

Kazakhstan Institute for Strategic Studies
under the President of the Republic of Kazakhstan

KAZAKHSTAN-2023:
trends of today
●————— and —————●
outlines of tomorrow

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The monograph is devoted to the analysis and vision of the development of current processes in the domestic, foreign, and economic policy of Kazakhstan. It also explores the prevailing trends in the age of turbulence. The book reflects on the political transition that took place following the events of January 2022. It attempts to identify future development and scenarios for further commitment to the course of reforms in all areas of Kazakhstan's development aimed to overcome challenges and find new opportunities.

The publication is intended for specialists in political science, sociology, economics, and international relations, as well as a wide range of experts and general readers.

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PREFACE

Today, the world is on the verge of global changes. That is to say, what was once considered science fiction a decade ago has become our daily reality. What seemed impossible back then is becoming the norm. The saying “the world will never be the same again” in the context of the new dynamics of world processes can be seen as one of the symbols of this era. In fact, the matter concerns a global transformation of the rules, norms, principles, and values of all of the mankind. This transformation is perceived to be the revision of reality fundamentals. Throughout history, various types of global changes have served as catalysts for shifts in historical epochs.

Humanity continues to develop progressively, with scientific and technological progress generating more and more new products, solutions and innovations that change the environment. The role of these novelties is yet to be comprehended. There is a conceptual difference between the current global changes and changes of previous historical eras. Namely, not only the scale, but also the intensity of occurrence and the speed of manifestation of those changes. Today, the world is interconnected as never before. The consequences of local crises resonate in every region of the globe. The interconnectedness of global processes and the world as a whole will only intensify, creating new multi-level challenges for all actors in world politics. The COVID-19 pandemic substantiated this, demonstrating that despite society being suddenly confined within national borders, new avenues for interaction emerged, tailored to the prevailing challenges. The set of global changes is also region-specific, which creates unique effects in each part the world. As has been the case throughout history, different states and regions experience periods of growth and decline, forming a complex puzzle that makes up the world. Regardless of whether the increasing obstruction and fragmentation in world politics

can reverse globalization, and how stable the current world order can be, the world will face an inevitable transformation.

The Center for International Development continues to shift from West to East, introducing new variables into the equation of world balance. In any case, this process inevitably entails both risks and qualitatively new opportunities for those regions and nations of the world that will be able to adapt to global transformations most effectively from inside and out. It is becoming increasingly challenging for nation-states to continue their journey in the changing landscape of global geopolitics. The complication of human life is redefining the very role of states, setting new goals and objectives at this new stage of human development. In fact, today, nation-states are doubly “entrapped”, i.e. both at external and internal levels. The former can be found in their international interactions on the world stage, whilst the latter deals with the framework of implementing national policy, internal reforms, and defining country development objectives.

Following the topic, at the external level, these nation-states encounter the weakening of the international relations system that began upon the Second World War, as well as the revision of the norms of coexistence. The very architectonics of the world order and the global governance system which is based on the central role of international institutions and organizations, is changing.

This set of changes is occurring at the moment when states cease to be the only actor of international relations. The reason is, they share this role with the growing non-state actors. Meanwhile, the external level becomes one of the fundamental factors that determines the possibility and effectiveness of any set of reforms, being its natural background.

At the internal level, nation-states encounter sweeping complex transformations of society; namely, its values, ideology, beliefs, ethnic and gender-age structure, and the

resulting multilevel consequences. Demography creates long-term challenges to the existence of states, accelerating their transformation and adaptation to emerging changes. Additionally, the political systems of states are changing against the backdrop of the global growth of illiberalism, put comma after the word and political sovereignty, as the fundamentals of political systems are being reexamined.

In the world economy, global shifts and changes are shaping a brand-new landscape of interaction. The growth of economic nationalism, the policy of new protectionism, and the large-scale application of economic sanctions as a form of political tool in world politics query the fundamental principles of free liberal world trade. Thus, economic nationalism is driven by the imperative of serving national interests and protecting national identity.¹ The versions of economic nationalism are formed in accordance with the socio-economic situation of states, their institutions and political system, as well as with the extent to which the nations are globally integrated into the world community.

Amidst of the global trade crisis and the threat of a large-scale global economic recession, nation-states must actively reshape their models of economic development and management. In this context, Asian governance models exhibit greater adaptability to multi-level crises, while classical models tend to rely on their previously accumulated margins of safety to weather turbulent periods.

All the same, a complex set of global changes in international politics and the world economy, in the political systems of states themselves, and the multi-level transformations of their societies forms the global context in which Kazakhstan finds itself. This context applies to major internal changes, political system transformation, and the society itself. This, in turn, establishes unique processes taking place in the country.

¹ Helleiner, E. (2002). Economic nationalism as a challenge to economic liberalism? Lessons from the 19th century. *International studies quarterly*, 46(3), 307-329.

The state, as well as the whole world, is embarking on a new, unprecedented path, the contours of which are being shaped today.

In the beginning, it is important to reflect critically and identify the initial context parameters that will determine the multilevel competitiveness as a state and nation in the medium and long term.

In this collaborative work, Kazakhstan's leading analysts, researchers specializing in public policy and administration, sociology, demography, economics, management, and international relations gathered together to assess the complex and multidimensional new paradigm of Kazakhstan's development that is being built today. This book, devoted to the analysis of the reform policy of Kazakhstan, the collaborative writing team has carried out a comprehensive study of the current situation in society and in the domestic, put comma after and economic policy of the state. Notionally, this work is both a reflection on the political transition that took place after the January 2022 events and an attempt to develop the vision of a new paradigm for further commitment to the course of reforms in Kazakhstan.

The book consists of four put comma after examining the state, key put comma after and contours of political system transformation of the state, society, put comma after and foreign policy. Head of State Kassym-Jomart Tokayev has given a powerful impetus to the transformation of all spheres of public life and set the task of reforming the entire system of public administration. The presented analytical work allows to scrutinize current situation of the country, which is viewed as a starting point on the path of further modernization.

The sequence of sections of the first chapter follows the logic and stages of the state policy reforms.

The first section provides a retrospective analysis of the public administration development in Kazakhstan and considers scenarios for its improvement in the short and medium term.

8 The authors of this section offer guidelines for building an

advanced system of public administration. More specifically, these recommendations encompass enhancing the legal infrastructure of state and society interaction, expanding the toolbox of civic participation in the system of public administration, increasing the transparency of civil servants' recruitment system, as well as the effective promotion of e-government tools.

A separate section of this chapter focuses on analyzing the formation process of new checks and balances system in Kazakhstan. The authors of the section define the reforms within each of the government branches, as well as consider the prospects for qualitative changes in the relations between the state and society, the state and business. Simultaneously, the electoral system reforms are analyzed within the context of executive power decentralization and increasing the subjectivity of the country's regions. The authors emphasize the need to form an equalized system of checks and balances in the political system of Kazakhstan, considering three main vectors of future development.

In a subsequent section of the chapter, particular attention is given to the development of the party system in Kazakhstan. This section mentions the peculiarities of reforming the political system of Kazakhstan in the 2019-2022 period, which resulted in the emergence of new political parties, the introduction of a mixed formation system of the deputy corps of the central and local representative bodies. Moreover, the outcomes include the constitutional limitation of the President's and akims' influence on the political party agenda. The authors provide an analysis of political parties in Kazakhstan, assess their potential, and also make forecasts for the development of civic movements and organizations, seeking registered political party status. Based on their analysis, the authors present four potential scenarios for the medium-term development of Kazakhstan's party landscape.

The chapter includes a section dedicated to local self-government reform, featuring a retrospective analysis of local

self-government institutions' development since 1991. The chapter also touches on the current state of the institutions structure, and also presents characteristics of the interaction practices between them. The authors of the section provide a detailed analysis of government initiatives and concepts for reforming the local self-government system with an assessment of its potential impact on local communities.

The second chapter of this book is focused on a comprehensive analysis of the society of Kazakhstan.

This chapter presents the most important demographic characteristics of the population and its standard of living. Moreover, there is an analysis of the society values, taking into account the interconnectedness between economics and culture, mode of put comma after and fundamental values. Here, the authors undertake an attempt to answer the question of how the economic development of the country has led to changes in the culture and fundamental values of the society. Also, to what extent are the values autonomous in the terms of resistance to socio-economic transformations?

The chapter ends with a section on political activism, which came to the fore in the course of sweeping political reforms. Particular attention is given to such new forms of political participation as online activism, signing petitions, performances, art activism, volunteering, and so on.

In the third chapter of this book, the authors provide an analysis of the present economic situation in Kazakhstan

and outline the key challenges that the economy is to face in the medium term. The previous model of economic development has actually depleted its margin of safety, as the model was based on the extractive industries and related service industries. Contrasted with the multi-level crises unfolding in Eurasia together with the economic aspect, Kazakhstan has to update the paradigm of economic development in order to ensure long-term resilience and implementation of country development goals.

The agenda of economic modernization and development becomes central in building a Just and Fair Kazakhstan. However, uneven investments and productivity growth have led to social and economic disparities between industries and regions. An economic growth model reliant on mining industries diminishes its resilience and competitiveness, constraining private sector development and increasing the risk of economic stagnation.

The fourth chapter is dedicated to the foreign policy of Kazakhstan in the modern context.

Tectonic geopolitical processes continue to erode the foundations of the world order established after the Second World War, forming a new paradigm of world development. Amidst an unprecedented level of confrontation between great powers, accompanied by a set of different regional crises and the growth of conventional and non-conventional threats, new “fault lines” are appearing in world politics which annually influence the political system of Central Asian countries and their global positioning.

Against this backdrop, the Asian region is continuing its ascent in the global economy. In other words, Asian countries are demonstrating a more dynamic pace of development, hastening the arrival of the “Asian Century” and shifting the vector of world development to this region.

Proactive policy towards global changes, enhancing resilience to external challenges, and the capacity to establish effective cooperation with the surrounding environment and international institutions have always been Kazakhstan’s main priorities in international affairs.

The chapter on foreign policy is devoted to the study of several multi-dimensional and complex issues, addressing the following questions: What new challenges and risks does the emerging architecture of the world economy and international security pose for Kazakhstan? What opportunities are emerging for our country on the international arena? What

role will Central Asia play in Kazakhstan's foreign policy in the upcoming years?

Chapter one

THE PARADIGM OF THE POLITICAL SPHERE DEVELOPMENT

1.1. Challenges of public administration in the global era

In the context of social changes occurring in culture, economy, and technological development, public administration institutions in many developed countries recognize the need to go beyond the classical bureaucratic paradigm of industrial societies. For example, in 2022, a number of new words reflecting the new reality were included in explanatory and language dictionaries. One such word added to the Collins dictionary is “Permacrisis”, a permanent crisis that began from the period of COVID-19 and persists to this day.

In the new societal conditions, Kazakhstan needs to understand and determine the vectors of further public administration development, intermediate results of reforms, and their possible impact on improving the social well-being of Kazakhstan citizens. There is also a necessity to identify public policy in the main spheres of society, while being a resilient and strong state.

The World Bank's ratings are considered the most reliable for assessing government effectiveness. The Government Effectiveness index, developed by the Bank, evaluates the following aspects: perceptions of public service quality; the quality of civil service and its degree of independence from political pressures; the quality of policy formulation and implementation; as well as confidence in the government's commitment to these policies. The rating comprises six indices: accountability, political stability, government effectiveness, regulatory policy, rule of law, and control of corruption. The index values range from -2.5 (weak efficiency) to +2.5 (strong efficiency).

In 2022, Kazakhstan's Government Effectiveness Index was +0.14 (90th place among 214 countries and regions), which is generally a positive trend. It is higher than 2021 indicator (0.06), while 2020 indicator was +0.14 and 2019 indicator equaled to +0.11. This indicator is also the highest among the six presented indices. Over the past few years, there has been a definite decrease in the political stability index from -0.01 in 2016 to -0.36 in 2022.² There has also been a drop in the Regulatory Policy Indicator. In 2022, the index turned negative for the first time since 2016 (-0.01).

According to the World Bank, Kazakhstan has low Voice and Accountability Indicator, which "captures the perceptions of the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media". This indicator was -1.07 in 2022. The Rule of Law Indicator is not much improving with its level of about -0.50 since 2015. At the same time, there is an evident progress in Control of Corruption Indicator which dramatically increased from -0.82 in 2017 to -0.19 in 2022. (Fig. 1).

² World Bank data / <http://info.worldbank.org/governance/wgi/>.

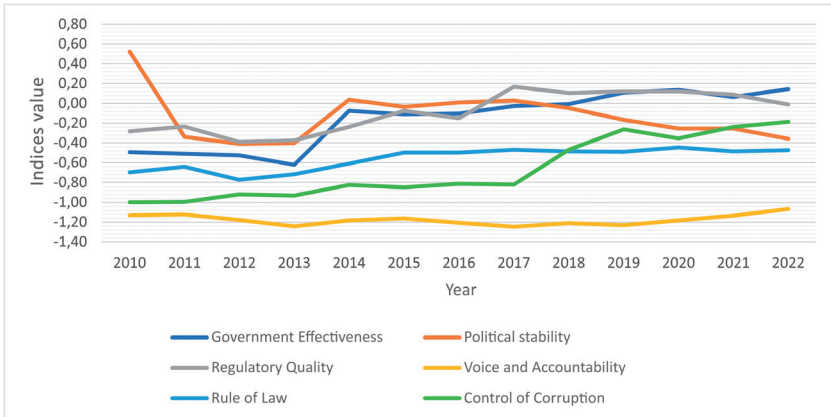


Figure 1.
World Bank Index: Governance

Note: compiled by the source [<http://info.worldbank.org/governance/wgi/>]

State-building and strengthening the main social institutions of society are among the most important political tasks for the next decade. A powerful state entails the steadfast implementation of laws and the provision of high-quality public services, enabling every person to feel like a valued and confident citizen. Building a strong society and educating its active members are indispensable for creating a balance between a strong state and a robust civil society.³ An equally important sign of a strong state and civil society is a developed culture.

Over thirty years of independent development, a number of fundamental reforms have been implemented in the country, transforming the main spheres of society's life. Moreover, significant progress has been made in the structure of both the political system and the socio-economic sphere. Stable functioning institutions of state and governance, effective implementation of foreign and domestic policies, these are Kazakhstan's achievements since independence, remain its agenda for the future. However, the issue of the relevance of public change management institutions highlights the need

³ Daron Acemoglu *The Narrow Corridor* / Daron Acemoglu, James A. Robinson; [translated from English by O.Perfilieva]. – M.: AST, 2021. – 704 p. – (Civilization and civilizations).

for large-scale administrative reforms in the name of a new concept of public administration.⁴

In this regard, let us focus on the possibilities of new approaches in Kazakhstan's public administration for the next decade, as the future of Kazakhstan's society depends on the chosen development scenario. The foresight approach is an organized and systematic way to look beyond the expected trajectory towards the future and to interact with uncertainty and complexity. This is one of several approaches that can help decision-makers to create better policies and strategies for unpredictable changes and evolution. The foresight method is not new as it has been used by governments, private sectors, and non-profit organizations in developed countries for many decades.⁵ Within this work, we aim to propose several scenarios for the development of public administration in the country. Each of the proposed scenarios has been analyzed and described in detail (see Fig. 2 and 3). The government's choice of a particular scenario will determine the effectiveness of public administration.

In this scenario, attention must be directed to the fact that, while there is a rapid development of awareness among citizens, along with the use of technology and social media, the public sector must adapt to new realities. There are no more convincing arguments for the government's idea that citizens need to become more active and adaptable to rapidly changing conditions. Currently, Kazakhstan must focus on real changes affecting all levels of governance.

⁴ Yesimova S.A. The government effectiveness in the Republic of Kazakhstan: theory and practice. -Khmelnitskiy: KUMML, 2008. – 358 p.

⁵ CEPA Strategy Guidance Note on Strategic Planning and Foresight. https://unpan.un.org/sites/unpan.un.org/files/Strategy%20note%20%20strategic%20foresight%20Mar%202021_1.pdf.

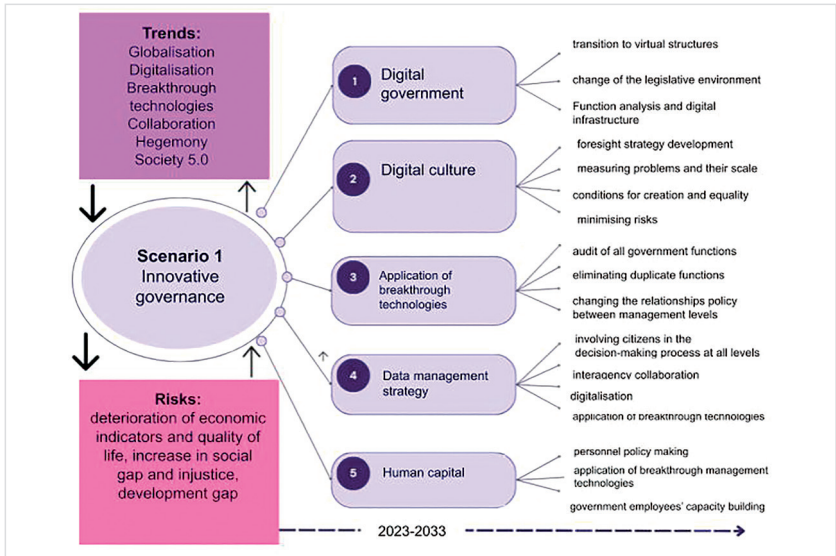


Figure 2.
Development of public administration: Scenario No. 1

Note: designed by the author.

COVID-19 has highlighted several issues in Kazakhstan related to the public administration system, including Internet provision, organization of distance learning, addressing imperfections in civil servants' decisions, slow reactions from local executive bodies, digital inequality, healthcare, and its infrastructure. These challenges have underscored the urgent need for the public sector to innovate governance immediately if the state intends to cope with global and local challenges arising in society.

Innovation is often defined as the ability to create something new and find new solutions. Therefore, it is crucial for the Kazakh public sector to explore innovative ways to save material resources and financial assets, reduce costs, get a greater return on investment, and establish more accountable public administration institutions (*Fig. 6*).

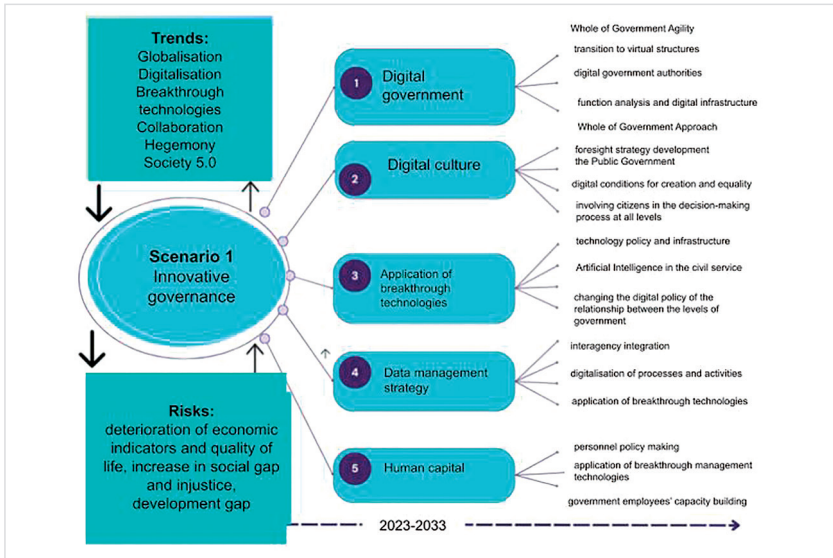


Figure 3.
Development of public administration: Scenario No. 2

Note: designed by the author.

The prime engine of the global era is digital technologies, while digitalization of all spheres of society's life is a strong tool and direction of effective and successful governance development. The GovTech Maturity Index (GTMI)⁶ study conducted by the World Bank placed Kazakhstan in the second group of countries, indicating a high desire for the development of digital government technologies.

In total, there were four groups. Regarding digitalization, public administration is one of the youngest areas and faces barriers that impede the establishment of a “Digital government”. The main barriers include a shortage of qualified specialists with skills in IT, the Internet of Things, artificial intelligence, big data, and other related fields. The GTMI was developed as part of a World Bank initiative, focusing on four main areas: supporting core government systems, enhancing service delivery, integrating citizen engagement, and fostering

⁶ GovTech Maturity Index. <https://www.worldbank.org/en/programs/govtech/gtmi>

GovTech. Additionally, the GTMI aims to assist practitioners in developing new digital transformation projects. Covering 198 countries, GTMI serves as the most comprehensive indicator of digital transformation in the public sector.

According to this study, the main activities of the digital government should include:

- ◆ Citizen/customer analytics and information: helping public sector organizations better identify who they serve, who they should serve, etc. By adapting the concept of citizen/customer lifetime value (CLV) to each industry sector, such as healthcare and social services, CLV models and analytical algorithms can assist governments in anticipating citizen needs, tracking engagement levels, and reporting on relevant performance indicators.

- ◆ Citizen-oriented service design includes practical ways to achieve result-oriented service design. It also aims at reducing duplication and eliminating gaps in service delivery. Government assistance is to offer citizens a “no wrong doors” approach to access services and to be able to effectively address the level of urgency, complexity and risk associated with services for vulnerable populations. In turn, Agile, i.e. inclusive and intelligent services, are becoming the hallmark of the public sector.

