



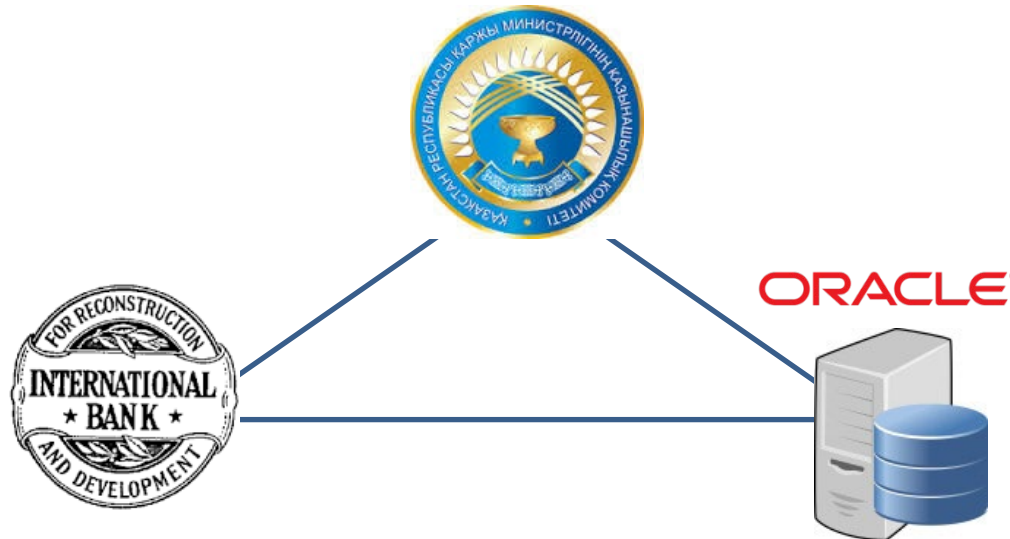
## **Interaction with Vendors that Support the PFMS: Experience of Kazakhstan**



## Treasury Committee

Ministry of Finance of the Republic of Kazakhstan

An **IBRD** loan helped to finance a system based on **Oracle** off-the-shelf software. The system is intended to provide centralized cash services for the government budget of the Republic of Kazakhstan.





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**Hewlett-Packard** servers, in particular **SuperDom** based on **Itanium** processor and DA of XP series, were selected as hardware.





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**16** regional departments

**188** district-level Treasury offices

**3,000** Treasury staff

**1,000** serviced GB/CKC

**45,000** external users  
(staff of GB/CKC)





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ORACLE®



Between 2004 and 2010, contracts for the support of the Treasury information system were established through open tender under public procurement with **authorized Oracle partners**.



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### Tender under public procurement: limitations and risks



Time and labor costs to run tender procedures



Unintended violation of law during the tender under public procurement because there may be excessive requirements to vendors



Risk of corruption: in particular, possible collusion between vendor and client



Information security: impossible to mandate special screening by national security bodies of vendor's staff



Tender may result in a contract with unfair vendor



Possible disruption of tender procedures which may affect operational continuity of the Committee



The RK legislation on public procurement did not allow to establish a contract with a single vendor to maintain quality: last year's vendor would have gained experience in supporting the Treasury IS, and replacement might affect quality and speed of service provision.



The need to keep the quality and speed of service provision put the Treasury in a dependent position vis-à-vis its vendor.

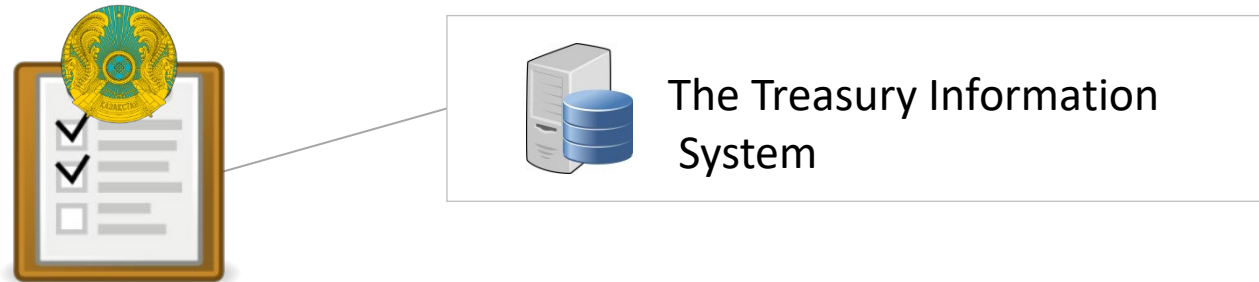




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### Measures taken



The Treasury Information System was included in to the list of National Information Systems approved by the Decree of the RK Government.

Pursuant to the RK legislation, information resources included in the list must be supported by a Single Operator of the E-Government ICT infrastructure that is 100% state-owned – AO “National Information technologies”



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### Contract with a Single Operator: advantages:



The Single Operator staff are screened by the RK national security bodies



The Single Operator poses as the E-Government integrator which has allowed efficient exchange of information with E-Government components



Obtaining services through public procurement without applying provisions of the law “On Public Procurement” allows operational continuity of the client since the support services are in essence a daily need



Under the contract with the Single Operator enhancements are made that do not require changes in the software core.  
A technical support schedule is also produced.



No risk of corruption or establishing a contract with unfair vendor



In case of emergencies with IT systems of the Treasury Committee the Single Operator has a cadre of skilled experts.





