategy. Additional benefits should include greater capacity for further work in civil society in Sange, the Coalition as a whole, and the individual partners.

Conversations with stakeholder around civil society inevitably turned to industry and labor or union issues. Better governance in extractive industry requires reforming labor practices, but stakeholders used the recent events in Zhanaozen to illustrate interlocking barriers to achieving such change through civil society dialogue. Official trade unions are state-supported and discourage independent unions. Extractive industry workers face retaliation when they advocate change, up to violence, being fired, and/or prosecuted. Businesses must work in concert with regional authorities in order to operate in the country, and managers face simultaneous pressure to work closely with officials and manage demands for reform. Project successes and failures in impact must be placed in this challenging context.

"We [activists] are like strangers in our own society."
"People have to die"
Project beneficiaries

With respect to impact on this dimension, Sange expressed frustration that the companies' ratings were worse at the end of the project period than the beginning. In the current political context, and given the project timeframe, it is not surprising that the project encountered significant administrative resistance to changing institutional mechanisms such as the public councils, and difficulty developing channels for open discussion on reforms with the extractive companies.

It is possible that the observed decline in company ratings may reflect the kind of backlash which often occurs during projects that aim to raise awareness, especially when they are successful. With an initial and relatively brief grant, Sange's measurements do provide some baseline information for future reference and to assess further, longer-term efforts.

(v) Sustainability

While the Coalition project has clearly contributed to learning, establishment of any persistent systems, behaviors, or institutional structures is unclear. Project activities contributed to learning among participants, and persistence of organizational connections and networking activities more than a year after the end of the grant is a promising sign. Incremental contributions may continue through the analytical materials produced and baseline research completed. Further activities that continue to use and/or strengthen capacity among project partners and beneficiaries could increase onward sustainability. The evaluation team heard from multiple partners about the value of spreading more experience to the regions, and the value of using round-table and discussion approaches, not only as a project tool but also for any variety of decision and community engagement topics.

As mentioned previously, the Extractive Industries Transparency Initiative (EITI) council has members from government, business, and NGO sectors and publicly reconciles company payments and government receipts. Sange and other Coalition partners have represented the NGO sector. While most stakeholders feel the EITI numbers are unreliable at best, the process at least keeps transparency issues alive in the public discourse. EITI's decision in February 2012 not to admit Kazakhstan as a full member, but instead to extend its candidate status ("close to compliance") for an additional 18 months, was a significant rebuff to the government's efforts up to that point. Instead of the feared and expected reaction of Kazakhstan rejecting and withdrawing from the entire EITI process, however, it accepted the decision. The EITI process sets a low threshold acknowledging only minimum oversight, but continuing to engage encourages national and international attention to labor problems in the extractive industries and may help encourage meaningful if marginal moves toward the goal of transparency.

While all stakeholders agree that government officials are essential actors in all of the relevant discussions—sustainable development, transparency and accountability, and participation of civil society for regional progress—the Coalition project design did not sufficiently take into account the importance of local government as a critical actor, central for any reforms to succeed. The project thus predictably experienced its greatest difficulties in lack of engagement among government officials across the regions. These questions are sensitive in Kazakhstan, but achieving sustainable or institutionalized reform of the regional councils in fact requires active engagement of local governments. More focused attention and effort greater than extending (often ignored) invitations to project seminars in project design and activities could have yielded more response, although as noted throughout this report project time was short and the barriers were daunting.



Karaganda seminar (from Coalition website, www.integrity.kz)

Pursuit of labor goals runs the risk of provoking repressive government reaction, which could also undermine sustainable progress in broader civil society reform efforts. Fragile gains could be either consolidated or reversed, depending on the direction labor relations take. The project's approach negotiated challenging and complicated territory for incremental gains, but sustainability over the longer term depends on factors far beyond the influence of this grant.

V. Conclusions

(i) Based on findings on effectiveness and impact, regarding the project's operational tactics and management leading to efficient redeployment of Coalition resources, we conclude that ***the grant management was of excellent quality and usefully built local capacity to continue working for democratization in Kazakhstan.*** Practicing democratic principles through project operations built stakeholders' understanding of and commitment to democratic practices, and ***Sange built additional practice and skills in project management; using new working methods brings unintended impacts or lessons that stakeholders consider highly significant offer insight for value beyond the grant's period of performance.*** Stakeholders felt and often repeated the demonstrated value of methodological and operational learning benefits, which they were already carrying forward in further activities. Round-table discussions were felt to be an especially useful approach, helping participants increase their understanding of various subjects, and their perception of possibilities for change. Sange laid the ground for good practices replication.

(ii) Dealing with initial ***partner incompatibilities pushed Sange into engaging more effectively and building experience and capacity with Coalition partners across Kazakhstan's*** socio-political and economic landscape challenges. This conclusion draws together findings on effectiveness and UNDEF flexibility, though it also stressed the need for further detailed strategic planning and back-up option in case of change in the management structure.