- ◆ Providing connected and intelligent facilities to help the public sector deliver personalized proactive services tailored to the needs of citizens and businesses. The offerings within these services include the basic services and technologies needed to understand the current state of citizens’ interaction with programs and services, understand/anticipate citizens’ needs, and suggest the best way forward.

- ◆ Mission-oriented personnel: public sector organizations must clearly understand the citizens/clients they serve, as well as the expected results. These organizations must also have a clear mission that guides management, operations, and interaction. Supporting a mission-oriented

workforce requires strategies, systems, and processes that: (i) acquire talents appropriate to the culture and direction of the organization; (ii) retain and develop talents; (iii) empower the workforce to make decisions and provide services that advance the mission. Productivity is measured by engagement and results.

- ◆ Government as a platform: public sector organizations need a simplified, unified, and shared network of government digital services, infrastructure, resources and systems that provides multi-channel access for citizens and businesses. The government should assume the role of an intermediary, seamlessly connecting citizens/customers with authorized service providers. This platform of shared components, services, processes, data, and infrastructure will become a central system for citizen/customer-oriented services and a mission-oriented workforce.

- ◆ A citizen-driven digital ecosystem: citizens should engage with the public sector to collaborate on service development and gain insights into digital innovation, enabling joint creativity. Citizens should be involved in: (i) constant improvement of business processes; (ii) real-time trusted transactions (voting, formation of contracts), and (iii) policy reform. Citizens and businesses should contribute to the development of data and technology on the government's platform.

The primary task is to create a system of modern institutions that ensure the influence of society on government. It is necessary to provide conditions for a constant self-sustaining process of improving the government effectiveness. Thereby, it will be instrumental in improvements in the next ten years.

Primary measures aim to improve the legal infrastructure of the public's influence on the public administration system:

1. Creating a system and mechanisms for the implementation of the "Hearing State" concept. This is possible by monitoring public perception of key issues of the country's development.

The creation of a separate structural unit to study citizens' opinions about the situation in the country or region, their needs and interests is also likely to take effect.

2. Another high-profile issue involves formulation and legislative consolidation of procedures and criteria for determining the necessity and public utility of strategic (at least) decisions and national projects, formulated goals of public administration, as well as decisions or programs associated with significant financial costs. It is necessary to determine in terms of legislation that it can be carried out only on the basis of studying public opinion on the issues under consideration. Additionally, free access to relevant research materials, including research programs and primary data, should be provided.

3. Legislation should mandate the need for making important decisions related to the structure of public administration and the development of laws and regulations on restructuring of the entire system, including the budgetary sphere. The transition to a structural model of interconnected government is essential, a model which focuses on horizontal communication and integration of government agencies. This type of government model also emphasizes the one-stop-shop principle, joined-up, network, shared services, and an entrepreneurial approach in the government agency activities leveraging new information technologies (based on the e-government database).

Over the past twenty years, many countries have experimented employing different models. The UK's experience in organizing a unified (joint) government is particularly noteworthy. A joint government is a structure where ministries, akimats and local authorities share their services. Within this structure, each ministry or akimat or local government utilizes common services rather than having separate finance, HR, IT, or procurement departments. Thereby, the structure demonstrates its economy in regard to size. For instance, several ministries may share one HR

department. One potential option for the implementation of a “compact government” is to consider the possibility of excluding each state body’s auxiliary functions. This could be worked out by transferring those functions to a single department responsible for the implementation and organization of their activities. For example, consolidating and transferring the personnel functions of all ministries to the Agency of the Republic of Kazakhstan for Civil Service Affairs, while assigning financial functions to the Ministry of Finance of the Republic of Kazakhstan, etc. Another practicable solution is allocation of a separate agency for public procurement, which would provide other ministries with the necessary goods, works, services necessary for functioning, as well as the performance of state functions.

Another new approach is the connected government. The creation of such a government contributes to responding to the ongoing debates. First, citizens often interact with public services in a fragmented manner. Another controversy is how providers structure their work (in separate departments, ministries, etc.), neglecting to cover the people’s needs. As the result, there is a growing need for a horizontal governance rather than vertical one (up to the center).

4. A national data management strategy is necessary to foster the growth and stimulation of Kazakhstan to build a world-leading data economy, while ensuring public confidence in data usage. There is a need to audit databases generated by local and central government agencies, organizations, and civil society. Consequently, it will be possible to map data management problems. All these measures will enable the creation of public administration dashboards, i.e., a specific tool that visualizes and analyzes any data, and most importantly, integrates them into a single analytical platform.

Secondary measures focus on creating tools for public influence on the governance system:

1. Implementing a targeted approach in public administration and the corresponding restructuring of the procedures of public administration. The transition to a project-based approach is also of interest, as reformers and experts have long discussed. But the government agencies face market demands that require flexible, fast, and targeted approaches.

2. Further implementation of proactive public services, digitalization of all processes and their integration.

3. Conducting an audit of the business processes within the government management system to determine ways of implementing a functional analysis of the entire system.

Measures of the third stage aim to increase the personnel openness of the public administration system, as well as at breaking down barriers between the governance system and society.

1. Effective public service plays an important role in a country's progress and prosperity. An analysis of global and regional trends in the development of public service has shown that advanced countries are now focused on improving the quality of public service. These countries achieve this by introducing new methods of personnel selection, improving the efficiency of civil servants' work, and further ensuring transparency of public authorities, considering disruptive technologies such as artificial intelligence and blockchain. This is evidenced by the review of the Civil Service Effectiveness Index, prepared by the Oxford University. Although there is currently no comprehensive set of international civil service performance indicators, the topic is recognized as challenging to analyze in academic, international, and practical communities. This is partly due to limited data and varying definitions of "civil service" and "efficiency". Another possible reason is the need to consider country-specific factors when interpreting the results. However, a variety of existing data reviews and indices available worldwide can be combined to provide a realistic set of information annually.

The civil servants' selection and promotion system requires greater transparency. The role of human resource management is increasing, as there is a widespread understanding that the effectiveness of public service is determined by the quality of personnel. This can be achieved by employers selecting and encouraging the worthiest applicants. In its turn, there is a desire for openness and transparency in selection and promotion, giving special attention to ethics and honesty.

It is worth noting the International Civil Service Efficiency Index, which includes the Human Resource Management indicator. It covers two essential components: a system for selecting and attracting civil servants, and retaining talents within the civil service. These components, in turn, are decomposed into four elements: retention of talents in public service, performance management, quality of learning and development, civil servants' satisfaction level with HR services. The best global practices can be observed in examples from the UK, Bulgaria, and Denmark. One of such examples is the British Civil Service Fast Stream program.

In Kazakhstan, the Youth Personnel Reserve program is responsible for selecting talented young individuals for public service. It imposes requirements for all young people and sectors of public service activity. It is necessary to elaborate on the needs of each department and ministry and determine the focus area and, accordingly, the requirements for talent selection. This will lead to an improvement in the quality of public administration.

It is essential to create a state policy document on human resources management at the republic level. Consequently, it will help to determine a comprehensive picture of the needs and implementation of human capital management policy. Today, Kazakh society possesses sufficient human capital to form a merit-based civil service corps, using a transparent selection mechanism. It is also important to develop an open transparent selection system for civil service, budgetary, and

other organizations. Particular attention should be given to the formation and development of the government apparatus.

The effectiveness of reforms implementation in Kazakhstan directly depends on the professional development of the civil service. According to OECD study, the civil service goes through its development phases in three directions: professional, strategic, and innovative.

2. Particularly, the system of training and education of civil servants requires close examination as it needs deep transformation and rebooting. It is necessary to establish a policy of training civil servants at all levels, focused on the implementation of managerial, strategic, and innovative tasks in the activities of state bodies.⁷

1.2. The System of Checks and Balances: Further Upgrade

In his State of the Nation Address, dated March 16, 2022, President of the Republic of Kazakhstan K. K. Tokayev noted that “the management system focused on the over-concentration of powers has already lost its effectiveness.”⁸ In the same policy document, the Head of State set the task on the necessity of a definitive transition “... from a super-presidential form of government to a presidential republic with a strong Parliament.”

Subsequent constitutional and legislation amendments, along with the political system’s reboot through the President, Parliament and maslikhats’ elections, aimed at building a new

⁷ Features of Effective Systemic Foresight in Governments around the World. Report of Government Office for Science of the UK, 2021. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/985279/effective-systemic-foresight-governments-report.pdf

⁸ State of the Nation Address by President of the Republic of Kazakhstan Kassym-Jomart Tokayev. «New Kazakhstan: The Path of Renewal and Modernization». The official website of the President of the Republic of Kazakhstan. March 16, 2022 <https://akorda.kz/ru/poslanie-glavy-gosudarstva-kasym-zhomarta-tokaeva-narodu-kazahstana-1623953>.

balanced system of checks and balances. Decentralization of power as a concept has been a topic of discussion since 1991. The understanding of decentralization has two dimensions: horizontal and vertical.

The first dimension of decentralization pertains to the separation of powers between the legislative, executive, and judicial branches. The second dimension of decentralization concerns to the vertical redistribution between the “center” and “periphery”, that is, the capital and the regions. The vertical and horizontal power decentralization policy still remains relevant.

The Concept for the Development of Public Administration in the Republic of Kazakhstan until 2030 indicates that the work on decentralization of public administration presupposes the transfer of “... some functions to lower levels, as well as to a competitive environment.”⁹ Vertical decentralization at the current stage of development aims to “...ensure the right balance of powers, responsibilities and resources at the regional level between the regional, district (urban) and rural levels of government.”

Beyond the political sphere, vertical decentralization can be implemented at other levels. In particular, in the economic sphere, vertical decentralization can provide regional authorities, including local self-government, with greater freedom in managing financial resources to optimally and promptly address the population’s needs. In the social sphere, vertical decentralization enables local governments to more accurately assess the local needs for health, education and other social services.

Ultimately, decentralization of power enhances the efficiency and promptness of decision-making, increases the level of responsibility for decisions taken, as well as the

⁹ On the approval of the Concept of Public Administration development in the Republic of Kazakhstan until 2030. Decree of the President of the Republic of Kazakhstan dated February 26, 2021 №. 522. <https://adilet.zan.kz/rus/docs/U2100000522>

level of participation of citizens in improving their quality of life and well-being. It also fosters better communication and coordination between different levels of government, not only through the “center – regions”, but also through the “akimats – maslikhats” directions. This is extremely important, given the possible misunderstandings at different levels of implementation of government initiatives and projects.

The political reforms implemented in Kazakhstan since 2019 are accompanied by administrative reforms. Major structural and functional changes primarily are anticipated in the executive branch, rather than the legislative and judicial ones. This is because vertical decentralization principally concerns the Government which carries out direct and operational management of the state through central state bodies and local executive bodies, as well as local akims.

The executive branch, represented by the Government of the Republic of Kazakhstan, has set the task “... to redistribute powers among levels of government by defining the principles and limits of decentralization”¹⁰ To date, the Prime Minister’s Office has been transformed into the Government Apparatus, which, according to the Government, will enable “... to form a compact government apparatus by reinforcing the supervisory and coordinating role, ultimately improving the quality and efficiency of decision-making of the Government.”

In 2023, following President Kassym-Jomart Tokayev’s Address to the people of Kazakhstan, the Presidential Administration underwent restructuring. In particular, the positions of deputy heads of the Ministry of Agriculture of the Republic of Kazakhstan were abolished; the number of Presidential assistants in specific areas of state policy were expanded, and individual structural divisions have undergone

¹⁰ Decentralization of government system to form compact cabinet – A. Kuantyrov on the execution of the instructions of the Head of State. The official information resource of the Prime Minister of the Republic of Kazakhstan. September 3, 2022 <https://primeminister.kz/ru/news/decentralizaciya-sistemy-gosupravleniya-pozvolit-sformirovat-kompaktnyy-apparat-pravitelstva-a-kuantyrov-ob-ispolnenii-porucheniy-glavy-gosudarstva-38045>.

changes.¹¹ For instance, the position of “Assistant to the President of the Republic of Kazakhstan on Internal Policy and Communications” has been established. Furthermore, the government was reorganized, involving the creation of new ministries and transformation of existing ones.¹² In particular, the Ministry of Water Resources and Irrigation of the Republic of Kazakhstan was separated from the Ministry of Ecology and Natural Resources of the Republic of Kazakhstan. This was dictated by the increased relevance of water resources management issues.

Factors influencing the establishment of a system of checks and balances.

Effective public administration and planning. The background to the issue of checks and balances is quite complicated, with hundreds of decisions made and regularly revised. The process has become highly repetitive, with the creation of new departments followed by subsequent optimization efforts. Transferring functions from central authorities to regions interchanges with withdrawing them back (the latter can be easily traced by the departments of architectural and construction control, land inspections and tariff regulation).

As is well known, government agencies encounter diverse difficulties concerning the quality of planning and regular adjustment of the plans themselves, the change of institutions and the managerial personnel, the change of legislation (“rules of the game”), insignificant external control over the results

¹¹ Reorganization of the presidential administration structure: a number of high-ranking officials have been released from their posts. Kazakhstan Today. September 1, 2023 https://www.kt.kz/rus/state/reorganizovana_struktura_administratsii_prezidenta_1377954800.html.

¹² On further improvement of the public administration system of the Republic of Kazakhstan Decree of the President of the Republic of Kazakhstan. September 1, 2023 The official website of the President of the Republic of Kazakhstan. <https://akorda.kz/ru/o-merah-po-dalneyshemu-sovershenstvovaniyu-sistemy-gosudarstvennogo-upravleniya-respubliki-kazahstan-183715>.

(under subordination of internal control to political tasks and interests).

The functionality of Parliament's control over the Government. In particular, the approval of the reports of the Government and the Supreme Audit Chamber on the execution of the republican budget in the Mazhilis. During parliamentary sessions, the deputy corps utilizes discussion mechanisms to critique the Government's work, emphasizing the need for strengthening parliamentary control.

The effectiveness of control, supervision, and limitation powers of one government agency over another hinges on the practical use. Otherwise, the powers of the state body amount to be mere declaration.

Reforming the electoral process. As part of the 2022 reforms, the state restored the system of single-member districts, providing for the possibility of self-nomination. Rather than a super majority, the system of a relative majority was introduced (i.e. elections in the first round). On the one hand, representative bodies are designated as more democratic within this system. On the other hand, it raises the risk of insufficiently high electoral legitimacy of elected deputies.

The mixed electoral system has raised the question of the interrelation between legitimacy of representative bodies and proposed akims of the regions. The former of the two were elected by citizens through direct voting, while the latter are supported by maslikhat deputies (indirect voting), especially in areas with one electoral district. This issue directly correlates with the key issue of the unity of the conducted state policy and the territorial integrity of the state.

The new composition of the Mazhilis and the results of the 2023 elections once again bring up several issues. Firstly, introducing a super majority system in elections in single-member districts. Secondly, increasing the proportion in favor

of deputies for single-seat districts, as well as direct voting of akims.

The background to the case demonstrates the fact that the Senate was specifically proposed as a counterweight to the Mazhilis. There is an opinion in the expert community about the preservation of the upper house in Parliament and the transformation of its role in the political system. As such, the expansion of its functions in relation to the regions is assumed (at least, holding regular hearings on regional problems, listening to reports from akimats and information from maslikhats). An obvious advantage of such a model will be a more flexible regional policy, together with a remarkable increase in the level of accountability of the executive branch.

An additional source of the Senate authority may be the introduction of a procedure for approving the candidacies of the regulatory agencies' heads (e.g., the Agency for Protection and Development of Competition, the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market) and hearing their reports.

Regulation of political processes in the conditions of democratization. The shift in the model of maslikhats formation and the introduction of direct election of akims have given rise to a new political reality which depicts the level of the political system democratization at the regional level. Naturally, the question about the reform of inter-budgetary relations and increasing the financial independence of the regions arose. The mechanism of budget revenue centralization needs to be reviewed to optimize the process of budget generation and its expenditure locally. This will prevent regions from transferring all income to the center, further waiting for subventions. The objective of the mechanism for regions is to enable them independently create conditions for replenishing the local budget and decide on its expenditure. To further exemplify this point, it might be noted that over the past 20 years, most of the regions of the “agricultural industrial belt” of the country (East Kazakhstan,

Akmola, Aktobe, Karaganda, Pavlodar, Kostanay regions) have switched from the status of contributor to budget recipient.

In his State of the Nation Address, on September 1, the President of the Republic of Kazakhstan tasked several ministries and regions with piloting a full-fledged block budget project. According to the President of the Republic of Kazakhstan, a fundamental change in inter-budgetary relations implies an increase in the level of regions' budgetary independence. This can be discernible when the share of transfers from the republican budget to local budgets will decrease from the current 50% to 25%. Additionally, the Head of State noted that the district akims, whose direct election was introduced in 2023, should be given the right to independently set the budget.¹³

Public policy continues to adjust plans, projects, and programs regularly. It also preserves the tendency to change the methodology of the monitoring, and to move from clear indicators to vague concepts and doctrines. This situation requires increased efficiency and flexibility of strategic planning in the country. Furthermore, the following issues require the elaboration of strategies and a focus on results: the shortage of water and energy resources, the deterioration of communal infrastructure, the growing dependence of the food market on external factors, and problems with the development of social systems.

The presidential elections, which, according to current constitutional norms, should be held in 2029, could potentially be an important stage in the development of the current governmental system. By this time, it is vitally important for the state to meticulously work out the model of interaction between the center and the regions.

¹³ State of the Nation Address by President of the Republic of Kazakhstan Kassym-Jomart Tokayev. "Economic course of a Just Kazakhstan." The official website of the President of the Republic of Kazakhstan. September 1, 2023 <https://akorda.kz/ru/poslanie-glavy-gosudarstva-kasym-zhomarta-tokaeva-narodu-kazahstana-ekonomicheskii-kurs-spravedlivogo-kazahstana-18588>.

Consistent implementation of judicial and legal reform.

The judiciary differs from other branches in that it is not based on voter support, and unlike the legislative branch, it does not possess the power mechanisms inherent in the executive branch. However, the strength of judicial power lies in the indisputability and generally binding character of judicial decisions, which is enshrined at the constitutional level.

The re-establishment of the Constitutional Court strengthens the system of checks and balances, carrying out constitutional judicial supervision aimed at ensuring compliance with the principles of the supremacy of the Constitution and the constitutional rights of Kazakhstan citizens. Thus, the Constitutional Court monitors the work of other branches of government and prevents them from adopting laws and laws and regulations that violate the constitutional rights of citizens.

According to the changes, the amenability of juvenile courts is expanding. Moreover, civil actions for divorce and division of property in the presence of minor children are transferred to the competence of specialized inter-district juvenile courts.

Furthermore, elements of electivity of the district courts chiefs are being introduced. The judicial community will be able to ask renowned judges to become self-nominee. Thus, transparency will increase, and the career development system will become more open and understandable. The judges of the Supreme Court will also be elected by the Senate of the Parliament of the Republic of Kazakhstan on an alternative basis. The Senate of the Parliament of the Republic of Kazakhstan will have a choice of at least two judges.

Additionally, the procedural legislation and the reform of the judicial system are being improved in as much as strengthening the appeals instance role. In particular, the court of appeal will give decisions without returning to the court of original jurisdiction. This will ensure the uniformity of

judicial practice, reduce the number of court costs, improve the quality of judicial acts, and restore the citizens' and entrepreneurs' rights that have been infringed. Moreover, the workload is expected to increase. In the future, it may lead to a decrease in the quality of work or require an increase in the number of judges.

Legislative measures have been taken to reduce pressure on ordinary judges from law enforcement agencies in order to strengthen the independence of the country's judges. For this purpose, a provision has been introduced on the conduct of special law enforcement intelligence against all judges only with the Prosecutor General's approval. Previously, before these modifications, carrying out law enforcement intelligence was allowed with the approval of the regional prosecutor.

In addition, a legal framework has been created to ensure open and transparent consideration of issues related to the relief of judges from office. This implements the principle of the impeccable reputation of the judiciary.

The functions listed below have been transferred to The High Judicial Council: training candidates for judges, suspending and terminating the powers of current judges, advanced training, and extending the age of retirement. The Council will be fully responsible for the selection of judicial personnel, their further career growth, and retirement.

The reform of civil and administrative legal proceedings has already been addressed within the legislation on the reform of the judicial system initiated by members of Parliament. In the future, several reforms are to take place in this sphere. For instance, criminal proceedings are proposed to be reformed as part of the ongoing revision of the Criminal and Criminal Procedure Codes, while proceedings on administrative offenses – within the framework of a separate draft law on

the Code of Administrative Offenses developed by the Ministry of Justice. In turn, related instructions on strengthening the mediation institution and the system of

pretrial proceedings will be implemented in cooperation with interested government agencies as part of the ongoing lawmaking work.¹⁴

In the coming decade, reorganizations for the improvement of the judicial system should be aimed at strengthening the existing judicial system making adjustments aimed at ensuring the independence of courts and judges, improving their status and material security. Furthermore, introducing new forms of legal proceedings, increasing the effectiveness of judicial administration and the formation of uniform judicial practice should also be subject to transformations.

The development of specialist courts is important for improving the quality of justice, in particular, labor dispute courts, family courts, bankruptcy courts, land dispute courts, environmental courts, etc.