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# Changes in the RK legislation related to the procurement of services to ensure operational continuity of government bodies

### BEFORE

Government bodies set up and maintain server rooms infrastructure on their own.

Competitive procurement of services to provide communication channels is done by the government body itself

No mandatory scanning of government bodies' information resources for information security vulnerabilities

### AFTER

▶ The Single Operator deploys server equipment in a Government Server Center that meets the TIER-3 standard

▶ Contracts to provide communication channels for all government bodies are established by the authorized body of the RK in information technologies

▶ The RK authorized body in information security monthly scans government bodies' information resources for information security vulnerabilities and monitors their mandatory elimination



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### BEFORE

Independent certification centers can be used.

No Common Transport Medium for the government bodies (CTM GB) of the Republic of Kazakhstan

No single internet access gateway (SIAG) for the government bodies

Own ordinance of the government body is sufficient for IS commissioning

### AFTER

Mandatory use of registration certificates issued by the National Certification Center of the RK

Electronic communication is enabled by the CTM GB. The law prohibits integration of the CTM with the internet.

For information security purposes all government bodies must access internet via SIAG. Compliance is regularly monitored by the RK authorized body in information security.

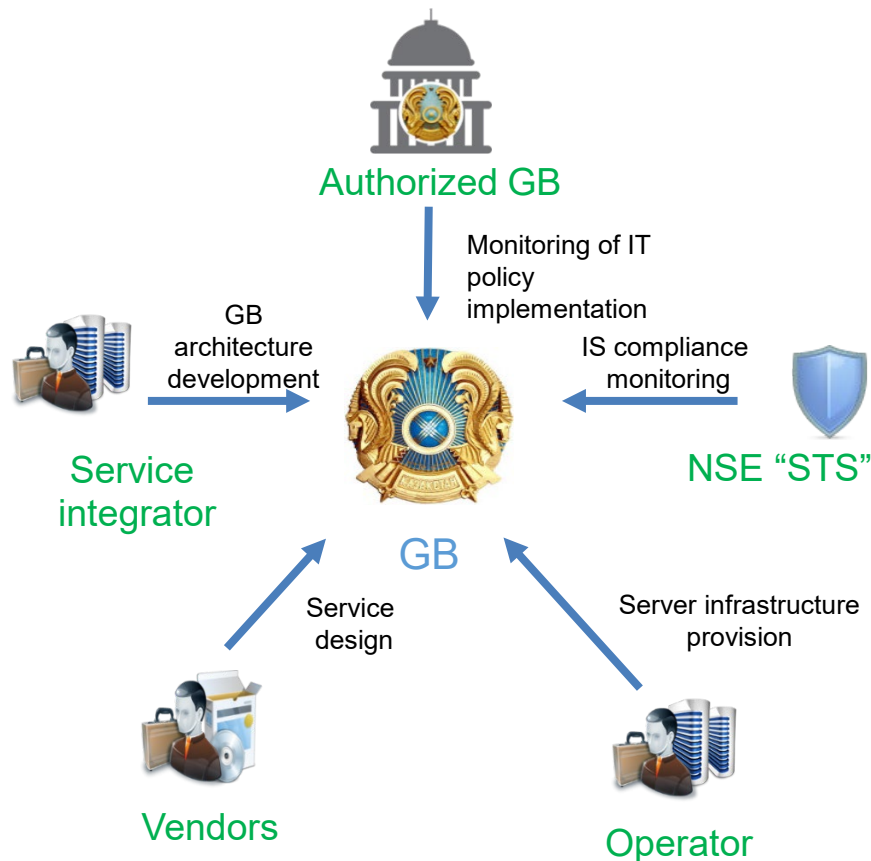
Commissioning requires a certificate stating that information security standards of the RK are met, as well as a positive opinion after the standard technical documentation has been evaluated and the RK authorized body in information security has tested the source code.



# Treasury Committee

## Ministry of Finance of the Republic of Kazakhstan

### IT service model



#### GOVERNMENT BODY (GB)

- GB architecture approval
- Initiating service development
- Service procurement

#### AUTHORIZED BODY

- ICT policy implementation monitoring
- Develop and approve methodology for the GB's IT service model

#### SERVICE INTEGRATOR

- GB architecture development and support
- Attracts service providers
- Manages the project to develop ICT service

#### OPERATOR

- Provides secure and agile ICT infrastructure for the GB (including communication channels)
- Ensures data integrity and security
- Provides quality services to GB

#### NSE "STS"

- Testing service products for information security
- Monitoring of the Operator's information security infrastructure

#### VENDORS

- Service development and delivery
- Services leased to the Operator



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# Service Development Model: Selection Criteria

## SERVICE SOFTWARE (SS)

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### Standard service:

Software helps to automate standard (regulations reference book, standards reference book) and support (accounting, HR, asset management) functions and processes and is available “as is” off-the-shelf without any significant tweaking

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### Unique service:

Monetization scheme that benefits both IT company and the government is available  
Payback period under 3 years  
Unique hardware is not needed

## PUBLIC-PRIVATE PARTNERSHIP (PPP)

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- Major CAPEX with payback period of over 3 years
- 
- Laws or regulations are to be passed/amended for the project to be implemented
- 
- Developing software in partnership is more cost-effective for the government than direct public financing
- 
- Expensive infrastructure project

## Standard Model

- IS processing information marked as “CLASSIFIED”
- No monetization scheme that would benefit both IT company and the government

**THANK YOU!**