(iii) Based on findings regarding the problem analysis and aspirational scope of the Coalition project, we conclude ***that bringing additional expertise to bear on review or revision of project design would have strengthened its focus and likely impact.*** With respect to *Relevance* and *Effectiveness*, the Coalition project built achievements on deep local knowledge and through both existing connections and growth in networks. Equally clearly, the program design to achieve fundamental structural reform was infeasible within UNDEF grant size and duration. Institutionalizing fundamental structural reform across five regions was clearly unrealistic and beyond the reach of this grant. From a program theory or design perspective. In aiming to institutionalize significant operational reforms in national and local councils, for example, the project timeline failed to ***account adequately for the capacity of existing systems and actors*** to resist or even ignore weak civil society advocacy.

(iv) In this project, as in some others covered by this evaluation, UNDEF was able to ***add value by working in extremely difficult political contexts.*** While stakeholders did not directly raise the issue of the perceived neutrality of the UN "brand," it is almost self-evident that bilateral donors would not have been welcome in this charged environment. Extractive industries operate in inhospitable areas remote from Western influence and disconnected from the Almaty/Astana donor clusters, and the UNDEF grant enabled the project to reach populations living in these areas of Kazakhstan

VI. Recommendations

i. Based on conclusion (i), we recommend that UNDEF strengthen management principles and planning in grant application requirements and award decision criteria. Adjusting award criteria to encourage or ensure that management principles and planning are defined and more clearly commit to internal transparency and accountability may help other UNDEF projects succeed. Initiative and creativity can be difficult to assess in grant applications, but criteria could assure that recipients meet minimum criteria of sound management principles and adherence to practice transparency, accountability, and participation in the project itself. At a minimum the Management Arrangements section of an application could include an outline of change management and/or conflict resolution principles or decision processes.

ii. Based on conclusions (iii), we recommend that SENG should adopt a more critical approach in future work to ensuring that the relationship between objectives, required institutional change, and constraints is a *realistic* one.

iii. SENG should build on the credibility it established through this project to search out areas of common ground between government, workers, and businesses in order to identify possible new projects designed to build confidence and promote discussions. There may be areas (e.g., workplace safety education) where pockets of shared goals and mutually acceptable approaches can be identified.

Annexes

Annex 1: Evaluation questions

General evaluation question categories

DAC criterion	Evaluation Question	Related sub-questions
Relevance	To what extent was the project, as designed and implemented, suited to context and needs at the beneficiary, local, and national levels?	<ul style="list-style-type: none"> ▪ The Mid-Term and Final Reports demonstrate flexibility in implementation to overcome ongoing challenges in design and operations. ▪ Which of these challenges might have been foreseen in this context? ▪ Which challenges might other grantees anticipate? ▪ What tools, approaches, or lessons in flexible management to contextual challenges could Sange offer to UNDEF or other grantees?
Effectiveness	To what extent was the project, as implemented, able to achieve objectives and goals?	<ul style="list-style-type: none"> ▪ As we review the discrepancies between intended and actual accomplishments, where can we identify patterns of more and less effective operations? ▪ Which elements of the project strategy led to strongest achievements? ▪ Can we identify some of the factors that contributed to areas of greatest success?
Efficiency	To what extent was there a reasonable relationship between resources expended and project impacts?	<ul style="list-style-type: none"> ▪ Reviewing original intentions and real achievements, are there areas where the original strategy allocated too few resources? Too many? ▪ Can we identify areas where different or earlier assessment of progress toward goals could have conserved resources?
Impact	To what extent has the project put in place processes and procedures supporting the role of civil society in contributing to democratization, or to direct promotion of democracy?	<ul style="list-style-type: none"> ▪ Where have the project's activities built individual or organizational capacity toward key UNDEF and project goals? ▪ Has new information provided to groups and citizens made a difference in their knowledge, attitudes, or behaviors? ▪ Can we see knock-on effects or ongoing uses made from any of the project's activities or products?
Sustainability	To what extent has the project, as designed and implemented, created what is likely to be a continuing impetus towards democratic development?	<ul style="list-style-type: none"> ▪ What incremental steps have been made toward new or improved systems, behaviors, or institutional structures that have potential to endure?
UNDEF value added	To what extent has the involvement of UNDEF catalyzed local or national efforts to focus constructively on democratization issues, and/or to strengthen the voice of civil society and ensure participation of all groups in democratic processes?	<ul style="list-style-type: none"> ▪ How do Sange and their implementing partners assess the value of UNDEF support for their efforts? ▪ What other resources might they be able to access given progress made by activities under this grant? ▪ Where can they see opportunities to build on results to-date, and multiply impact from the UNDEF investment?

Annex 2: Documents Reviewed

Project documents and references

Project Document, signed 29 August 2008
Mid-Term/Annual Progress Report, dated 28 Feb 2010
Final Project Narrative Report, dated 17 Jan 2011
<http://integrity.kz/>

Additional documents and references

Aitenova, Sholpan, Anton Artemyev, Malik Issabekov, Yuriy Krivodanov, Pavel Lobachyov, and Natalya Yantsen. 2007. "Two Years of Implementation of Extractive Industries Transparency Initiative (EITI) in Kazakhstan: Conclusions and Recommendations". Kazakhstan Revenue Watch Program, Almaty. Prepared with financial support of the Soros-Foundation Kazakhstan.