Optimizing of legal proceedings through the specialization of judges, determined by the selected category of cases, necessitates the creation of specialist courts. This measure will raise the effectiveness of protecting the rights and interests of citizens and organizations. In the foreseeable future, the creation and development of specialist courts will contribute to strengthening the judicial system, alleviating the part of general court's work, and ensure qualified legal proceedings.

Enhancing the role of mass media: from government order to self-regulation. Mass media occupy a key place in the system of checks and balances in terms of ensuring transparency of government agencies and organizations. It helps to shape public opinion and facilitate civil control over the actions of the Government, Parliament, akimats and maslikhats.

¹⁴ Fulfilment of President instructions: During 2023, 260 laws to be reviewed in conjunction with audits. The official information resource of the Prime Minister of the Republic of Kazakhstan. December 14, 2022 <https://primeminister.kz/ru/news/ispolnenie-porucheniy-prezidenta-v-techenie-2023-goda-260-zakonov-budut-peresmotreny-s-uchetom-revizii-1411407>.

At the same time, the media should actively engage in public life by increasing citizens' media literacy, publishing analytical materials, conducting research and discussions to help citizens understand complex issues and make informed decisions.

Currently, the state information order continues to occupy a decisive position in the development of mass media in Kazakhstan. However, it is essential to strengthen independent mass media in order to create a full-fledged open and competitive information market. Ultimately, the level of mass media development affects the level of trust in media, which, in turn, can lead to weakening of its role in the system of checks and balances.

The media market should reach a state of self-regulation, contributing to improving the quality of the produced content. This requires reforms in public funding, in particular, switching to media grants, and creating more favorable conditions for the development of independent media in Kazakhstan. This may include improving the economic conditions for the media, such as providing affordable loans and subsidies, as well as reducing the tax burden on the media. It is also important to improve the legal basis in the field of freedom of expression and access to information as a means of ensuring adequate protection of journalists and their rights to work.

In the short term, there is a high probability of a rise in the number of Kazakh-language media, given the growing demand among the population for content in the state language.

The media and media market development directly impacts the improvement of the state information policy efficiency. Today, the constant and open cooperation of state bodies with the media plays a significant role in the implementation of the “Hearing State” concept.

The quality of the information policy based on equitable relationship between the state, the media, and society hinges on the level of independence of the mass media. In this regard,

the media provide government affairs monitoring, a type of public control. Free access to information is an essential element in the system of citizens' rights and freedoms. It is the availability of choice, alternative positions, opinions, interpretations offered by different media that will allow society to develop a critical approach to various forms and types of information. The public will have the experience of understanding and skills to differentiate quality information from disinformation.

Cybersecurity is considered a pressing issue for the state, due to the excessive number of fakes and provocative materials, the conduct of information wars, as well as the use of artificial intelligence. In the coming decade, information technology will evolve exponentially. Thus, it intensifies the importance of information security, along with the overall media development. In this regard, the mission of the mass media is to enlighten the society and protect it from disinformation.

Professional media organizations should act as defenders of the public interest. By disseminating reliable information to citizens, the media makes it possible for them to be the part of progress and improves accountability.

Enhancing the role of civil society. The principle of a well-managed power-sharing between three key lines should be observed: the line of executive – legislative – judicial branches of government, the center – regions line, as well as the state – civil society line. Thereby, this ensures the stability of the system of checks and balances, taking into account current risks in Kazakhstan.

A developed civil society with its main institutions operates as a stabilizing force in progressive and effective governance. The expansion of channels for citizens' participation in the political decision-making process strengthens the partnership between government and society through mutual

rapprochement. As a result, it leads to a greater confidence of citizens in government agencies.

Civil society is the determining factor in the system of checks and balances, sometimes replacing local executive power and ensuring a balance of interests for citizens. Civic institutions can monitor the work of government agencies and disclose information about violations of citizens' rights or corruption in government structures. Additionally, civil society can and should provide constructive criticism to state bodies for their actions and require them to comply with laws and implement national projects.

Similarly, society responds to government policy, whereby citizens form various judgements, requests, and ideas. Different social groups assert their interests in public, and their representatives articulate narrow-group interests in political practice. Civil society organizations can voice the opinions and positions of certain strata and social groups of the population who often are not represented in Parliament or Government. This helps to maintain a balance between the different groups' interests, mitigating possible conflicts.

Civil society is a major factor in the implementation of social programs and projects. It is only through the participation of civil society that problems such as the anti-drug effort, poverty reduction, combating domestic violence, barrier-free environment and many others can be effectively addressed. Non-governmental agencies can provide assistance and support to vulnerable communities, monitor the implementation of social programs, offer recommendations for their improvement, as well as train citizens and help them cultivate the skills necessary to a public engagement and rights protection. Thus, these agencies reduce the social burden on relevant government agencies and improve the quality of services provided.

In the coming decade, it is necessary to initiate national projects on expanding the involvement of citizens in political

decision-making processes through civil petitions. Moreover, taking such measures as activating and expanding the work of the non-governmental sector, ensuring the independent and competitive development of the Kazakhstan mass media is also crucial. This course of action will increase citizens' trust in government agencies and public policy in general.

At the same time, the developed party system is necessary for the formation of an influential Parliament and will be of particular importance. A multi-party system will enable launching a feasible mechanism for public examination of legislative initiatives and strategies from different ideological perspectives. This party system will form an additional social elevator for proactive youth.

The transformation of the party system will be aimed at the representation of all social strata and social groups of Kazakhstan's society. At the same time, the new parties will be unique in their nature, predominantly liberal, patriotic, environmental, etc. The qualitative composition of the parties will provide a significant competitive advantage in the election campaign.

The current stage of Kazakhstan's society development is characterized by the emerging role of political parties as active participants in the process of governance formation and functioning system. In recent years, there has been a tendency to innovate the party system and organize large parties that clearly express the interests of the main social groups.¹⁵ The prospects for the development of political parties will be described in more detail in the next part of the chapter.

The optimal system of checks incorporates not only the balance of the three government branches and formal institutional mechanisms, but also the civil society capacity, its culture, and values. Strong civic culture, media independence,

¹⁵ Party systems of the world and Kazakhstan – overview. Kazakhstanskaya pravda. March, 31, 2022 <https://kazpravda.kz/n/partiynye-sistemy-stran-mira-i-kazahstana-obzor>.

the development of the party system and other civic institutions will operate as non-governmental “balancers”. Besides, they will become a significant element in the effective and sustainable operation of the entire system of checks and balances.

Upgrade vectors

In general, the system of checks and balances will depend on many factors, namely, on the level of development not only of the political system, but also of civil society, including the middle class as a stable core of society. Equal and harmonious power–society relations, while adhering to transparency and openness, will act as a pivotal factor in the stability of the entire state.

In the future, three key vectors of the system of checks and balances development are seen:

1. Apparently, the further upgrade of the system of checks and balances will be based upon the formula “A strong President – an influential Parliament – an accountable Government” in the direction of strengthening responsibility and improving the quality of the Cabinet of Ministers’ work, expanding the representativeness of Parliament and control over the work of the Government. Besides, judicial, legal and administrative reforms, the activation of the party field and the development of the civil sector, including non-governmental organizations and mass media, will be carried out.

2. Another possible scenario is the likelihood of maintaining the current status quo. However, this scenario seems less likely, given the current trend of decentralization, the upcoming development of the local self-government system, and the continuation of political modernization in the country.

The implementation of the first scenario seems to be the most obvious and workable option. As part of enhancing Government accountability, it is quite possible to introduce in the future a mechanism for forming the Cabinet of Ministers

in a parliamentary way. In particular, after the elections to the Mazhilis of the Parliament of the Republic of Kazakhstan in 2023, the Head of State invited the victorious party to submit the candidacy of the Prime Minister. It was then discussed with the rest of the factions of the parties in the Mazhilis.

The Parliament's influence will be strengthened by numerous factors, such as improving the party and electoral systems, refinement of training of party personnel, and the work of single-mandate deputies in the Mazhilis of Parliament, as well as by limiting the power of the executive branch in order to prevent it from making authoritarian and ineffective decisions. One of the instruments of Parliament's control may be the procedure of expressing no confidence in the Government and its subsequent resignation.

1.3. The renewed landscape of the party field

Party system of Kazakhstan has undergone through several stages of its development over a period of more than 30 years, evolving from the formation of a multiparty system to a one-and-a-half-party system. At the same time, the system itself is constantly changing under the influence of various internal and external factors, as well as political parties. Over the past few years, a number of political reforms have been applied in Kazakhstan, that dramatically reshaped the relationship between government institutions. In this case, parties play one of the leading roles.

Features of the reform of the Kazakhstan political system in 2019-2022.

Since Kassym-Jomart Tokayev assumed the presidency of the Republic of Kazakhstan in 2019, the country has consistently put into operation a policy of reforming the political system. A range of measures has been adopted as well. The measures are aimed at improving the multiparty system and stimulating

political parties capable of generating constructive ideas on the state capacity building.¹⁶

In particular, as part of the first package of political initiatives of the Head of State implemented in 2020, the followings were adopted:

1. The Law of the Republic of Kazakhstan on Amendments to the Law of the Republic of Kazakhstan on Political Parties dated May 25, 2020, which reduces the number of members required for the establishment of political parties from 40,000 to 20,000 people.

This measure served as an incentive for the creation of new political parties. Thus, as of January 22, 2021, to create new parties, 3 initiative groups applied documents to the Ministry of Justice of the Republic of Kazakhstan for the start of the state registration procedure. Moreover, one of these groups had held its constituent congress by this time. In addition, similar applications from 6 more initiative groups were previously rejected on the grounds of non-compliance of the submitted documents with the requirements of the legislation. At the same time, they had the right to correct the violations and re-submit their applications.¹⁷

2. Constitutional Law of the Republic of Kazakhstan “On Amendments to the Constitutional Law of the Republic of Kazakhstan “On Elections in the Republic of Kazakhstan” dated May 25, 2020 It established a 30 per cent quota for women and youth aged 18-28 on electoral party lists. Similar amendments were made to the Law of the Republic of Kazakhstan “On Political Parties”.

¹⁶ Decree of the President of the Republic of Kazakhstan dated June 19, 2019 №. 27 “On measures to implement the pre-election program of the President “Welfare for all! Continuity. Justice. Progress» and proposals received during the nationwide “Birge” (Together) campaign/ Legal information system «Adilet» (<http://adilet.zan.kz/rus/docs/U190000027U>).

¹⁷ Sabekov S. How many parties have been rejected from registration, Marat Beketaev reported / Kazinform, 01/22/2021 (https://www.inform.kz/ru/skol-kim-partiyam-otkazano-v-registracii-soobschil-marat-beketaev_a3744096).

For the first time, this innovation was applied in practice during the elections of deputies of the Mazhilis of the Parliament of the Republic of Kazakhstan and maslikhats of all levels, held on January 10, 2021. In the period from November 10 to December 4, 2020, a total of 8,334 candidates were nominated by the participating political parties, including 3,721 (44.6%) women and citizens under the age of 29. In addition, the Adal party's quota was 65.6%, the People's Party of Kazakhstan – 59.8%, the Auyl People's Democratic Patriotic

Party – 53.4%, the Aq Jol Democratic Party of Kazakhstan – 52.3%, and the Nur Otan party – 40.5%. At the same time, in accordance with the results of the elections, only the Nur Otan party provided the current quota in the amount of 40% when allocating deputy seats in the Mazhilis of the Parliament of the VII convocation (2021-2023).⁸

3. The Laws “On Amendments to the Constitutional Law of the Republic of Kazakhstan “On the Parliament of the Republic of Kazakhstan and the Status of its Deputies” dated June 2, 2020 and

“On Amendments and additions to the Law of the Republic of Kazakhstan “On Committees and Commissions of the Parliament of the Republic of Kazakhstan” on parliamentary opposition issues” dated June 2, 2020

Because of introducing the institution of parliamentary opposition, the opposition was legalized for the first time in Kazakhstan legislation. It is regarded to be one of the important actors in the political life of the worlds' developed countries. The opposition parties represented in the Mazhilis of the Parliament of the Republic of Kazakhstan are guaranteed to take up the posts of Chairman of one Standing

⁸ Central Election Commission registered Mazhilis Members to the Parliament of the VIII convocation (11.12.2020) / Official website of the Central Election Commission of the Republic of Kazakhstan (<https://www.election.gov.kz/rus/news/releases/index.php?ID=5954>); Zharbulova N. Women, activists and Madi Akhmetov: What do we know about the deputies from the Nur Otan party / “Newtimes.kz”, 01/13/2021 (<https://newtimes.kz/ekslyuziv/123041-zhenshchiny-aktivisty-i-madi-akhmetov-chto-nam-izvestno-o-deputatakh-ot-partii-nur-otan>).

Committee of the Chamber and secretaries of the two Standing Committees of the Chamber. They also gained the right to initiate parliamentary hearings during one session and determine the agenda of government hours at least once and twice, respectively.¹⁹

Consequently, in the Mazhilis of the Parliament of the Republic of Kazakhstan of the VII convocation, the Aq Jol Democratic Party of Kazakhstan and the People's Party of Kazakhstan, represented by 12 and 10 deputies respectively, obtained the status of parliamentary opposition. On January 14, 2021, consultations were held between the heads of the deputy factions of the Nur Otan, which makes up the parliamentary majority, Aq Jol and the People's Party of Kazakhstan parties. The discussions were held to determine the standing committees with the election of chairmen and secretaries from the parliamentary opposition.²⁰ As a result, Yerlan Barlybayev, a deputy from the Aq Jol Democratic Party, appointed as the head of the Committee on Agrarian Issues, and Alexander Milyutin, a deputy from the People's Party of Kazakhstan, chaired the Committee on Ecology and Environmental Management of the Mazhilis.

The following year, the Constitutional Law of the Republic of Kazakhstan "On Amendments and Additions to the Constitutional Law of the Republic of Kazakhstan "On Elections in the Republic of Kazakhstan" dated May 24, 2021 and the Law of the Republic of Kazakhstan "On amendments and additions to some legislative acts of the Republic of Kazakhstan on the issues of elections" were adopted. It was executed within the constraints of the reforms that make up the second and third packages. Firstly, the Constitutional law reduced the threshold for passing

¹⁹ Law "On amendments to the Constitutional Law of the Republic of Kazakhstan "On the Parliament of the Republic of Kazakhstan and the status of its deputies" / Legal information system "A dilet" (<https://adilet.zan.kz/rus/docs/Z2000000339#z5>).

²⁰ Consultations of the parliamentary majority and the parliamentary opposition are held in the Mazhilis (January 14, 2021) / Official website of the Mazhilis of the Parliament of the Republic of Kazakhstan (<http://www.parlam.kz/ru/mazhilis/news-details/id48372/1/1?fbclid=IwAR2ZOblhShtT1kiIvBOHPYxKFBXMNUykzsFFKZpfUWBWZyuPLNoHTRrBy8s#>).

to the Mazhilis of Parliament and maslikhats of all levels for political parties from 7 to 5%. Secondly, the procedure for holding elections of akims of cities of regional significance, villages, towns and rural districts directly by citizens from among the residents of these administrative-territorial units has been established.²¹

In this regard, the parties received the right to nominate candidates for akims of the category from among their members. Already during the first round of these elections, held on July 25, 2021, 36.9% of 2,582 candidates were nominees of political parties. According to the results of the elections, 697 out of 730 akims of the relevant rural settlements and cities of regional subordination were representatives of all parties operating at that time, including:

- Nur Otan – 628 (86%), and 65 of them ran for self-nomination;

- Auyt – 32 (4.38%);

- Adal – 15 (2.05%);

- Aq Jol – 11 (1.51%);

- People's Party of Kazakhstan – 10 (1.37%);

- Nationwide Social Democratic Party – 1 person (0.14%).²²

Regarding the second of the above-mentioned laws, it stipulates the early termination of the powers of the akims from the category in case of termination of their membership in the political parties they ran for (except for re-organization

²¹ Constitutional Law of the Republic of Kazakhstan dated May 24, 2021 №. 41-VII Law of the Republic of Kazakhstan "On the introduction of amendments and additions to the Constitutional Law of the Republic of Kazakhstan "On Elections in the Republic of Kazakhstan" / Legal information system "Adilet" (<https://adilet.zan.kz/rus/docs/Z2100000041#z121>).

²² Marat Shibutov: Direct elections of rural akims in Kazakhstan – campaign and withdrawal / MSU IAC, August 1, 2021 (<https://ia-centr.ru/experts/marat-shibutov/marat-shibutov-pryamye-vybory-selskikh-akimov-v-kazakhstan-kampaniya-i-vyvody/>).

and liquidation of the relevant parties – note).²³ On the one hand, this measure is designed to strengthen the relations between these officials and the parties that nominated them. On the other hand, this action is intended to somehow contribute to the responsibility of the parties for the activities of these akims.

On September 1, 2021, in his State of the Nation Address, entitled “Unity of the people and systemic reforms are a solid foundation for the nation’s prosperity”, President of Kazakhstan Kassym-Jomart Tokayev instructed to legislate the norm on mandatory consideration of a 30% quota for women and youth representatives in electoral party lists when distributing deputy mandates in accordance with the results of future parliamentary and local elections. The Head of State justified this decision by the fact that this quota was not adequately reflected in the final composition of members of Parliament and deputies of all levels. In addition, he proposed to expand the list of quota categories of citizens by including people with special needs.²⁴

Consequently, the Constitutional Law of the Republic of Kazakhstan “On Amendments and Additions to Some Constitutional Laws of the Republic of Kazakhstan” dated February 7, 2022 and the Law of the Republic of Kazakhstan “On Amendments to Some Legislative Acts of the Republic of Kazakhstan” dated February 7, 2022 were developed and adopted. In particular, the first of the two amended the Constitutional Law of the Republic of Kazakhstan “On Elections in the Republic of Kazakhstan”. As outlined by the amendments, when allocating deputy mandates, the number

²³ Law of the Republic of Kazakhstan dated May 24, 2021 №. 42-VII Law of the Republic of Kazakhstan “On the introduction of amendments and additions to some legislative acts of the Republic of Kazakhstan on election issues” / Legal information system “Adilet” (<https://adilet.zan.kz/rus/docs/Z2100000042#z6>).

²⁴ President’s Address «Unity of the people and systemic reforms are a solid foundation for the nation’s prosperity» (September 1, 2021) / Official website of the President of the Republic of Kazakhstan (<https://www.akorda.kz/ru/poslanie-glavy-gosudarstva-kasym-zhomarta-tokaeva-narodu-kazahstana-183048>).

of women, persons under the age of 29, and persons with disabilities should comprise at least 30% of the total number of deputy mandates received by the party.²⁵ The second law introduced a similar provision into the Law of the Republic of Kazakhstan “On Political Parties”.

The massive protests and riots in January 2022 put Kazakhstan in a challenging situation, posing significant threats to the state. At the same time, these events led to the implementation of a new political course aimed to change the key foundations of society and the state, including an ambitious reform of the country’s political system.

On March 16 of the same year, in his State of the Nation Address “New Kazakhstan: the path of renewal and modernization”, the Head of State announced a comprehensive set of measures in this direction, which can be divided into the following two groups.

The first group of measures envisaged the introduction of 56 amendments to 33 articles of the Constitution of the Republic of Kazakhstan. An integral part of the constitutional reform was the holding of a state-wide referendum on June 5, during which 6.1 million citizens of Kazakhstan (77.18%) voted for a package of amendments to the Constitution. Regarding the further development of the Kazakhstan party system, the following changes have become important in this case:

1. The prohibition of the President of the Republic of Kazakhstan from membership in political parties during the exercise of his powers.

It should be noted that, as a result of Extraordinary XXI Congress of the Nur Otan party, conducted on January 28, 2022, the Head of the State was elected Chairman of the party. In this capacity, he carried out certain transformations of this

²⁵ Constitutional Law of the Republic of Kazakhstan dated February 7, 2022 №. 105-VII Law of the Republic of Kazakhstan “On amendments and additions to some constitutional laws of the Republic of Kazakhstan” / I Legal information system “Adilet” (<https://adilet.zan.kz/rus/docs/Z2200000105#z6>).

party, including renaming it to “Amanat”. However, on April 26, at the extraordinary XXIII congress of the party, Kassym-Jomart Tokayev resigned as its Chairman and withdrew from its membership. Yerlan Koshanov, the Chairman of the Mazhilis, was elected as the new Chairman of the Amanat party, previously known as Nur Otan.

This marked the beginning of the transformation of Amanat from a state-guided party led by its leader into a party of the parliamentary majority, proclaiming the implementation of its activities for the benefit of society and the state. In turn, this circumstance is expected to contribute to changing Tokayev’s position as a non-party leader of the state and, thereby increasing his legitimacy. Additionally, it may have a positive impact on inter-party competition, including during various elections.

2. An increase in the number of categories of officials prohibited from joining political parties and speaking in support of any of them, by way of including the Chairman and judges of the Constitutional Court, Chairmen and Members of the Central Election Commission and the Supreme Audit Chamber in their list.²⁶

This measure is generated to ensure maximum separation between the state apparatus and political parties. Moreover, the separation of the Central Election Commission is intended to ensure its equidistant position in relation to all current parties, and thereby to increase the level of objectivity in its activities during various elections and the subsequent tallying of results.

3. The transition to the formation of the Mazhilis of the Parliament of the Republic of Kazakhstan within the frame of a mixed electoral system, in which 69 deputies (70%) are elected

²⁶ The Law of the Republic of Kazakhstan dated June 8, 2022 (adopted at the state-wide referendum on June 5, 2022) “On Amendments and Additions to the Constitution of the Republic of Kazakhstan” / Legal information system “Adilet” (<https://adilet.zan.kz/rus/docs/Z220000001K#z5>).

by party lists, and the remaining 29 (30%) are elected in single-mandate electoral districts.

On the one hand, the application of this measure has resulted in a decrease in the number of deputies in the lower house of Parliament elected by the proportional representation system. On the other hand, the format of parties' participation in parliamentary elections has expanded by nominating both their party lists and individual candidates running under the majority system. Representatives of different parties may also run for self-nomination. Therefore, political parties remain key actors in the electoral process, as its results depend on the level of their participation.

The second group of measures was undertaken through the development and adoption of certain laws and regulations. This primarily involves amendments to the Law of the Republic of Kazakhstan "On Political Parties" aimed at simplifying the state registration procedure for parties through the following actions:

- 1) reducing the minimum quantitative threshold from 20 to 5 thousand members;
- 2) reducing the minimum number of members in branches and representative offices of parties from 600 to 200 people;
- 3) reducing the minimum number of citizens' initiative group to create a political party from 1,000 to 700 people;
- 4) increasing the duration of the constituent congresses of political parties from 2 to 3 months;
- 5) increasing the time frame for the formation of branches and representative offices of newly created parties from 6 to 12 months.²⁷

²⁷ The Law of the Republic of Kazakhstan dated November 5, 2022. №. 157-VII Law of the Republic of Kazakhstan "On Amendments and Additions to Some Legislative Acts of the Republic of Kazakhstan On the Implementation of the Address of the Head of State dated March 16, 2022". /Legal information system "Adilet" (<https://adilet.zan.kz/rus/docs/Z2200000157#Z342>).

Attention must also be given to the amendments to the Constitutional Law of the Republic of Kazakhstan “On Elections in the Republic of Kazakhstan”, in which the aspect of party was reflected as follows:

1. The transition to the formation of maslikhats of regions, cities of republican significance, and the capital within the frame of a mixed electoral system, in which 50% of deputies are elected by party lists, and the remaining 50% are elected in single-mandate electoral districts.

2. Granting political parties the right to nominate their candidates for deputies of the Mazhilis of Parliament and maslikhats of all levels running in single-mandate electoral districts.

3. Participation of political parties in the formation of constituency election commissions by offering their candidacies to the relevant maslikhs.²⁸

Finally, the Law of the Republic of Kazakhstan “On Local Government and Self-Government in the Republic of Kazakhstan” banned akims of all levels and their deputies from taking up posts in branches and representative offices of political parties. In this regard, the regional and subordinate akims resigned their powers as Chairmen, and were also removed from the Political Council Bureau and political councils of the relevant branches of the Amanat party. Thus, the work on the departisation of the government system continued.

In addition, the governing bodies of branches and representative offices of political parties have received the

²⁸ Constitutional Law of the Republic of Kazakhstan dated November 5, 2022. №. 156-VII Law of the Republic of Kazakhstan “On Amendments and Additions to Some Constitutional Laws of the Republic of Kazakhstan on the Implementation of the Address of the Head of State dated March 16, 2022” / Legal information system “Adilet” (<https://adilet.zan.kz/rus/docs/Z2200000156#z6>).

right to recall deputies of maslikhats elected by party lists.²⁹ This measure is intended to facilitate the deputies' observance of the considered representative bodies of party discipline.

Expert assessments of ³⁰ the measures revealed the level of their influence on the development of the party system in Kazakhstan. For this purpose, a point system from 1 (low score) to 5 (high score) points was used, followed by the calculation of the average point (*Table 1*).

Table 1.

The level of influence of political and legal measures on the development of the party system in Kazakhstan

Nº	Measures	Points
1	Prohibition of akims and their deputies on taking up a post in branches and representative offices of political parties	3.71
2	Reduction of the minimum quantitative threshold for registration of political parties from 20 to 5 thousand members	3.7
3	Introduction of a mixed system of formation of maslikhats of regions and cities of republican significance in the ratio of 50/50%	3.67
4	Prohibition on membership in political parties of the Chairman and members/judges of the Central Election Commission, the Supreme Audit Chamber and the Constitutional Court	3.63
5	Reduction of the minimum number of members in branches and representative offices of parties from 600 to 200 people;	3.61
6	Introduction of a mixed system of formation of the Mazhilis of Parliament in the ratio of 70/30% (by party lists/by single-mandate constituencies)	3.57
7	The return of the majority system of formation of maslikhats of districts and cities of regional significance	3.55
8	Suspension of membership of the President of the Republic of Kazakhstan in the political party for the term of the presidential powers	3.48

²⁹ Law of the Republic of Kazakhstan dated November 5, 2022 № 157-VII The Law of the Republic of Kazakhstan "On Amendments and Additions to Some Legislative Acts of the Republic of Kazakhstan on the Implementation of the Address of the Head of State dated March 16, 2022". /Legal information system "Adilet" (<https://adilet.zan.kz/rus/docs/Z2200000157#Z342>).

³⁰ ³¹ Kazakhstani experts took part in the survey, which was conducted on KazISS request from February 5 to February 14, 2023.

N°	Measures	Points
9	Reduction of the minimum number of citizens' initiative group to create a political party from 1,000 to 700 people	3.45
10	The introduction of the electivity of district akims in 2024	3.37
11	Reduction of the electoral threshold for political parties from 7 to 5%	3.35
12	Increasing the duration of the constituent congresses on the creation of political parties from 2 to 3 months	3.29
13	Increasing the time frame for the formation of branches of political parties from 6 to 12 months	3.16
14	Introduction of electivity of akims of rural settlements and cities of regional significance	2.97
15	Consideration of the 30% quota in the distribution of deputy mandates based on the results of future parliamentary and local elections	2.67
16	Introduction of a 30 percent quota for women and youth in the electoral lists	2.55
17	Extending the 30 percent quota in the electoral lists to citizens with special needs	
18	Introduction of the parliamentary opposition institution	2.53

Thus, the top seven included measures related to simplification of the procedure for political parties' registration, departing the state apparatus, and reintroducing the majority system in the electoral process. According to experts, these measures are likely to have the most significant impact on the process of party building in Kazakhstan. The least influential measures are those related to quotas in party lists during parliamentary and local elections and summarising their results for the representation of certain social groups, as well as the creation and activities of the parliamentary opposition.

Current political parties: features and capabilities

Today, 7 political parties are officially registered and operate in Kazakhstan. In the ideological and political context, determined mainly by the attitude of the current parties

to the official political course, they can be divided into the following groups:

1. The party of the parliamentary majority represented by the Amanat party, which supports the official policy.

2. Parties that adhere to or lean towards the official policy. These include the Aq Jol Democratic Party of Kazakhstan, the People's Party of Kazakhstan, the Auyl People's Democratic Patriotic Party, the Baytaq Kazakhstan Green Party, and the Respublica party.

3. The party that is in political opposition to the official policy is the National Social Democratic Party.

All these parties took part in the elections of deputies of the Mazhilis of the Parliament and deputies of all levels held on March 19, 2023. According to the results of the parliamentary elections, the representation of parties in the lower house of the legislative body is as follows (*Table 2*).³¹

Table 2.

Representation of political parties in the Mazhilis of the Parliament of the Republic of Kazakhstan of the VIII convocation

№	Parties	Number of deputies			
		Electees from the party lists		Electees from single-member constituencies	Total
		Voting results, %	Number of deputies		
1	Amanat	53.9	40	22	62
2	Auyl	10.9	8	-	8
3	Aq Jol	8.59	6	-	6
4	Respublica	8.41	6	-	6
5	People's Party of Kazakhstan	6.8	5	-	5

³¹ Announcement on the results of the deputies extraordinary elections of the Mazhilis of the Parliament of the Republic of Kazakhstan of the VIII convocation (March 27, 2023) / Official website of the Central Election Commission of the Republic of Kazakhstan (<https://www.election.gov.kz/rus/news/releases/index.php?ID=8921>).

№	Parties	Number of deputies			
		Electees from the party lists		Electees from single-member constituencies	Total
		Voting results, %	Number of deputies		
6	Nationwide Social Democratic Party	5.2	4	-	4
7	Baytaq	2.3	-	-	-

Thus, out of 98 deputies of the Mazhilis of the Parliament of the Republic of Kazakhstan of the VIII convocation 91 are representatives of 6 political parties. At the same time, only the Amanat party received deputy mandates, taking into account the results of party lists voting and single-mandate districts. In this regard, the party retained its influence on legislative activity and organizational and personnel issues in the lower house.

Changes were made to the regulations of the Mazhilis of the Parliament due to the increase in its party composition. First of all, quantitative restrictions for the formation of political party factions were abolished (previously, this required the presence of at least 7 deputies – note). With this process, all parliamentary parties have the right to create their factions, regardless of the number of parliamentary mandates.

In addition, all minority parties constitute the parliamentary opposition. In accordance with this, the leading positions in the committees of the lower house of Parliament were distributed among them in the following order:

- Serik Egizbayev (Auyl Party), Chairman of the Committee on Agrarian Affairs;
- Magerram Magerramov (People's Party of Kazakhstan), Secretary of the Committee on Legislation and Judicial and Legal Reform;
- Nurgul Tau (Respublica), Secretary of the Committee for Social and Cultural Development.

In addition, the deputy from the Aq Jol party, Daniya Espayeva, was elected vice-speaker of the Mazhilis of the Parliament.

Based on the ideological values and attitudes declared by the current parties, the surveyed experts ranked them as follows:

- ◆ Amanat is centrist (83.9%);
- ◆ Aq Jol – the right (51.6%). The Republica party should also be attributed to this type of party.³²;
- ◆ Auyl and Baytaq are center-left (according to the totality of responses “centrist” and “left” – 54.8% and 48.4%, respectively);
- ◆ People’s Party of Kazakhstan and Nation-wide Social Democratic Party – the left (74.2% and 45.2%, resp.).
- ◆ Experts also believe that the current parties represent the interests of the following social groups:
 - ◆ Amanat – the ruling elite (32.3%), civil servants and employees of budgetary organizations (29% each);
 - ◆ Aq Jol – a business community (71%), including representatives of small, medium (38.7%) and large (32.3%) enterprises;
 - ◆ Auyl – rural residents (32.3%) and farmers (29%);
 - ◆ Baytaq – environmentalists (19.4%). At the same time, according to 25.8% of respondents, this party has not formed its social base yet;
 - ◆ People’s Party of Kazakhstan – retirees (22.6%) and workers (12.9%);
 - ◆ Nationwide Social Democratic Party – oppositional citizens (12.9%). Still, 16.1% of respondents think that social democrats have no clear social base.

At the same time, the results of the last parliamentary elections showed certain discrepancies in expert assessments

³² As of the time of the expert survey, the Republica party was not registered yet.

of the electoral support of the majority of the parties and the voters' preferences that were demonstrated during the voting. In any case, it is expected that the presence of representatives of these parties in the composition of the deputy corps of the Mazhilis of the Parliament of the Republic of Kazakhstan of the VIII convocation will have a positive impact on both their own activities and the activities of the legislative body.

The Establishment of new political parties in Kazakhstan: problems and prospects

The following main stages can be distinguished in this process. The first stage covers period from 2019 to 2021. On the one hand, it is characterized by the adoption of a set of measures designed to improve conditions for the further execution of the party system in Kazakhstan. On the other hand, new political parties were not registered under current conditions.

During this period, initiatives were announced to create several political parties, as well as social movements which are expected to join as parties.

According to the report of the Minister of Justice Marat Beketayev, acting in that period, applications for state registration of nine political parties were submitted to the Ministry of Justice of the Republic of Kazakhstan in 2020. However:

- the applications of six initiative groups were rejected due to non-compliance of submitted documents with legislative requirements. However, they had the right to correct the irregularities in the documents and resubmit them.

- two initiative groups were given the opportunity to hold constituent congresses of the parties they create;

– one group held the constituent congress of the relevant party and submitted the documents necessary for further registration to the Ministry of Justice.³⁵

Only one of the seventeen initiatives announced in 2019-2021 to create new political parties and movements was subsequently implemented: the Kazakhstan Green Party Baytaq. Other associations have either changed the format of their activities (for example, HAQ Public charitable fund), work on an informal basis, or have made new attempts to register their parties (Halyk derbestigi, El tiregi). Some have suspended their work indefinitely or stopped it completely. Most of these associations adhere to an opposition political agenda.

The second stage of forming new parties began with the liberalization of legislation on political parties. One important trend of this stage was the return to participation in Kazakhstan's political life a number of well-known social and political activists. These activists had previously been active but had taken a break due to certain circumstances. Among them are Olzhas Suleimenov, a poet, Bulat Abilov, a businessman, Ualikhan Kaysarov, ex-senator, and others.

In these circumstances, initiatives were put forward to create new parties and movements. On December 3, 2022, the constituent congress of the Respublica party was held in Almaty.

Aidarbek Khojanazarov was elected its Chairman, and Syrymbek Tau, Ruslan Berdenov, Maxim Baryshev, Dinara Shukizhanova, Kuanysh Shonbai, Beibit Alibekov, and Nurlan Koyanbayev were elected as Co-chairmen. The registration of this party by the Ministry of Justice of the Republic of Kazakhstan took place on December 18 of the same year.

³⁵ Sabekov S. How many parties have been rejected from registration, Marat Beketayev said / Kazinform, January 22, 2021 (https://www.inform.kz/ru/skol-kim-partiyam-otkazano-v-registracii-soobschil-marat-beketaev_a3744096).

The Movement for Economic Nationalism “Qazaqstanda Jasalğan”, led by businessman Aybek Barysov, was officially registered on March 29, 2023. At the same time, according to the organisers of the movement, its transformation into a center-right party in the future is still possible. The organisers believe that the party will work basing on the principles of freedom of entrepreneurship, reducing the role of the state in the economy, a gradual transition to self-government of economic entities, etc.³⁴

As for other associations, at the beginning of February 2023, initiative groups for the creation of political parties, entitled “El Tagdyry”, “Urpaktar zhalgastygy”, “Yntymaq” and “People’s Congress of Kazakhstan” passed their applications in the Ministry of Justice of the Republic of Kazakhstan to the first stage of registration.³⁵ In the meantime, the last of the aforementioned groups held its constituent congress in Almaty on February 4, 2023. Olzhas Suleimenov became the Chairman of the party again.

An important point in the process of party building was the participation of representatives of the initiated parties and movements in the parliamentary elections held on March 19, 2023. The below-mentioned activists ran for deputies of the Mazhilis of the Parliament in single-mandate electoral districts by way of self-nomination:

– the leaders of the parties and movements being created, as Ualikhan Kaysarov (Alash Orda), Talgat Ergaliyev (Enbek), Mukhtar Taizhan (Zher Korgany), Sanzhar Bokayev (Namys), Togzhan Kozhaly (HAQ), Aybek Barysov (Qazaqstanda Jasalğan), Nurzhan Altayev (El Tiregi), and Sanavar Zakirova (Nashe pravo);

³⁴ Slinko D. “Nationalists” – for the economic revolution / “Exclusive.kz”, January 20, 2023 (<https://exclusive.kz/naczionalisty-za-ekonomicheskuyu-revoljucziyu/>).

³⁵ Applications for registration of four parties have passed the first stage in the Ministry of Justice / Radio Azattyk, February 2, 2023 (<https://rus.azattyq.org/a/32252414.html>).

– other activists of these associations, including Rysbek Sarsenbai (Bizdin Tandau), Yerlan Kaliyev (Zher Korgany), Inga Imanbai (Democratic Party of Kazakhstan), Akbope Abylkasimova (Nash dom – Kazakhstan), Nurlan Zhazylbekov and Aigul Tulembayeva (People’s Congress of Kazakhstan), Marat Zhylanbayev, Amangeldy Jakhin, and Bibigul Imangaliyeva (Alga, Kazakhstan!).

It is worth noting that the registration of some of them was canceled by the district election commissions during the pre-election campaign due to inaccuracies in their declarations of assets and liabilities. However, the remaining candidates received good opportunities to declare themselves, determine their electoral rating, and mobilize potential supporters. In turn, it will enable the candidates to continue their work on completing the process of creating appropriate parties and movements.

Thus, two new parties have emerged in the Kazakhstan’s political arena by now; namely, Baytaq and Respublica parties is precedential. In this regard, the number of operating parties has increased from 5 to 7. It is also expected that approximately 20-22 more initiative groups will continue to work on creating and passing the state registration procedure for new parties.

The surveyed experts estimated the probability of creating new political parties during 2023 as high (54.8%).³⁶ Moreover, the experts attribute both this process itself and the possible state registration of these parties mainly to such factors as increased rivalry between intra-elite groups (67.7%), reform of the country’s political system (54.8%), and the interest of the authorities in preventing a possible new wave of protests (48.4%).

Furthermore, the experts anticipate the creation and state registration of the following political parties, in %:

1. People’s Congress of Kazakhstan (PCK) – 75;
2. Namys – 46,4;

³⁶ According to the aggregate of responses, “Rather high” (41.9%) and “High” (12.9%).

3. Halykka adal kyzmet (HAQ) – 42.9;
4. Yntymaq – 35,7;
5. Zher korgany – 25;
6. Bizdin Tandau – 17,9;
7. Enbek – 17,9;
8. Nash Dom – Kazakhstan – 17,9;
9. Based on the Halyk senimi movement – 17,9;
10. Alash Orda – 10,7;
11. El tagdyry – 7,1;
12. Based on the Oyan, Qazaqstan movement – 7,1;
13. El Tiregi – 3,6;
14. Qantar – 3,6;
15. Progress – 3,6;
16. Halyk Derbestigi – 3.6.

Thus, according to experts assessments, the PCK, Namys, HAQ, Yntymaq, and Zher korgany have the highest chance to join the list of the existing parties. In particular, the participation of Meiram Kazhyken, Yntymaq party's leader, in the early presidential elections held on November 20, 2022 is vital for the party. Considering that 200,907 (2.53%) of the electorate voted for him, he and his associates may well attract 5,000 or more people to join the ranks of this party.³⁷

According to the estimates of 41.9% of experts, the party system of Kazakhstan is still in the course of formation. This is partly due to the fact that there are only 7 officially registered political parties in a country with a population of approximately 20 million citizens. As a result, the number and composition of those parties do not fully reflect the social structure of Kazakhstan's society and the current conditions of the country's political development. In particular, such

³⁷ The results of the presidential elections in Kazakhstan have been announced / "Tengrinews.kz", №vember 22, 2022 (https://tengrinews.kz/kazakhstan_news/obyavleniyi-itogi-vyiborov-prezidenta-v-kazhstane-483885/).

social groups as mothers with many children, youth, the clergy and fellow countrymen do not have representation of their interests expressed in the creation and activities of the relevant parties. Consequently, this determines the high demand for the creation and activities of new parties. Fairly, the state also benefits from this, since it will allow to direct the parties' activities, including the opposition, to the legal environment and, as a result, make it relatively predictable and constructive in nature.

Expert assessments of the demand for political parties of a certain ideological (value) orientation in the short term allowed to compile the following rating of such, in %:

1. Social Democracy – 64.5;
2. Nationalism – 48.4;
3. Liberalism – 41.9;
4. Conservatism – 35.5;
5. Internationalism – 32.3;
6. Ecology – 25.8;
7. Feminism – 9.7.

It follows from the experts' assessments that the activities of the Nationwide Social Democratic Party and the People's Party of Kazakhstan do not sufficiently meet the interests and expectations of other potential adherents of social democratic ideology in Kazakhstan, whereas such classical and opposing ideologies, as liberalism and conservatism, have not yet been institutionalized by the establishment of corresponding parties and their activities.

Nationalist parties occupy the second place in this rating, implying a significant public demand for preserving sovereignty and protecting national interests of Kazakhstan under modern development condition and the international situation. That is, nationalism has not an ethnocultural, but a general civil significance in this case. The need for establishment of parties

with international positions corresponds to the multi-ethnic structure of Kazakhstan society.

Despite the diversity and topicality of environmental issues, experts consider the relevance of the ecology-oriented parties in society to be lower than the previously-mentioned ones. This position was reflected in the defeat of the Kazakhstan Green Party Baytaq in the parliamentary elections. Initiatives to create feminist-oriented parties are expected to receive the least support from the population.

Experts believe that parties led by well-known public figures who have been represented in the public sphere for a long time are the most in-demand in the short term (35.5%).

Alternatively, another 32.3% of respondents believe that parties which are able to significantly update their leadership corps will be popular. This renovation in the managerial personnel is likely to take place by including both previously unknown figures and those who have been represented in the public sphere for a long time and are known to the general public.

Only 16.1% of experts are confident that the society is in demand exclusively for those parties whose leadership will consist entirely of new, previously unknown persons.

Regarding social and political groups with sufficient resource potential for the possible creation of new parties in the short term, the answers of the interviewed experts look as follows, in %:

1. Intra-elite groups, as well as large businesses not represented in the government – 61.3;
2. Regional elites, as well as representatives of the new wave of opposition and national patriotic circles – 35.5;
3. Activists of non-governmental organizations – 19.4;
4. Small and medium-sized enterprises – 9.7;
5. The clerisy, as well as representatives of the old wave of opposition – 3.2.