Chulanova, Zauze. 2007. "Poverty Reduction in Developing Countries via Infrastructure Development and Economic Growth: Mutual Impact in Kazakhstan". ADB Institute Discussion Paper No. 62, March 2007.

Extractive Industries Transparency Initiative, <http://eiti.org/> ; see also <http://eiti.org/Kazakhstan>
<http://www.eurasianet.org/> (Operated by the Central Eurasia Project of the Open Society Institute, now known as Open Society Foundations, <http://www.soros.org/>).

<http://www.hrw.org/news/2011/08/05/kazakhstan-criminal-trial-labor-lawyer>

<http://www.interfax.kz/?lang=eng>

Kazakhmys, <http://www.kazakhmys.com/>
<http://www.globalwitness.org/library/questions-still-remain-over-who-controls-kazakhmys-plc>

North Caspian Operating Company, <http://www.ncoc.kz/en/default.aspx>
https://en.wikipedia.org/wiki/Kashagan_Field

Organisation for Security and Co-operation in Europe, OSCE Centre in Astana,
<http://www.osce.org/astana>

<http://www.osw.waw.pl/en> (Funded by the Polish government: "The Centre has a dual objective of stimulating expert debates and providing information and analytic support to decision makers in Poland." <http://www.osw.waw.pl/en/mission-statement>)

<http://en.trend.az/regions/casia/kazakhstan/1970385.html>

Annex 3: Persons Interviewed

Activity	Dates
Preparatory phase start	February 2012
Travel to/from Kazakhstan	02-10 March 2012
Effective mission dates	05-09 March 2012
Reporting	March/April 2012
05 March	
Mr Janat Mustafin, Social Analytica, Astana (project partner); now Director of Expert Group at Kazakhmys http://www.kazakhmys.com , Karaganda	Interview
Ms Nina Yerkaeva, Director, Education and Development, Karaganda (project partner, Karaganda)	Group discussion
Ms Yulia Dymova, Education and Development staff member (project partner)	Group discussion
Ms Olga Gan, Education and Development staff member, communications specialist (project partner)	Group discussion
Mr Segey Pavlovich Frolov, Sociologist, cooperating with Education and Development (project beneficiary)	Group discussion
Mr Vasilii Klimakov, Regional Director, Republican Network of Independent Monitors (project beneficiary)	Group discussion
Mr Pavel Shumkin, Mineworker and Trade Unions analyst (project beneficiary)	Group discussion
06 March	
Mr Yuriy Krivodanov, Director, Expert at Blago, Karaganda (one of the original three project partners)	Interview
Ms Natalia Tomilova, Director, Miners' Families, Shakhtinsk (project beneficiary)	Interview
Miners of Arcelor-Mittal, project beneficiaries, Shakhtinsk	Group discussion
07 March	
Mr Zhagpar Yegizbaev, Reputation Manager, North Caspian Operating Company (project beneficiary) http://www.ncoc.kz	Interview
Mr Yerlik Karazhan, Senior Advisor, Community Affairs and Sustainable Development, North Caspian Operating Company (project beneficiary)	Interview
Mr Max Bokayev, Director, Arlan Foundation, Atyrau (project partner)	Interview
Ms Janar Jandosova, Director, Sange Research Center, Astana (project implementing agency)	Group interview and discussion
Ms Natalia Baitugelova, Vice-president, Sange Research Center (project implementing agency)	Group interview and discussion
Ms Ainagul Sharipbaeva, Project Coordinator, Sange Research Center (project implementing agency)	Group interview and discussion
08 March	
Mr Pavel Lobachev, NGO Echo , Almaty. Expert "Review on international experience" (project partner)	Interview
Mr Kasym Kapparov, economist, Almaty. Expert "Transparency issues" (project partner)	Interview
09 March	
Mr Alexander Peytchev, Economic and Environmental Officer, Organization for Security and Co-operation in Europe (OSCE), Astana (sector stakeholder and observer on Kazakhstan's National Committee of the Extractive Industry Transparency Initiative (EITI))	Interview
Ms Natalya Ichshenko, Project Assistant, Economic/Environmental Dimension, Organization for Security and Co-operation in Europe (OSCE), Astana (sector stakeholder and observer on Kazakhstan's National Committee of the Extractive Industry Transparency Initiative (EITI))	Interview
Ms Rasa Jautakaite-Tunaitiene, Economic Officer, European Union Delegation, Astana (sector stakeholder)	Interview
Ms Nadia Satonova, Center for Local Self-Government, Ust-Kamenogorsk (project partner)	Interview

Annex 4: Acronyms

DAC	Development Assistance Committee
EITI	Extractive Industries Transparency Initiative
GDP	Gross domestic product
NCOC	North Caspian Operating Company
NGO	Non-governmental organization
OSCE	Organization for Security and Co-operation in Europe
PR	Public relations
Sange	Sange Research Center
UNDEF	United Nations Democracy Fund