At the same time, experts do not consider industrial workers and mothers of many children as potential political actors who possibly can create their own parties in the foreseeable future.

In general, according to the majority of respondents (19.4%), the best option for the Kazakhstan's party system is the functioning of a maximum of 10 officially registered political parties.

Scenarios for the development of the party field in Kazakhstan for 7 years

The past parliamentary elections have marked a new point of reference in the process of party building, when a multi-party system with six political parties in the country's legislature began to emerge from a one-and-a-half-party system. However, several issues remain regarding the nature and features of the further transformation of the party system, including the prospects for the progressive development of parliamentary and non-parliamentary parties.

Based on the current trends in the implementation of political reforms, four feasible scenarios for the development of the party system in the long term can be identified.

The first scenario is the preservation of a multi-party system with one dominant party. Preservation of the already established system with one dominant and a group of smaller parties is plausible, if the authority is not interested in forming a large number of new parties, as it can lead to an ideological and political division of the population and complicate the regulation of the party field.

It is precisely this scenario with the participation of seven active parties, most of which are represented in the Mazhilis of the Parliament, that may persist in the foreseeable future. The appearance of new parties within the implementation of this scenario is unlikely and will depend on the ongoing political situation. At most, 1 or 2 more new parties, occupying a loyal position to the official political course, may be registered in

the corresponding period to demonstrate the continuation of the reform policy.

The second scenario is the formation of the party system with two strong parties or party coalitions in Parliament in the presence of a large number of other parties. This party system is typical for Great Britain, the influence of small parties is now increasing along with the functioning of the two leading parties. This way, in 2019, 8 leading parties took part in the parliamentary elections in this country. However, the Conservatives (365 out of 650 seats) and Labour (203 seats) won the majority of seats in the House of Commons. The remaining seats were distributed as follows: the Scottish Nationalists won 48 seats, the Liberal Democrats – 11, the Democratic Unionists – 8, others – 15.³⁸

The scenario of transition to a relative bipartisan system is possible with a change in the conditions for the creation, in the structure and activities of party factions. Moreover, two-party system is also applicable in case of a further transformation of the influence of parliamentary parties on the formation of the government. Noteworthy, the Amanat party was entrusted with the nomination of the candidate for the post of Prime Minister since the beginning of the work of the Mazhilis of the Parliament of the Republic of Kazakhstan of the VIII convocation. Thus, a trend towards increased competition for influence on the formation of a government through a parliamentary majority becomes feasible under this circumstance.

Therefore, considering new conditions, it is possible to form and create party coalitions so as to act as a single “working” majority in the formation of the government, as well as to vote for various draft laws. In the current scenario, these coalitions can be:

a) Aq Jol and Respublica as parties expressing the interests of the country’s business community;

³⁸ Elections in Britain: a convincing victory of Boris Johnson’s party / BBC News Russkaya sluzhba», December 13, 2019 (<https://www.bbc.com/russian/news-50765298>)

b) The People's Party of Kazakhstan and the Nationwide Social Democratic Party as parties that express social democratic ideas.

If created one of these coalitions may become a potential sparring partner of the Amanat party in the current convocation of the Mazhilis of the Parliament. Moreover, the probable unification of any of these parties into one is still feasible. In such a possible scenario, a strong party of center-right or center-left orientation will appear in the political arena of the country. The party is likely to become the chief competitor for the Amanat party in future elections, and according to the results, it will probably take the place of the parliamentary opposition. The remaining operating parties will then have to compete with each other mainly for seats in maslikhats of different levels.

The third scenario is a multi-party system without the dominance of any parties. New parties of different directions are expected to appear during the concerned period, which is possibly due to the ongoing crystallization of political interests and citizens' requests. In addition, the new socio-economic reality and the change of generational values promote the demand for new political solutions. The simplified procedure for the registration of new political parties positively influences their institutionalization. In this regard, the registration of Baitaq and Respublica parties is precedential.

On the one hand, the probability of such a scenario being implemented is due to the fact that most of the current parties are accepting the official political course. Therefore, over time, the country's leadership can rely on all parties, and not only on the Amanat party. Along with this, it will be done regardless of the number of seats occupied by the parties according to the results of future parliamentary elections in the next convocations of the Mazhilis of Parliament.

On the other hand, the establishment and state registration of new parties, including opposition ones, demonstrate the consistency of the country's leadership in carrying out political reforms. Besides, the authorities are objectively interested in directing the activities of some of their opponents into the legal field, thereby making it relatively predictable. Finally, the presence of a large number of operating parties subsequently leads to a high level of electoral competition in-between and will not allow any one of them to take a dominant position in Parliament.

The fourth scenario is a return to the former one-and-a-half-party system. This scenario assumes a reduction in the number of political parties, which is possible due to the unification of a number of parties among themselves and/or with other public associations. It should be noted that in the history of the party system development in Kazakhstan, there have already been similar precedents when one or more parties united into one stronger and more stable party.

Eventually, in the country's party field, a system formed will have one party of a supermajority and two or three parties that will not be able to resist the dominant party. The development of such a scenario may be influenced by various internal and external factors, including potential risks to the stability of the political system of Kazakhstan. In turn, some relevant factors may require the country's leadership to suspend the pace of political transformation and strengthen state control in various spheres of society, including the process of party building.

At the same time, the results of the expert survey show that the last of the above-mentioned scenarios is unlikely. The expert community has a well-established idea that a multi-party system is optimal for Kazakhstan. (*Diagram 1*).

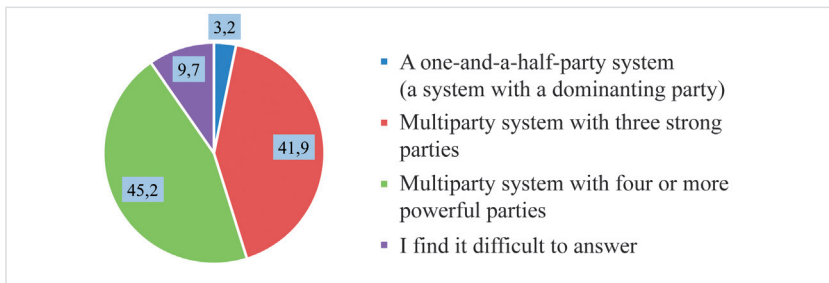


Diagram 1.

Which model of the party system is optimal for Kazakhstan? (%)

In this context, the number of parties that should function in Kazakhstan is a debatable question. Experts' opinions are divided here. Some experts tend to believe that there should be three leading parties (41.9%), while another part of experts prefers a system with four or more strong parties (45.2%).

In general, experts believe that a constructivist approach will continue to prevail in the process of party building in Kazakhstan. The point is that the main focus of this process will primarily be the goals and objectives of the state, designated by the country's leadership, and not the natural sequence of creating parties on the initiative of various groups of citizens. This situation also requires the authorities to take a more constructive approach to operating and emerging parties and movements, including conducting a political dialogue with them using all available mechanisms such as National Kurultai under the President of the Republic of Kazakhstan, the Public Chamber under the Mazhilis of the Parliament of the Republic of Kazakhstan, public councils, other advisory and consultative agencies.

1.4. New models of local self-government

In Kazakhstan, local self-government is enshrined in the law and provides citizens with the opportunity to influence the development of their cities and villages. However, the

mere existence of this opportunity is not enough, since self-management without the active involvement of citizens loses its original purpose. For this, it is necessary to undertake various activities to involve citizens, carry out explanatory work, and motivate them with public recognition. As a result of effective local self-government, the living standards increase, which, in turn, contributes to citizens' interest and sense of belonging to the development of the country.

The current system of local self-government. The structure of local self-government

Within the framework of the current legislation, the system of local self-government operates in the following manner.³⁹

Citizens of the country, regardless of the administrative level of their place of residence, represent a **local community**.

At the level of cities of regional significance, rural districts, villages and towns, the local community can organize a **gathering**, i.e. direct involvement of citizens in self-management on “the most significant issues of local importance” (Fig. 4). The gathering of the local community has the right to determine top-priority tasks and deadlines for their implementation, make proposals to the maslikhat of the district and akims of the local level on issues of local importance, determine the composition of the local community meeting.

A meeting is a representative body of the local community, elected at a gathering for a period of four years, consisting of up to twenty-five people. The local community meeting is authorized to:

- discuss and consider draft program documents and programs for the local community development;

³⁹ The Law of the Republic of Kazakhstan dated January 23, 2001. №. 148-II “On Local Government and Self-government in the Republic of Kazakhstan” (with amendments and additions as of March 7, 2023).

- coordinate the draft budget and report on its implementation;
- create commissions to monitor the implementation of the budget, to hear and discuss the report on the results of the monitoring;
- coordinate the decisions of the akim's office on the management of communal property;
- coordinate the alienation of communal property;
- approve candidates for the position of akim;
- initiate a question of dismissal of the akim;
- make proposals on the appointment of heads of state institutions and organizations financed from the local budget and located in the relevant territories.

A gathering of the local community is held on an occasional basis on the most important issues at the local level, whereas a meeting is held on current issues by representatives of the local community. Both the gathering and the meeting can be convened by the akim of the local level or at the initiative of at least ten percent of the members of the local community or meeting, respectively.

The akim of the local level is obliged to report on the resolution of issues of local importance, develop and submit for approval a program for the development of the local community, explain the decisions they make. Since 2021, rural akims have been elected by direct vote of citizens and local residents. However, in addition to the powers of local government, not only rural akims, but also akims of all administrative levels are endowed with the functions of self-government.

Twice a year, after reviewing the documents, **the monitoring commission** informs the meeting of the local community about the expenditure of funds allocated to address issues of local importance and can make recommendations that are mandatory for consideration by the akim.

At the regional level, the **territorial council of local self-government** operates upon akimats. It is a consultative and advisory body on issues of interaction between the akim of the city/region and the population.

Maslikhats as local representative bodies also serve as an indirect form of local self-government. The responsibility of maslikhats includes the approval of the local budget, economic and social development programs of the respective territory, control over the local budget through the formation of audit commissions, as well as other regulatory and supervisory functions.

Maslikhats are formed at the district/city and regional levels (Fig. 4) by direct secret ballot of citizens of relevant administrative-territorial entities.

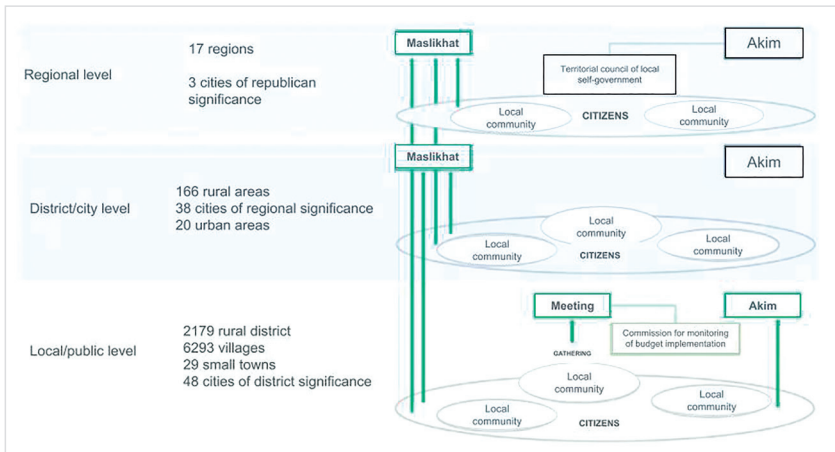


Figure 4.

The scheme of local self-government in the public administration system

Source: The authors are based on the Law of the Republic of Kazakhstan “On Local Government and Self-government in the Republic of Kazakhstan”.

On March 19, 2023, elections to the Mazhilis and maslikhats of all levels were held throughout the country. The elections were held according to a new, mixed electoral system: at the level of the region and the city of republican significance, 50% of candidates for the maslikhat were elected according

to party lists, and the other 50% were elected according to the majority system. At the level of districts and cities, the entire composition of maslikhats was elected according to the majority system.

Other forms of self-government and civic participation

Government agencies are obliged to develop and publish the “civil budget” on their website, i.e. a document designed to enhance citizens’ awareness of the main directions of the state budget in plain language and using infographics. This helps increase transparency and accessibility of basic budget information, when any user understands how the government accumulates, distributes and uses public resources.

Another example of civic participation in local government is the public participation budget⁴⁰, which allows residents of cities of republican and regional significance, cities of district significance with a population of 10 thousand people or more, as well as the capital to participate in the allocation of the city’s budget for projects on its development. In cities with districts, public participation budgets are implemented at the district level.

Public participation budget assumes financing of projects in such areas as:

- ***arrangement and greening*** – greening the territory; arrangement of sidewalks; construction and repair of sidewalks, ramps and irrigation ditches; repair of curbs, paving stones and retaining walls;

- ***costruction and improvement of urban amenities*** – construction, repair and lighting of parks, squares, pedestrian areas, and other facilities;

- ***improvement of the recreation areas for children and adults with services and utilities***

⁴⁰ Order of the Minister of Finance of the Republic of Kazakhstan dated October 31, 2014, №. 470 “On approval of the Rules for the development of local budget projects”.

- the installation and repair of the gazebos, benches, trash cans, equipment, and constructions for children's games and adult recreation in public areas;

- **improvement of courtyard spaces** is the installation, repair, and lighting of the sports grounds, football, basketball, volleyball fields, children's playgrounds in the courtyard areas and public areas;

- **elimination of the landfills and sanitation**;

Project proposals within the the budget of the public participation are collected by the akimat, then submitted to the residents of the city for voting. Voting is carried out electronically on the official Internet resource or at a gathering of the local community.

The minimum amount of expenses is:

1) at least 0.5% of the annual volume of city budget expenditures for the district in the city of republican significance and the capital. For example, in 2022, 39 projects worth 800 million tenge were implemented within the public participation budget framework in Almaly district of Almaty, i.e. an average of 20.5 million tenge per project ⁴¹;

2) at least 1% of the annual budget expenditures of the city for the city of regional significance and (or) for the district in a city of regional significance. For example, in Oskemen, 855 million tenge is planned for the projects of the "Public Participation Budget" program in 2023.⁴²

Obstacles to the development of local self-government

After analysing the barriers to the formation of local self-government, most of the reasons can be combined into two large groups, which also determine each other:

⁴¹ In Almaty, the "Public Participation Budget" will be increased by 7 billion tenge / <https://kapital.kz/economic/113696/v-almaty-byudzhet-narodnogo-uchastiya-uvlichat-na-7-mlrd-tenge.html>.

⁴² 500 million tenge will be allocated for yard improvement in Oskemen / <https://altaynews.kz/rubriki/novosti/42907-v-ust-kamenogorske-na-blagoustrojstvo-dvorov-vydeljat-500-millionov-tenge.html>.

1) reasons on the part of the local community or citizens or so-called “culture of self-government”.

2) reasons on the part of system level, legislation, and government apparatus, or so-called “system reasons”.

Culture of self-government

The development of local self-government presupposes not only a change in the legislative framework, but also a substantial increase in the civic activity of the local community. However, experience of holding seminars for the local community and the specialists of the office of rural akims working with them has shown that the activity of the population remains at a very low level. Inactivity leads to inefficiency of already existing civic institutions, such as meetings of the local community, monitoring of budget spending, and the work of territorial councils of local self-government.

In order to effectively implement reforms and increase citizen participation, organizations capable of providing training or consulting assistance are needed. These can be organizations with diverse statuses, including NGOs. It is necessary to identify target groups and assess their needs for improving the effectiveness of training. It is also compulsory to introduce interactive teaching methods so that learners can apply them in practice.

The training of citizens and akimat specialists who directly interact with the local community is the main prerequisite for the effective implementation of the local self-government institutions and the expansion of public participation in the discussion and resolution of issues of local importance.

System reasons

Among this group of reasons, it is worth mentioning the complexity of procedures for conducting the gathering of the local community, which is considered the primary step for exercising the right to self-government. In this part, the State regulates the basic right of citizens to self-organization:

only after approval by the akim and only in the presence of the akim or their representative. At the same time, local self-government assumes a certain degree of freedom of self-organization at the local level to solve problems of local importance.

The combination of the functions of local self-government and public administration in one institution (akims and maslikhats) leads to the fact that the powers of public administration dominate over the functions of self-government. Further development of such hybrid structures can lead to these circumstances: in the system of public administration, to unclear hierarchies of responsibility; in the system of local self-government, to a lack of responsibility to the population.

Territorial council of local self-government at the regional level serves only in a consultive and advisory capacity. Therefore, it cannot represent the interests of numerous urban local communities. In this regard, more flexible legislation on the organization of self-government of citizens in large cities is required.

Local self-government according to the Concept of local self-government development

The approved concept for the development of local self-government involves the implementation of a number of measures to eliminate key factors hindering the further development of local self-government.

First of all, it concerns the decentralization of powers and creating an effective structure of local self-government. Thus, it is proposed to analyze the powers and functions at various levels of government to eliminate inappropriate and duplicate functions, introduce missing functions, and develop proposals for the redistribution of powers.

A priority measure is the adoption of the Law of the Republic of Kazakhstan “On Local Self-government in the Republic of Kazakhstan”, taking into account the readiness of state bodies to perform new functions in the field of management

and logistic support. In particular, managerial and financial independence of rural akims and local government bodies should be expanded in order to improve the effectiveness of local self-government. Consequently, it will ensure timely detection and resolution of emerging problems, as well as identify specific tasks aimed at the socio-economic development of the rural district.

The division of powers between state and local self-government concentrates on increasing the responsibility of akims for effective use of resources to solve local problems.⁴⁵

In accordance with the Concept of Local Self-Government Development, it is envisaged to expand the powers of the local community gathering in determining priorities and deadlines for their implementation, approving a plan for the development of the local community, changing the administrative and territorial structure, and hearing reports from the akim of the rural district.

From 2024, the meetings of the local community in rural districts may be replaced by a representative body, the kenes, which will be supported by an apparatus. The kenes will consist of members and a chairman, who will be elected by a majority vote of the total number of kenes members and for the term of office of the kenes. The members of the kenes will be directly elected by the citizens for a term of four years. The kenes will have the right to adopt legal acts in force in relevant territory. The formation of the kenes will be the basis for the creation of a grassroots level of self-government that is closest to citizens.

The akim of the rural district, who is directly elected by the citizens, will be the head of the executive body; namely, the akim's office. Qualified political parties and self-nominees will nominate candidates for the post of akim of the rural district.

⁴⁵ Expert: The main difference between local self-government and public administration is the scale of tasks to be solved / https://www.inform.kz/ru/ekspert-glavnoe-otliche-mestnogo-samoupravleniya-ot-gospravleniya-masshtab-reshaemyh-zadach_a3833800.

Persons elected to the position of akim for the first time must be trained in educational institutions under the President of the Republic of Kazakhstan or their branches.

The Maslikhat of the district (city of regional significance) will be entitled to early termination of the powers of the rural district akim on legally established grounds, including for unsatisfactory work results, unethical behavior, and other reasons.

The meeting of the local community after the transformation into the kenes will also have the right to initiate the termination of the powers of the akim before the maslikhat.

Additional measures to strengthen local self-governance can be introduced into the electoral process based on a detailed analysis of the results of recent direct elections of rural districts akims. Their activities will be focused on ensuring the implementation of kenes decisions and the completion of socially significant tasks, such as infrastructure development.

The strengthening of local self-government will be accompanied by an increase in the financial capacity of the local government budget and a gradual decrease in dependence on the higher level of power.

Various types of taxes and payments will be transferred to the budget, including a single land tax, land use fees, and proceeds from the sale of land plots. This will expand the revenue base of local self-government. In the future, payment for the use of water resources and other taxes will also be transferred. Another provision implies the distribution of corporate income tax from small and medium-sized enterprises between the region, district, and village.

It is assumed that the system of inter-budgetary relations will aim to stimulate the self-sufficiency of regions and reduce the dependence of local budgets on republican targeted transfers. In addition, the methodology for calculating transfers of a general nature will be enhanced.

It is imperative to extend expenditure powers, taking into account the transfer of additional revenues to local self-government. Funds from own revenues received by the rural district budget through tax and non-tax payments will be directed exclusively to the development of the rural district and the resolution of local issues. This action will be accomplished on the initiative of the local community or in agreement with it.

It is planned to simplify the procedures for registration of title documents for communal property in order to expand the property portfolio of local self-government. In this regard, local executive bodies will carry out an inventory of the facilities assigned to them, including stranded assets. After the inventory is carried out, a list of communal facilities will be compiled, for which a step-by-step simplified procedure for registration and filing will be applied.

Local governments will have sufficient powers and tools backed by financial resources to ensure that high-quality services are provided to residents of populated areas.

As for cities, the issue of implementing self-government requires careful research and elaboration, given the large number of citizens and the development of digital technologies. Subsequently, work on projects proposed by residents within the “public participation budget” framework will continue. This task will be carried out by increasing the amount of funds allocated to finance projects under this initiative. The promotion of self-government in cities aims to exercise the citizens’ constitutional rights and increasing the sensitivity of local government bodies to the needs and problems of the population.

One of the significant steps in the development of local self-government was the holding of direct elections of akims of districts in the regions in 2023.

Moreover, legislative measures on possible unification of rural districts will be developed to ensure sound budgetary

management of funds of local self-government, taking into account the specific conditions and location of rural settlements.

Before making a decision on changing the administrative status of urban and rural settlements, conducting an analysis covering various key demographic parameters, economic activity, accessibility and remoteness of infrastructure necessary for life is of high importance. Hence, this will fully justify the decision made.

The successful and proper functioning of local self-government also requires the initiative and activity of citizens. These two are viewed as the most important conditions for self-government. In this regard, it is essential to generate public confidence in government institutions. Therefore, both state bodies and local governments, in particular akims, should turn to modern and technological tools for feedback from the population in order to increase transparency and accountability before citizens.

Taking into account current trends, maintenance based on a single platform of Internet resources of government agencies is needed. This maintenance must necessarily include the publication of development plans for the rural districts, information on budget revenues, decisions of the representative body of local government, the civil budget, and so on. The portal based on this framework should become a platform for interaction between local governments and the local community and for consideration of civil initiatives and other issues. An important condition is to maintain the relevance and accessibility of information for all citizens.

In addition, the Concept authors propose the creation of a Community center on the basis of existing community centers. The purpose of such an initiative is the organization of centers

for gathering residents and the socio-cultural life of the village, with libraries, events halls, places of receipt of e-government services, as well as other household services.

According to the Concept developers, the implementation of the above-mentioned measures will contribute to ensuring successful continuity in the development of local government, as well as improving the quality of consideration and resolution of issues of local importance.

From the authors' international experience of the development of local self-government, it could be concluded that the system of local self-government must go through its own stages of development, at each of which certain tasks are solved. It is necessary to ensure sufficient duration of each stage so that citizens can understand the essence of the changes taking place and adapt to them. Each country develops its own system of local self-government in line with local specificities; therefore, copying foreign experience is not an option.

Chapter two

SOCIETY: WHERE ARE WE GOING?

2.1. Demographic dynamics of Kazakhstan

Demographic dynamics of Kazakhstan should be considered in the context of global population dynamics. According to Pison, in 2022, the world's population surpassed the 8 billion mark, and by 2037, it is expected to reach 9 billion. Nevertheless, since most countries of the world have completed or are about to complete the period called the demographic transition (the transition to the post-transit period), population growth is slowing down. So, by the end of the 21st century, the world's population will stabilize at ten billion people.⁴⁴ In this context, the demographic dynamics of Kazakhstan is considered. The global review will be followed by an analysis of the age and ethnic structure of the population. The next step is an inquiry of births and deaths, natural growth, migration, and finally, an analysis of possible prospects.

1) Global demographic dynamics

As data in *Table 3* depicts, Kazakhstan, like other Central Asian countries, maintains or even increases its position in the global geopolitical demographic balance, unlike the two giants

⁴⁴ Pison, G. (2022). Huit milliards d'humains aujourd'hui, combien demain? *Population & Sociétés*, 604, 1-4. <https://doi.org/10.3917/popsoc.604.0001>

of the region, China and Russia. It is expected that by 2050 the population of these two countries will decrease, as well as their place in the total population of the world. By way of illustration, this explains the change in government policy in China. Precisely, there, families with three children have been encouraged since 2021.⁴⁵ In the Eurasian region, an impressive leap in demography is expected only in Afghanistan.

Table 3.

The population of Kazakhstan and neighboring countries and their share in the world population

Countries	According to the data for 2022		According to forecasts for 2050	
	Number, million	Share in the population, %	Number, million	Share in the population, %
Kazakhstan	19.4	0.24	26	0.27
Kyrgyzstan	6.6	0.08	9.4	0.10
Uzbekistan	34.6	0.43	46	0.47
Tajikistan	10	0.12	15	0.15
Turkmenistan	6.4	0.08	8.3	0.08
Afghanistan	41.1	0.51	74	0.76
Russia	144.7	1.81	133	1.37
China	1425.9	17.88	1313	13.5
Africa	1427	17.89	2485	25.59
Asia	4723	59.22	5293	54.51
North America	377	4.72	421	4.33
Central and Southern America	660	8.28	749	7.71
Europe	744	9.33	703	7.24
Oceania	45	0.56	58	0.60
The world	7975		9709	

⁴⁵ Attané, I. (2022). Trois enfants pour tous en Chine? *Population & Sociétés*, 596, 1-4. <https://doi.org/10.3917/popsoc.596.0001>

Source: Pison Gilles, Coupié Étienne, Caporali Arianna, Tous les pays du monde (2022), Population et sociétés n°603, septembre 2022 et Pison Gilles, site INED à partir des données des Nations Unies World Population Prospects : the 2022 revision.

There has been a moderate rise in the population of Kazakhstan after a short depression related to the 1991-2001 transition period events (*Diagram 2*).

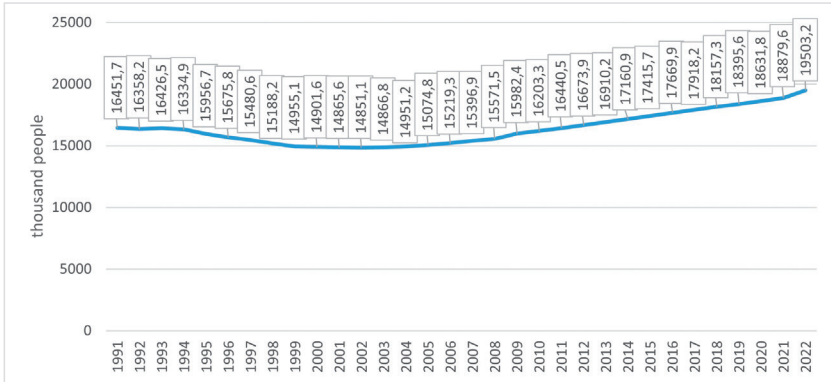


Diagram 2.

Continued population growth in Kazakhstan (2001-2021) after a short depression (1991-2001)

Dynamics of the population of Kazakhstan in 1991-2021 (at the beginning of the year)

Source: Vladimir Arkhangelsky, Mikhail Denisenko, Valery Elizarov, Baurzhan Zhusupov et Gaziza Moldakulova (2019). We, Kazakhstan. Population Situation Analysis of the Republic of Kazakhstan. UNFPA Kazakhstan. p. 9 and Demographic yearbooks of Kazakhstan for 1990-2021.

Demographic distribution by region

The overall population growth by region is quite uneven (*Diagram 3*). Demographic increase was more noticeable in the West and South Kazakhstan, whereas in the North and East of the country, the population was decreasing gradually.

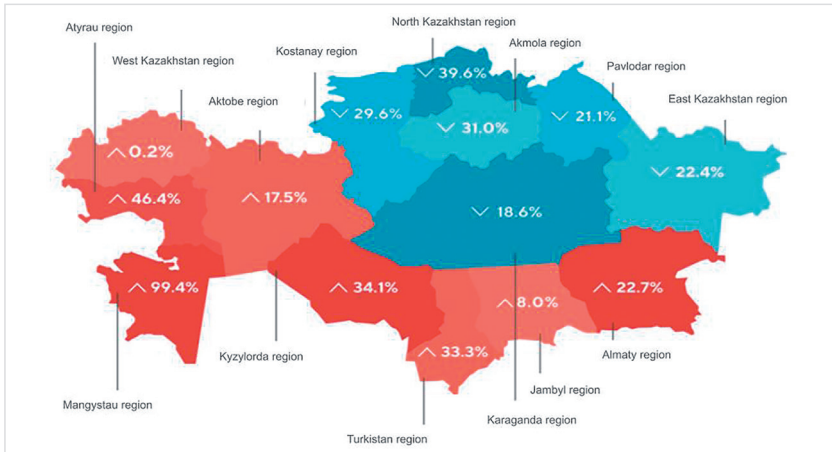


Diagram 3.

Differentiated demographic growth by region

Population growth rates in the period from 1992 to 2018 by region

Source: Vladimir Arkhangelsky, Mikhail Denisenko, Valery Elizarov, Baurzhan Zhusupov et Gaziza Moldakulova (2019). We, Kazakhstan. Population Situation Analysis of the Republic of Kazakhstan. UNFPA Kazakhstan, p. 11.

Read: The population of Northern Kazakhstan increased by 39.6% between 1992 and 2018.

Unit of measurement: The growth rate in the period from 1992 to 2018 (in %).

Several complementary hypotheses can explain this situation. On the one hand, the population of rural areas in the South and West, dominated by traditional reproductive attitudes, contributed to demographic growth. On the other hand, urbanization (*Diagram 4*) of these regions was carried out mainly on the backs of the Kazakhstan population, which, possibly, has retained the characteristics of traditional reproductive behavior while moving to the cities.

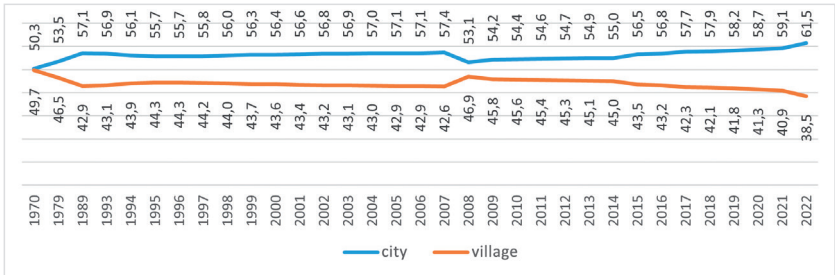


Diagram 4.

The shift in demographic distribution from rural to urban areas
Dynamics of the share of the population in urban areas in 1970-2022

Source: Population Census materials of 1959, 1970, 1979, 1989, 1999, 2009 and 2021. **

Read: The share of the urban population increased from 50.3% in 1970 to 61.5% in 2022.

Unit of measurement: in %.

(*) The percentages have been rounded for clarity.

(**) The list of statistical sources is detailed in Appendix 1.

2) The age pattern of the world's population

The youth index (proportion of the population under the age of 15), the aging index (proportion of the population aged 65 years and older), and the so-called working age index (proportion of the population aged 15-64 years) can be referred to so as to compare the age pattern of the world's population (*Table 4*).

Table 4.

Age pattern indices in 2022 for Kazakhstan, neighboring countries, and other continents

Countries	Indices of		
	youth	aging	working age
Kazakhstan	30	8	62
Kyrgyzstan	34	5	61
Uzbekistan	30	5	65
Tajikistan	36	3	61
Turkmenistan	31	5	64
Afghanistan	43	2	55
Russia	18	16	66

Countries	Indices of		
	youth	aging	working age
China	17	14	69
Africa	40	3	57
Asia	23	10	67
North America	18	17	65
Central and South America	23	9	68
Europe	16	22	64
Oceania	23	13	61
The world	25	10	65

Source: Pison Gilles, Couppié Étienne, Caporali Arianna, Tous les pays du monde (2022), Population et sociétés n°603, septembre 2022 et Pison Gilles, site INED à partir des données des Nations Unies World Population Prospects: the 2022 revision.

Read: In 2022, there were 30 people under the age of 15 per 100 people in Kazakhstan, 62 people aged 15-64 and 8 people aged 65 and older.

Unit of measurement: in %.

In the context of global society, Kazakhstan, like its neighbors in Central Asia, has a slight deficit in the working-age population, which is compensated by youth potential, in contrast, China, like Russia, has a lower youth index.

The analysis of the age pattern is based on the study of the dynamics of the aforementioned indices over time, and is guided by the age of termination of professional activity under the legislation of Kazakhstan. This analysis represents a slight reduction in the working-age population and a minor growth in the aging index (*Diagram 5*). The measures taken in recent years to increase the retirement age have made it possible to expand the aging index. They indicate the stage of demographic transition that Kazakhstan is currently undergoing. It can be assumed that Kazakhstan is completing the stage of the second period, characterized by a decrease in death and birth rates.

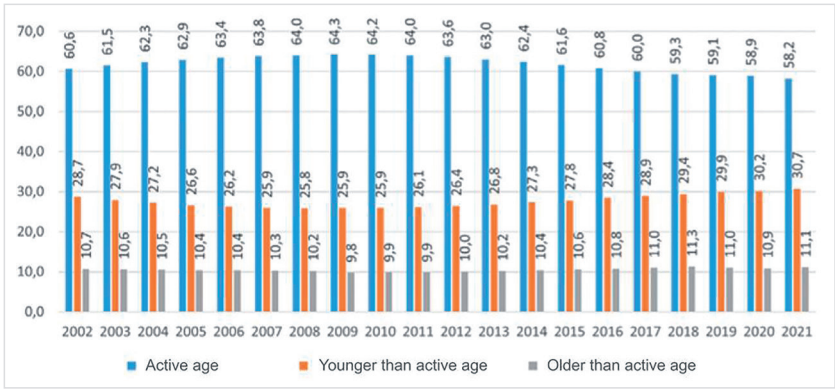


Diagram 5.

The dynamics of the age pattern (the share of the active population, the younger and older population than active age) in 2002-2019.

Source: Vladimir Arkhangelsky, Mikhail Denisenko, Valery Elizarov, Baurzhan Zhusupov et Gaziza Moldakulova (2019). We, Kazakhstan. Population Situation Analysis of the Republic of Kazakhstan. UNFPA Kazakhstan. p. 13 et Les Annuaire démographiques du Kazakhstan pour les années 2005-2021.

Unit of measurement: in %.

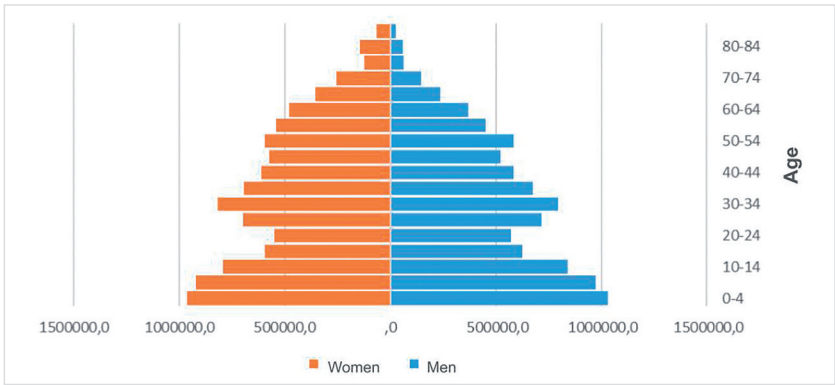


Diagram 6.

Kazakhstan's population pyramid in 2021

Source: Demographic Yearbook of Kazakhstan for 2021.

Unit of measurement: people.

Apparently, the overall shape of the pyramid (*Diagram 6*) with a slight narrowing in its base anticipates the end of the demographic transition. Nonetheless, at this stage, it is difficult to provide a more accurate estimate, given the significant changes in the ethnic structure of Kazakhstan over the past

few decades. Probably, the observed population pyramid comprises overlapping population pyramids of populations with different demographic behaviors. Therefore, it requires a more detailed study.

3) Ethnic structure of the population

Over the past decades, the ethnic structure of Kazakhstan has undergone considerable changes which mostly affected the two main ethnic groups – Kazakh and Russian (*Table 5*). In 1959, Russian population was about one and a half times the number of the Kazakh population; while in 2021, the number of the Russian population was less than a quarter of the number of the Kazakh population.

Table 5.
The ethnic structure evolving towards the predominance of the Kazakh

Ethnic group	The number of different ethnic groups						
	1959	1970	1979	1989	1999	2009	2021
Kazakh	2787*	4234	5289	6535	7985	10097	13498
Russians	3972	5522	5991	6228	4510	3794	2982
Ukrainians	741	934	898	956	547	333	387
Germans	660	858	887	958	353	178	226
Others	1134	1461	1618	1789	1558	1608	264
TOTAL	9,295	13,009	14,684	16,465	14,953	16,010	17,357

Source: National Population Censuses 1959, 1970, 1979, 1989, 1999, 2009, and 2021.**

Unit of measurement: thousand people.

This trend was already observed in the period 1959-1989, but the main changes occurred around the collapse of the USSR. As noted by Aubakirova, Alekseenko, and others, this evolution is the result of “complex and contradictory transient phenomena.” Undoubtedly, there are two decisive factors. On the one hand, it was the migration after the collapse of the USSR, which led to the repatriation of Kazakhs and the expatriation of other ethnic groups. On the other hand, there was the high-fertility regime for the Kazakh population which is supported by state policy.

The ethnic structure of the population in the regions

In different regions, this process occurs in different ways. In this regard, two main groups of regions can be distinguished: the first group of the regions of Southern and Western Kazakhstan; and the second group consisting of the regions of Central, Eastern and Northern Kazakhstan.

At the macro-regional level, South Kazakhstan includes the Almaty, Zhambyl, Kyzylorda, and South Kazakhstan (since 2017, Turkestan) regions, as well as the city of Almaty. In turn, the West Kazakhstan macroregion includes Aktobe, Atyrau, WestKazakhstan, and Mangystau regions.

In the first group of regions (*Tables 6-7*), the Kazakh population constituted the majority already at the time of the collapse of the USSR. This trend holds in the subsequent period as well, probably as a result of the resettlement of Kazakh ethnicity repatriates and the preservation of the high-fertility regime regardless of the place of residence.

Table 6.

Population change in Southern Kazakhstan by ethnic groups (in 1989, 1999, 2009 and 2021)

Ethnic group	The number of different ethnic groups			
	1989	1999	2009	2021
Kazakhs	3051	3903	5110	6871
Russians	1833	1209	1035	847
Ukrainians	155	60	30	53
Germans	234	46	22	39
Others	1045	1033	1148	100
TOTAL	6317	6251	7344	7910

Source: National Population Censuses of 1989, 1999, 2009 and 2021.**

Unit of measurement: thousand people.

Table 7.

Population change in Western macroregion by ethnic groups (in 1989, 1999, 2009 and 2021)

Ethnic group	The number of different ethnic groups			
	1989	1999	2009	2021
Kazakhs	1262	1521	1927	2596
Russians	560	373	312	239
Ukrainians	117	72	40	51
Germans	39	14	8	10
Others	133	74	65	35
TOTAL	2111	2054	2352	2930

Source: National Population Censuses 1959, 1970, 1979, 1989, 1999, 2009, and 2021.**

Unit of measurement: thousand people.

As for the second group of regions, i.e. Central (Akmola, Kostanay, Pavlodar, North Kazakhstan regions, and Astana city), East (EastKazakhstan region), and North (Akmola, Kostanay, Pavlodar, North Kazakhstan regions, and Astana city) Kazakhstan regions, the process is quite different. Originally, the Russian population was the majority in these regions. Gradually, their presence weakens in favour of the Kazakh population (*Tables 8, 9, and 10*). Transformative moment comes around 2000, as shown in tables 10, 11, and 12.

Table 8.

Population change in Central macro region by ethnic groups (in 1989, 1999, 2009, and 2021)

Ethnic group	The number of different ethnic groups			
	1989	1999	2009	2021
Kazakhs	459	530	622	752
Russians	876	614	530	392
Ukrainians	197	79	50	53
Germans	168	57	33	39
Others	142	131	107	33
TOTAL	1841	1410	1342	1268

Source: National Population Censuses 1959, 1970, 1979, 1989, 1999, 2009, and 2021.**

Unit of measurement: thousand people.

Table 9.

Population change in Northern macroregion by ethnic groups (in 1989, 1999, 2009, and 2021)

Ethnic group	The number of different ethnic groups			
	1989	1999	2009	2021
Kazakhs	1076	1288	1656	2436
Russians	2044	1589	1356	1074
Ukrainians	455	321	206	221
Germans	451	204	103	120
Others	407	305	255	88
TOTAL	4432	3706	3575	3939

Source: National Population Censuses 1959, 1970, 1979, 1989, 1999, 2009, and 2021.**

Unit of measurement: thousand people.

Table 10.

Population change in East macroregion by ethnic groups (in 1989, 1999, 2009, and 2021)

Ethnic group	The number of different ethnic groups			
	1989	1999	2009	2021
Kazakh	687	743	782	842
Russians	914	695	561	431
Ukrainians	36	16	7	9
Germans	67	32	14	19
Others	62	45	33	9
TOTAL	1766	1531	1397	1311

Source: National Population Censuses 1959, 1970, 1979, 1989, 1999, 2009, and 2021.**

Unit of measurement: thousand people.

4) Fertility rate and birth rate

Global birth rate dynamics

Today, Kazakhstan maintains a high birth rate in a globalized society (*Table 11*).

Table 11.

Fertility and birth rate indicators in 2022 (fertility rate, number of births, total fertility rate) for Kazakhstan, neighboring countries, and different continents

Country	The number of the population	Birth rate	Number of births
Kazakhstan	19,4	21	407
Kyrgyzstan	6,6	23	152
Uzbekistan	34,6	22	761
Tajikistan	10	26	260
Turkmenistan	6,4	21	134
Afghanistan	41,1	35	1438
Russia	144,7	10	1447
China	425,9	8	11407
Africa	1427	32	45664
Asia	4723	14	66122
North America	377	11	4147
Europe	744	9	6696
Oceania	45	15	675
The world	7,975	17	135,575

Source: Pison Gilles, Couppié Étienne, Caporali Arianna, *Tous les pays du monde (2022)*, Population et sociétés n°603, septembre 2022 et Pison Gilles, site INED à partir des données des Nations Unies World Population Prospects: the 2022 revision.

In particular, according to Gilles Pison (2022), Kazakhstan is still among the regions of the world with a high birth rate, exceeding 2.5 children per woman. These regions mainly are countries in Africa, the Middle East, and part of Asia from Kazakhstan to Pakistan, including Afghanistan. Now, in most of the rest countries of the world, which account for two thirds

of humanity, including India, Iran, Russia, and China, birth rate is below the level of population reproduction. It is estimated at about 2.1 children per woman.

The temporal and spatial structure of fertility in Kazakhstan

It is useful to study the fluctuations in the birth rate over the past few decades for a better understanding of the current situation in Kazakhstan (*Diagram 7*).

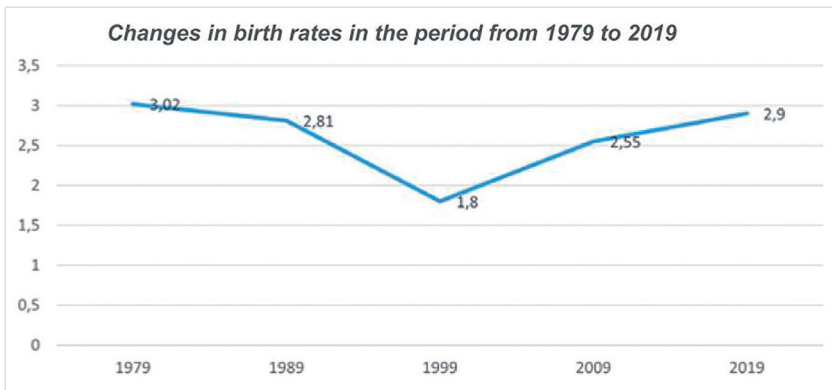


Diagram 7.

The birth rate is on the rise after the depression of 1990-2000.

Source: Aubakirova, Zh. S., Alekseenko, A. N. Kazakhs in the context of demographic history. – Nur-Sultan, 2020. – P. 331.

The graph shows a sharp decline in the birth rate in the 1990s, probably related to the crisis and transition period experienced by Kazakhstan at that time. Then there is a rapid growth, which has slowed since 2010.

Researchers Aubakirova, Alekseenko, and others put forward several hypotheses to explain the increase in the birth rate, which can be confined to three complementary factors:

- ◆ firstly, the increase in the number of children per woman is associated with the “catching up” of women with traditionally high fertility, who were forced to postpone their

plans to have children as a result of the crisis situation of the 1990s;

- ◆ secondly, such growth corresponds to the transformation of the ethnic structure of Kazakhstan. Kazakh population has become the majority in the country. So, it is believed that the Kazakhs have a higher fertility rate than the population of European origin, mainly including Russians and Germans who left Kazakhstan after the collapse of the USSR.

- ◆ and finally, internal migration from rural areas to cities of a part of the Kazakh population with a traditionally high birth rate has led to an increase in the birth rate in cities. Thus, in the period from 2009 to 2019, the birth rate in urban areas increased more (from 2.32 to 2.75) than in rural areas (from 2.87 to 3.17).

Hypotheses for the coming period will largely depend on how long the combination of these three factors stays relevant. The first factor is cyclical and should disappear fairly quickly. The second factor depends on internal migration within Kazakhstan. The third factor depends on the speed at which the urban Kazakh population will or will not strive to match the world's widespread fertility rates. This is the reason why demographers' similar forecasts in other countries often differ from the real status in this area. So, for example, according to the observations of Gilles Pison (2022), demographers expected an extremely slow decline in fertility in the countries of the South (a combination of poor and developing countries), based on what was observed in Europe, where the demographic transition took place over two hundred years. In this forecast, they relied on the observations of ethnologists, who emphasized the population's tradition of having large families. However, contrary to the forecasts of demographers, studies show that in many countries of Asia and Latin America, the birth rate is falling very quickly. This has also happened in Iran.

Therefore, it seems necessary to predict the future of fertility in Kazakhstan with great caution, taking into account the peculiarities of the reproductive behavior of the modern generation of Kazakhstan's citizens. The data of the KazISS⁴⁶ sociological study indicate a relatively slow decline in the birth rate, taking into account the rate of internal migration of the rural population to cities and the traditional nature of its reproductive attitudes (about 3 children in the age group of 18-29 years). Nevertheless, it can be assumed that such behavior will persist only for one, at least for two generations.

5) Death rate

Global death rate in an international context

The death rates shown in *Table 12* clearly represent the completion of the demographic transition. That is, the death rate is comparable to that of Europe, and a fairly low infant mortality rate is depicted.

Table 12.

Death rates in 2022 (death rate, number of deaths, infant mortality rate) for Kazakhstan, neighboring countries, and various continents

Countries	The number of the population	Death rate	Number of deaths	Infant mortality rate
Kazakhstan	19.4	10	194	8
Kyrgyzstan	6.6	6	37	13
Uzbekistan	34.6	6	208	12
Tajikistan	10.0	5	50	23
Turkmenistan	6.4	7	45	33
Afghanistan	41.1	7	288	41
Russia	144.7	16	2315	4
China	1425.9	7	9981	6
Africa	1427	8	11416	44

⁴⁶ A sociological study with a sample of 8,000 respondents (a multi-stage stratified sample with quotas at the stage of selection of respondents) was conducted by order of KazISS in February-March 2023. Location -17 regions and 3 cities of republican significance

Countries	The number of the population	Death rate	Number of deaths	Infant mortality rate
Asia	4723	8	37784	22
N ^o rth America	377	9	3393	5
Central and South America	660	8	5280	13
Europe	744	11	8184	3
Oceania	45	7	315	16
The world	7975	8	67097	28

Source: Pison Gilles, Couppié Étienne, Caporali Arianna, Tous les pays du monde (2022), Population et sociétés n°603, septembre 2022 et Pison Gilles, site INED à partir des données des Nations Unies World Population Prospects : the 2022 revision.

Units of measurement:

1. the population in millions of people.
2. Fertility rate (number of births per 1000 inhabitants)
3. Annual number of births in thousands
4. Crude birth rate (number of children per woman)

Read: In 2022, the population of Kazakhstan was 19.4 million people, while the death rate was 10.194 thousand people died during the year. The infant mortality rate was 8 deaths per thousand births.

The temporal and spatial structure of mortality in Kazakhstan

Similarly, a significant decrease in the infant mortality rate indicates the completion of the demographic transition. It is generally assumed that the demographic transition begins at the infant mortality rate of about 30-40 deaths per thousand births and ends at the infant mortality rate below 15 deaths per thousand births, which is now observed in Kazakhstan (*Diagrams 8, 9*).

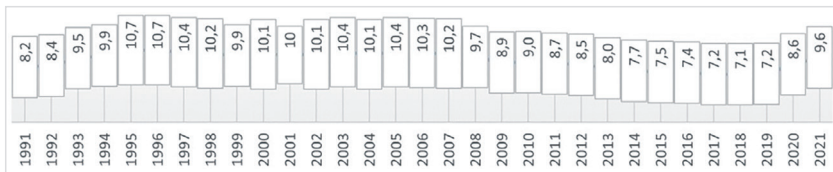


Diagram 8.

Changes in death rates in 1991-2021

Source: Vladimir Arkhangelsky, Mikhail Denisenko, Valery Elizarov, Baurzhan Zhusupov et Gaziza Moldakulova (2019). We, Kazakhstan. Population Situation Analysis of the Republic of Kazakhstan. UNFPA Kazakhstan. p. 32 and Demographic Annuals of Kazakhstan 2009, 2017 and 2021

Unit of measurement: the number of deaths per thousand inhabitants (death rate).



Diagram 9.

Changes in infant mortality rates in 1999-2021

Source: Vladimir Arkhangelsky, Mikhail Denisenko, Valery Elizarov, Baurzhan Zhusupov et Gaziza Moldakulova (2019). We, Kazakhstan. Population Situation Analysis of the Republic of Kazakhstan. UNFPA Kazakhstan. p. 32 and Demographic Annuals of Kazakhstan 2009, 2017 and 2021

Unit of measurement: Infant mortality rate: the number of deaths per thousand births.

Read: in 1991, the death rate was 8.1, or 8.1 deaths per thousand inhabitants.

Death by gender

Death by gender corresponds to international standards, while life expectancy at birth is higher for women. Life expectancy is comparable to that of other Central Asian countries and slightly below the global average (*Table 13, Diagram 10*).

Table 13.

Life expectancy at birth in 2022 for men and women in Kazakhstan, neighboring countries, and on different continents

Countries	Men	Women
Kazakhstan	66	73
Kyrgyzstan	66	75
Uzbekistan	69	74
Tajikistan	69	74
Turkmenistan	66	73
Afghanistan	60	66
Russia	65	76

Countries	Men	Women
China	76	81
Africa	60	64
Asia	71	76
N ^o rth America	76	81
Central and South America	71	77
Europe	74	81
Oceania	77	82
The world	69	74

Source: Pison Gilles, Couppié Étienne, Caporali Arianna, Tous les pays du monde (2022), Population et sociétés n°603, septembre 2022 et Pison Gilles, site INED à partir des données des Nations Unies World Population Prospects: the 2022 revision.

Unit of measurement: in years.

Read: in Kazakhstan, life expectancy at birth was 66 years for men and 73 years for women in 2022.

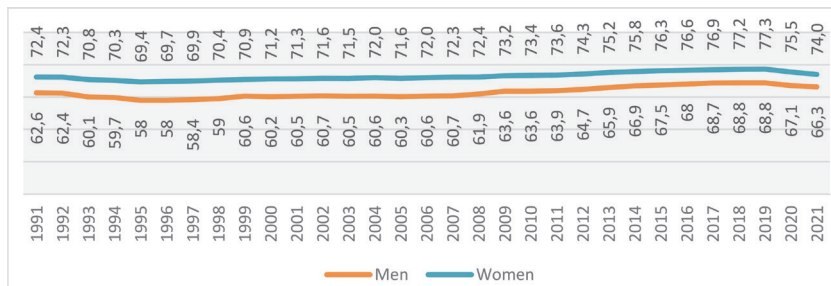


Diagram 10.

Dynamics of life expectancy for women and men in 1997-2021

Source: Vladimir Arkhangel'sky, Mikhail Denisenko, Valery Elizarov, Baurzhan Zhusupov et Gaziza Moldakulova (2019). We, Kazakhstan. Population Situation Analysis of the Republic of Kazakhstan. UNFPA Kazakhstan. p. 35 and Demographic Annuals of Kazakhstan 2009, 2017 and 2021

Unit of measurement: in years.

Read: in 2021, life expectancy for women was 74 years, for men – 66.3 years.

6) Natural population growth

In 2022, the indicators of natural population growth in Kazakhstan were slightly higher than the global average. Thus, the data in *Table 14* depict that the natural growth in 2022 was lower than in other Central Asian countries or in Afghanistan,

but much higher than in such large neighboring countries as China and Russia. To compare, the natural population growth in Russia is negative (-6), and in China it is barely positive (+1).

Table 14.

The rate of natural growth in 2022 in Kazakhstan, neighboring countries, and continents

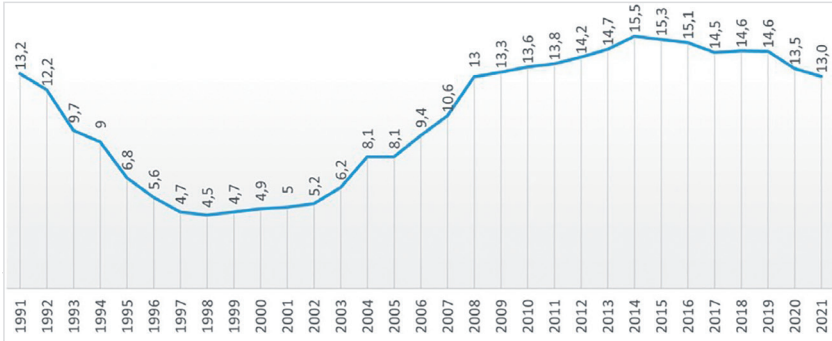
Countries	
Kazakhstan	11
Kyrgyzstan	17
Uzbekistan	16
Tajikistan	21
Turkmenistan	14
Afghanistan	28
Russia	-6
China	1
Africa	24
Asia	6
N ^o rth America	2
Central and South America	7
Europe	-4
Oceania	8
The world	9

Source: Pison Gilles, Couppié Étienne, Caporali Arianna, *Tous les pays du monde* (2022), Population et sociétés n°603, septembre 2022 et Pison Gilles, site INED à partir des données des Nations Unies World Population Prospects: the 2022 revision.

Read: the rate of natural population growth in Kazakhstan in 2022 reached 11%

Unit of measurement: indicator per thousand population.

The current natural growth is the result of a long recovery after the recession in the post-Soviet transition period of the 1990s. This can be seen from the graph below.

**Diagram 11.**

Dynamics of natural growth rates in 1991-2021

Source: Vladimir Arkhangelsky, Mikhail Denisenko, Valery Elizarov, Baurzhan Zhusupov et Gaziza Moldakulova (2019). We, Kazakhstan. Population Situation Analysis of the Republic of Kazakhstan. UNFPA Kazakhstan. p. 37 and Demographic Annuals of Kazakhstan 2009, 2017 and 2021

Read: in 1991, the natural growth rate in Kazakhstan was 13.3 per 1000 people.

Unit of measurement: indicator per thousand population.

Natural population growth in ethnic terms

Probably, the increase in natural growth is mainly related to the birth rate of the Kazakh population. At the same time, the high death rate of other ethnic groups is driven by aging processes, and it contributes to the observed phenomenon (Table 15).

Table 15.

An increase in the natural growth rate on the backs of the Kazakh population. *The fertility, mortality, and natural growth rates in Kazakhstan in 1999 and 2009 by ethnicity*

Ethnic group	Birth rate				Death rate				Natural growth rate			
	1999	2009	2019	2021	1999	2009	2019	2021	1999	2009	2019	2021
Kazakh	17.8	26.5	25.4	26.7	6.6	6.0	4.98	6.4	11.2	20.5	20.4	20.3
Russians	8.8	12.6	9.9	10.6	14.2	13.8	12.76	20.4	-5.4	-1.3	-2.9	-9.8
Ukrainians	9.6	12.0	14.0	8.8	21.5	23.9	29.54	27.5	-11.9	-11.9	-15.6	-18.7
Germans	19.3	21.3	7.7	13.2	10.5	10.0	11.90	12.5	3.4	11.2	5.8	0.7
Total	14.6	22.2	21.9	23.3	9.8	8.8	7.24	9.5	4.7	13.3	14.6	13.8

Sources: Demographic Yearbook of Kazakhstan. Statistical collection /Edited by Smailova, A. - Astana, 2010. - 523 p. (P. 101).

Demographic Yearbook of Kazakhstan. Statistical collection /Edited by Shaimardanova, Z. – Nur Sultan, 2022 – 276 p. (P. 76).

Read: in 1999, the natural growth rate of the population of Kazakhstan was 11.2% (the difference between the birth rate of 17.8% and the death rate of 6.6%).

Unit of measurement: a percentage indicator.

7) External migration and migration balance

The multiethnic diversity of modern Kazakhstan is the result of a long history of different migrations. Today, it is possible to distinguish several periods formation of a polyethnic Kazakhstan, as described by Arkhangelsky, Denisenko, Yelizarov, Zhusupov, and Moldakulova.

The first period, which ended in the late 1960s, corresponded to migration as a result of settlement and the development of “virgin lands”; the displaced in the 1930s and 1940s as Kulaks, GULAG prisoners, or those displaced as a result of ethnic deportations (Germans, Poles, Chechens, Ingushes, etc.).

After a short period of stabilization, the collapse of the USSR led to a period of high emigration between 1990 and 2003. However, the trend reversed, and there was a positive migration balance between 2003 and 2011. Since then, the migration balance seems to have stabilized. (*Diagram 12*).



Diagram 12.

Migration to Kazakhstan in the period from 1950 to 2018

Sources: Goskomstat of the USSR, Population of the USSR 1987 – M., 1988; Goskomstat of the USSR Demographic Yearbook of the USSR 1990 – M., 1990; Committee on Statistics of the Republic of Kazakhstan. Demographic indicators of 2018.

Read: in the 1990s, the migration balance had negative values.

Unit of measurement: thousand people.

The data on the number of emigrants, immigrants and indicators of the migration balance since 1990, shown in *Table 16*, demonstrate the validity of the previously indicated time table.

Table 16.

The number of immigrants, emigrants and net migration in Kazakhstan in the period from 1990 to 2009

Year	The number of immigrants	The number of emigrants	Migration balance
1990	179,9	272,4	-92,5
1991	170,8	228,5	-57,7
1992	161,5	317,8	-156,3
1993	111,1	330,1	-219,0
1994	70,4	477,1	-406,7
1995	71,1	309,6	-238,5
1996	53,9	229,4	-175,5
1997	38,1	299,5	-261,4
1998	40,6	243,7	-203,1
1999	41,3	164,9	-123,6
2000	47,4	155,7	-08,3
2001	53,5	141,7	-88,2
2002	58,2	120,2	-62,0
2003	65,6	73,9	-8,3
2004	68,3	65,5	2,8
2005	74,8	52,1	22,7
2006	66,7	33,7	33
2007	53,4	42,4	11
2008	46,4	45,3	1,1
2009	42,3	34,4	7,9
2010	42,1	26,5	15,5
2011	38	32,9	5,1
2012	28,3	29,7	-1,4

Year	The number of immigrants	The number of emigrants	Migration balance
2013	24,1	24,4	-0,3
2014	16,8	28,9	-12,2
2015	16,6	30	-13,5
2016	13,8	34,9	-21,1
2017	15,6	26,5	-22,1
2018	12,7	37,7	-29,1
2019	12,3	41,9	-33,0
2020	11,4	45,2	-17,7
2021	11	29,1	-21,2

Source: Demographic Yearbook: statistical collection. – Almaty, 2005. – pp. 6-67. [Electronic source].

Read: in 1990, the number of immigrants in Kazakhstan amounted to 179,900 people, and the number of emigrants was 272,400 people, i.e. the migration balance had a negative value of -92,500 people.

Unit of measurement: in thousands of people.

Thus, the period of the 1990s matches with a high level of emigration, especially due to the repatriation of Russians and Germans. According to estimations of Arkhangel'sky, Denisenko, Elizarov, Zhusupov, and Moldakulova, in the period from 1992 to 2003, the population drop amounted to about 2.2 million people, of whom about 1.5 million returned to Russia and 850,000 to Germany.

Later, according to the data provided by the same researchers, the trend reversed. Specifically, from 2004 to 2011, the migration balance becomes positive because of the repatriation of the Kazakh population, who arrived mainly from Uzbekistan (the positive migration balance for this period amounted to 211,000), China (36,600), Mongolia (27,000), and Kyrgyzstan (14,000).

Thus, the migration structure has changed significantly. Its volume and composition had a strong influence on the formation of modern Kazakhstan. However, the situation has been changing recently. The Kazakh population is now predominant, and the migration balance seems to be

stabilizing. The question of how geopolitical upheavals in the region will affect this new balance remains open.

Internal migration

As can be seen from the graph below, both inward migration and migration outflows are mainly directed to two large cities in Kazakhstan (*Diagram 13*).

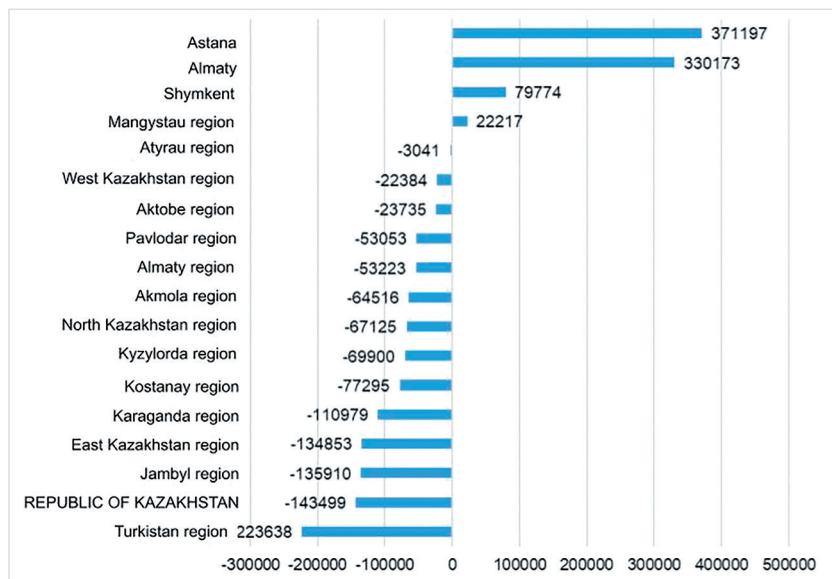


Diagram 13.

Internal migration from rural areas to cities in 2009-2021

Population growth in three cities of republican importance and regions of Kazakhstan

Source: Demographic Yearbooks of Kazakhstan 2009, 2017 and 2021.

Read: in the period from 2000 to 2021, the value of the migration balance was positive only for 4 regions, i.e. 3 cities of republican significance and the Mangystau region.

Unit of measurement: in thousands of people.

8) Future-oriented scenarios of demographic dynamics.

Three future-oriented scenarios

The UN assume three different forecasts for Kazakhstan with different paces of demographic dynamics (*Table 17*).

Table 17.

Three future-oriented scenarios

Year	The scenario of weak demographic dynamics			The scenario of the average demographic dynamics			The scenario of high demographic dynamics		
	1	2	3	1	2	3	1	2	3
2020–2024	1104	-132	972	1139	-89	1050	1,172	-38	1,134
2025–2029	906	-121	785	988	-71	917	1,075	-3	1,072
2030–2034	853	-109	744	974	-62	912	1,093	-3	1,09
2035–2039	853	-78	775	1017	-38	979	1,17	-1	1,169
2040–2044	794	-48	746	1006	-14	992	1,212	0	1,212
2045–2049	636	-18	618	894	0	894	1,158	0	1,158

Source: Vladimir Arkhangelsky, Mikhail Denisenko, Valery Elizarov, Baurzhan Zhusupov et Gaziza Moldakulova (2019). We, Kazakhstan. Population Situation Analysis of the Republic of Kazakhstan. UNFPA Kazakhstan. P. 9.

Read: in the period 2020–2024, according to the forecast of weak demographic dynamics, the natural population growth will reach 1,104,000 people, the migration balance will have a negative value of -132 thousand people, and the population growth will amount to 972 thousand people.

Units of measurement:

1. Natural growth in thousands.
2. Net migration in thousands of people.
3. Population growth in thousands.

The first scenario of weak demographic dynamics assumes a rapid decrease in the birth rate, a slow increase in life expectancy and a significant emigration.

The second scenario with the average demographic dynamics is considered the most feasible and is intermediate between the first and third scenarios. This scenario is accompanied by a slow decrease in fertility, mortality, and emigration rates. It is also seen as the most likely in the context of the relative geopolitical and domestic political situation.

The third scenario, which suggests high demographic dynamic, assumes a gradual decrease in the birth rate, a rapid rise in life expectancy, and modest emigration.

The implementation of these scenarios is reflected in *Diagram 14*.

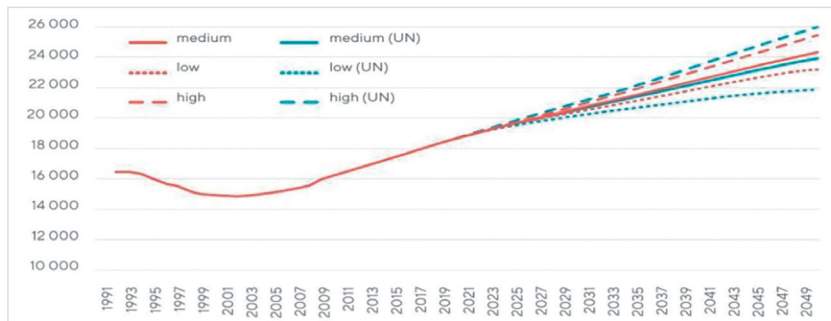


Diagram 14.

The change in the population of Kazakhstan in accordance with three scenarios

Source: Vladimir Arkhangelsky, Mikhail Denisenko, Valery Elizarov, Baurzhan Zhusupov et Gaziza Moldakulova (2019). *We, Kazakhstan. Population Situation Analysis of the Republic of Kazakhstan*. UNFPA Kazakhstan. P. 64.

The main components of demographic dynamics

As shown in *Table 18* and *Diagram 15*, demographic dynamics are determined by two complementary processes, i.e. natural growth and net migration. Hence, the quality of forecasts should be based on a reliable long-term assessment of these two processes, as well as their combination.

Table 18.

Demographic dynamics marked by geopolitical upheavals. *Fluctuations in natural growth, net migration and population growth on an average annual basis in 1990-2019.*

Periods	Natural population growth	Migration balance	Population growth
1999–2009	119.9	-137.2	-37.3
2004–2011	177.2	12.4	189.6
2012–2019	345.6	-16.6	329.0
1999–2019	187.5	79.7	107.8

Source: Aubakirova et al. (2022). *Demographic security of Kazakhstan: potential, risks, and prospects*. A joint monograph. – Oskemen: Berel. Sarsen Amanzholov East Kazakhstan University. – 403 p.

Read: in 2012-2019, the country's population increased by 329 thousand people, which corresponds to the difference between the natural increase of 345.6 thousand people and a net population of 16.6 thousand people.

Unit of measurement: in thousands of people.

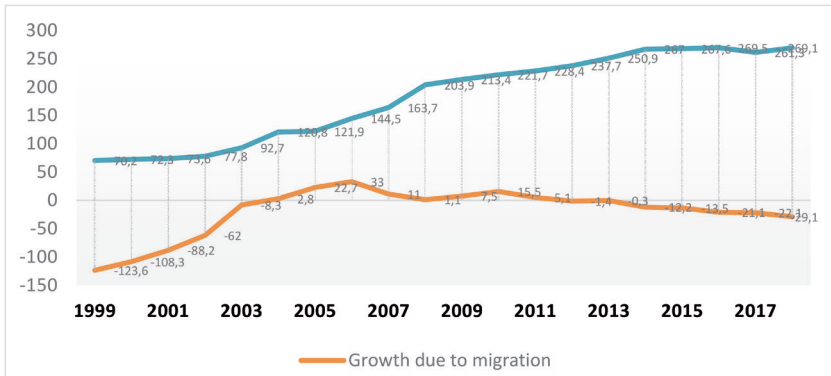


Diagram 15.

Natural growth, the main component of demographic dynamics, from 2005.

Population growth in Kazakhstan due to natural growth and net migration in 1999-2018.

Source: Vladimir Arkhangelsky, Mikhail Denisenko, Valery Elizarov, Baurzhan Zhusupov et Gaziza Moldakulova (2019). We, Kazakhstan. Population Situation Analysis of the Republic of Kazakhstan. UNFPA Kazakhstan. P. 9.

Thus, the analysis of demographic trends in Kazakhstan draws increasing attention to three key issues that enable to assess the reliability of each of the forecasts:

1. The first question concerns fertility trends. In fact, this is a question of Kazakhstan population reproduction pace and its approximation to the international indicators of demographic transition.
2. Another issue is related to migration.
3. Finally, there are concerns about the predominant growth factor: whether it is natural growth as recently, or migration.

2.2. The prevailing values of Kazakhstan's society and their dynamics

This part of the monograph presents an analysis of the dynamics of the value consciousness of Kazakhstan's citizens from 2011 to 2018.

It also defines prevailing value systems in society. According to research carried out by expert and academic community shows, the most fundamental changes concern the basic values of Kazakhstan's citizens. These are intergenerational differences (1); fractures of world outlook and civilization (2); lack of work motivation, as a disparity in understanding the value of work between professionally demanding and those who are no longer in demand (3); the formation of a new social class, i.e. the precariat.

The tasks set in this analysis include indicating the basic values of citizens of Kazakhstan on the scale of "survival/self-expression values"; determining the basic values of citizens of Kazakhstan on the scale of "traditional/secular-rational values"; and comparing the basic values of the younger and older generations.

Values mean stable beliefs about preferred behaviors; desired end goals that control the choice or assessment of behavior; generalized goals and means to achieve them, acting as fundamental norms. Generally, values can be **materialistic**, inherent in both agrarian countries and countries that have embarked on the course of industrial modernization. Moreover, values can be **post-materialistic**, peculiar to post-industrial economies. The economy is the primary force for the transformation of the social foundations of society. This way, it exerts a fundamental influence on people's living conditions and their chances of survival. In the present analysis, the authors reference to the relationship between economics and culture, the mode of production, and basic values. The question is, to what extent does the economic development of a country lead to **changes in culture and basic values of society, and to what extent is culture autonomous in terms of resistance to external, socio-economic transformations?** Although the value structure of Kazakhstan society is very heterogeneous, in general, it can be assumed that materialistic values dominate in society. This is evidenced by the socio-economic development of the

country and the predominance of the raw material method of production resulting in a greater involvement of the population in traditional sectors of the economy.

In the rapidly growing research area of value orientations, two leading theoretical perspectives are distinguished. The first approach is being developed within the framework of the global study of values, led by Ronald Inglehart, an American Professor who has been the founder of the Global Review of Values for many decades.⁴⁷ The second direction is within the framework of the study of high and low-context cultures.⁴⁸ In this approach, the ideas of Hofstede and Schwarz are widely known.⁴⁹ Additionally, in the latter approach, the idea of cultural autonomy is also mentioned which is one of the theories developed by Samuel Huntington. He argues that, despite all the power of modernizing influences, civilizational and religious identities are still important for humanity; they do not just persist for a long period of time, but they also determine the economic and political agenda of the country.⁵⁰ Inglehart and Welzel based their conclusions on an empirical analysis of data collected in more than 100 countries over the past forty years. According to them, as a result of economic development in most countries, values are still being transformed from traditional and vital to rational, tolerant, i.e. values of trust, participation (most importantly, civil and political), and gender equality. Conversely, cultural changes (ethnicity, religion, history, etc.) are very contextually depended. This is a so-called path dependence, which means that cultural changes are determined by historical and

⁴⁷ Ronald Inglehart (1977). *The Silent Revolution*. Princeton University, 1977.

⁴⁸ Pippa Norris, Ronald Inglehart (2004). *Sacred and Secular: Religion and Politics Worldwide*. Cambridge University Press.

⁴⁹ Hofstede, Geert (1984). *Culture's Consequences: International Differences in Work-Related Values* (2nd ed.). Beverly Hills CA: SAGE Publications.

⁵⁰ Samuel P. Huntington (1996). *The Clash of Civilizations and Remaking of World Order*. Simon&Shuster.

institutional traditions.⁵¹ Thus, according to the modernization theory, economic progress leads inevitably to cultural changes. In turn, postmodern theories assert that economic progress creates conditions for post material values, i.e. the values of self-expression and freedom.

In this work, the basic values of citizens of Kazakhstan will be determined in line with Inglehart's "values of survival/self-expression" scale. Economic and physical security, material values, intolerance to ideological dissension, xenophobia, low value of freedom and human rights, perception of authoritarianism are essential in the values of survival; whereas values of self-expression mean high values of personality, freedom, human rights, material benefits, success, and gender equality.

The basic values of citizens of Kazakhstan will also be measured in Inglehart's two diverse types of values, specifically, "traditional/secular-rational values". The former includes high importance of religion, family, reverence for power, social conformism, and socio-political harmony. Conversely, rational behavior, success, a secular state, and a low degree of religiosity define secular-rational values.

Thus, the proposed data methodology allows to determine the type of values that dominate in Kazakhstan society, where materialistic values (survival and traditional values) are peculiar to developing and poor countries, while post-materialistic values are characteristic of societies and social groups of high well-being. These values also appear as a result of intergenerational changes, or generational replacement, as Inglehart defines.⁵² In other words, the conducted analysis allows to confirm whether or not there is a change of values in Kazakhstan society. If there is, then qualitative changes have occurred in the society. On the contrary, if there are no value

⁵¹ Inglehart, C. Welzel (2005). *Modernization, Cultural Change and Democracy: The Human Development Sequence*. Cambridge University Press.

⁵² Inglehart, C. Welzel (2005). *Modernization, Cultural Change and Democracy: The Human Development Sequence*. Cambridge University Press.

changes, then the question of how much the society has been modernized over the years of independence remains open.

Database used in the study

The main dependent variable is basic values; demographic and socio-economic indicators are independent variables.

The data through which the hypotheses will be tested is taken from an open source, the World Values Survey (WVS). Data collected in 2011 (1,500 respondents) and in 2018 (1,500 respondents) will be used. These data are declared by the WVS as representative samples and are available for 2011 and 2018 in the SPSS format. The advantage of this database is the possibility to track the dynamics of the value structure. The data may look outdated, but the authors proceed from the cases when value structures change over one generation are rare; it does not happen overnight, the process is slow; therefore, this empirical base seems to be valid. An analysis of the dynamics of value consciousness (2011 and 2018) of the Kazakhstani will allow to draw conclusions about which values are stable and which are subject to change, in this case, in the short term. Both samples are reliable; the data were collected by companies specialising in public opinion polls: in 2011, by BISAM (Gurevich), and in 2018, by the “Public opinion” Institute (Rakisheva).

The driving forces behind the formation of value orientations

In a relatively short time (the change of two generations in 70 years), a fundamental transformation took place in the value consciousness of Kazakhstanians, changing from archaic (bride kidnapping, kalym, barymta) and traditional values (Islam as a tradition) to modern (secularity, faith in science, education, professionalism) ones. The most important empirical indicator of the modernization of the country in the Soviet period is the first demographic transition, which resulted in a smaller decrease in the birth rate than the decrease in the

death rate. The second indicator is urbanization. By 1989, the urban population of the country constituted the majority, accounting for 57.1% of the total population. However, modernization didn't cover the entire population of the republic in Soviet times; mainly, the population living in urban areas, employed in the industrial economy and the public sector, as well as the educated part of the rural population were considered modern. Besides, these groups experienced significant changes in their worldview.

The majority of the population is still not involved in the modernization processes and is characterized by a corresponding worldview. This can be attributed to the fact that country has not yet completed the second demographic **transition**. As *Diagram 16* depicts, death rate does not have a stable downward trend, and the birth rate still tends to increase. The second demographic transition is one of the most **reliable and measurable indicators of the degree of population modernization**, and it signifies the transformation of the rural survival phase into the phase of urban prosperity. In case of the second transition in Kazakhstan, GDP per capita will increase, and the quality of nutrition, sanitation, quality and accessibility of medical services will improve. Ultimately, the transition results in an increase in life expectancy and a decrease in mortality.

Two types of driving forces shape the value structure formation in Kazakhstan. These include positive factors such as nation-building and national revival processes, and negative factors such as de-industrialization and its consequences. These two processes largely determine the mentality of the country's population and its value orientations.

After gaining independence, there was a need for an active nation-building process. The reappearance of cultural customs and religious traditions of the Kazakh people contributed to the revival of traditional values. As a result, this left a lasting imprint on civilizational and ideological attitudes in society. Independence also made it possible to open borders,

modernize education. Socio-economic modernization expanded the material, cultural, and social resources of a person. As a result, a part of the population has learned the values of self-expression, which usually lead to demands in favor of civil and political freedoms, responsiveness of the authorities. Mostly, the urban population and mainly young people are involved in these processes, since new behavior patterns are easier for the young to assimilate; moreover, it is difficult for the older generation to abandon deeply internalized behavior patterns and worldviews.

In short, only a part of the population was involved in modernization at that stage of the country's historical development. Another part of the population was not affected by it. There was a large-scale and traumatic growth in poverty; the level of education fell; a significant part of the population failed to get employed for a long term as a result of de-industrialization.

Because of these, changes in values in the opposite, regressive direction occurred. There is a reverse nature of the values movement in sociological surveys; for example, from secular-rational values back to religious values. In the late Soviet years, the emerging complications of society, as the level of urbanization, were replaced by the atomization of the early 1990s. The atomization is yet to be overcome, despite the active socio-territorial mobility of the population.

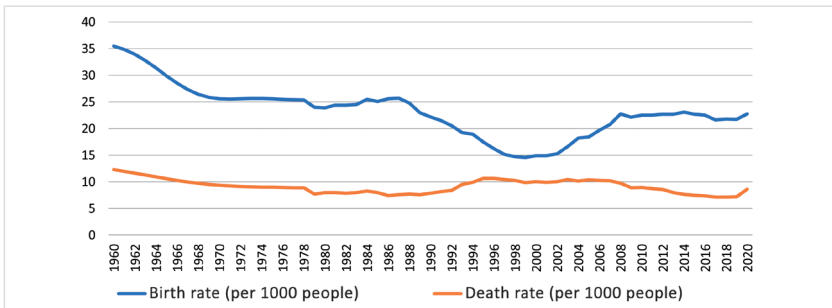


Diagram 16. Dynamics of fertility and mortality in Kazakhstan

The value orientations dominant in society

“Values of survival/self-expression”

The values of survival are measured by indicators such as economic and physical security, the value of freedom and human rights, and the perception of authoritarianism.

Table 19.

Assessment of physical security at the place of residence, linear distributions

-	2011	2018
How safe is the place you live in? (safety rating from 1 to 4, where 1 is absolutely safe and 4 is dangerous)	1.96	2.04
How often do robberies occur? (1 – very often, 4 – very rarely)?	3.10	2.89
How often does drinking alcohol happen on the streets? (1 – very often and 4 – very rarely)	2.63	2.87
How often does the police or the military interfere in people’s private lives? (1 – very often, 4 – very rarely)	3.46	3.19
How often do racist acts occur? (1 – very often and 4 – very rarely)?	3.56	3.42
How often do drugs get sold on the streets? (1 – very often, 4 – very rarely)	3.66	3.17

Table 20.

Assessment of physical security at the place of residence, village–city correlation

-	2011	2018
How safe is the place you live in?	-0,197	-0,085
How often do robberies occur?	0.239	0.173
How often does drinking alcohol happen on the streets?	0.122	0.153
How often does the police or the military interfere in the private life of people?	0.180	0.091
How often do racist acts occur?	0.166	0.134
How often do drugs get sold on the streets?	0.252	0.135

Table 21.

What a person does or has done to ensure their own safety, linear distributions

-	2011	2018
I do not carry large amounts of money with me (1 – yes, 5 – no (in 2018, 2 – no)	2.13	1.23
I try not to go out later in the day (1 – yes, 5 – no (in 2018, 2 – no)	2.22	1.34
I carry a knife, pistol, or other weapon with me (1 – yes, 5 – no (in 2018, 2 – no)	4.84	1.73
Have you been a victim of crime over the last year? (1 – yes, 5 – no (in 2018, 2 –no)	4.86	1.89
Have your family members been the victims of crime over the last year? (1 – yes, 5 – no (in 2018, 2 –no)	4.80	1.83

Table 22.

What a person does or has done to ensure their own safety, correlation by place of residence

-	2011	2018
I don't carry large amounts of money with me	0.030	0.075
I try not to go out later in the day	0.047	0.027
I carry a knife, a pistol, or other weapon with me	0.029	0.046
Have you been a victim of a crime over the last year?	0.034	0.070
Have your family members been a victim of a crime over the last year?	0.077	0.095

Ensuring the physical activities of people is a key condition for their well-being within environmental conditions. Summarizing the problems in this sphere, it is evident that the country successfully creates conditions for it. As the data presented in *Tables 19-22* show, security threats are more relevant at the individual level. Also, the problem of alcoholism can be identified as a source of social and material distress. This requires continued efforts by both the state and society as well as prevention and rehabilitation of alcoholism, protective measures for family members of alcoholics.

According to data, drug addiction and street hooliganism are not considered a matter of great concern.

So, according to this scale, physical security is the most important prerequisite for social well-being, at the time of measurement the population of the country was closer to the continuum of self-expression.

The situation at the place of residence is generally assessed as quite safe; the problem of drinking alcohol on the streets is most pronounced among the everyday threats. The social situation at the place of residence in rural areas is more favorable than in the city. Cases of robberies, drinking alcohol, police or military interference in private life and drug sales decreased in 2018 compared to 2011.

Table 23.

Assessment of economic security, linear distributions

	2011	2018
Worried about the probability of losing job (1 is very worried and 4 is not worried at all)	1.98	2.05
Inability to afford quality education for their children (1 is very worried, 4 is not worried at all)	2.01	1.85
War in the country (1 is very worried and 4 is not worried at all)	1.96	1.75
Terrorist attack (1 is very worried and 4 is not worried at all)	1.82	1.69
Civil war (1 is very worried and 4 is not worried at all)	2.04	N ^{et} measured
The fact that the government wiretaps phones, reads mail and emails (1 is very worried and 4 is not worried at all)	2.76	N ^{et} measured

Table 24.

Assessment of economic security, correlation by age

	2011	2018
Worried about the probability of losing a job	0,222	0,046
Inability to afford quality education for their children	0,149	0,041
War in the country	-0,049	-0,043
Terrorist attack	-0,042	-0,004
Civil war	-0,041	-
The fact that the government wiretaps phones, reads mail and emails	0,049	-

Table 25.

Assessment of economic security, correlation by place of residence

-	2011	2018
Worried about the probability of losing a job	0.021	0.027
Inability to afford quality education for their children	0.012	0.103
War in the country	0.096	-0,061
Terrorist attack	0.029	-0,007
Civil war	0.081	
The fact that the government wiretaps phones, reads mail and emails	0.109	

Economic security as the development level of the means of production in the country, ensures the process of sustainable development and socio-economic stability of society, regardless of the presence and action of external factors. At the personal level, economic security is the absence of acute threat to a minimally acceptable level of basic values, which are considered essential in society. At the time of measurements, they altogether mean the social security of the nation, provided with material goods and services.

As the data show (*Tables 23-25*), the level of concern in all indicators of economic security has quite high values, when contrasted with physical security (2 points out of 4). Society

is mostly concerned about the likelihood of job loss and the inability to afford quality education for their children. The assessment of economic security varies among age groups: the older the respondents, the higher the degree of anxiety associated with the likelihood of job loss. The concern about the inability to afford quality education for children tends to improve in 2018 compared to 2011. Concern about the war and terrorist attacks among young people is higher than among the older generation. There are no differences in assessments of economic security by the place of residence.

Table 26.

Assessment of economic and physical security, linear distributions

-	2011	2018
Ate poorly, there was not enough food (1 – often, 4 – never)	3.56	3.61
Did not feel safe from criminals at home (1 – often, 4 – never)	3.72	3.53
Did not receive medicines or medical care (1 – often, 4 – never)	3.53	3.32
Were short of money (1 – often, 4 – never)	2.76	2.78

Table 27.

Assessment of economic and physical security, 2018, linear distributions

-	Kyrgyzstan	Kazakhstan	Germany
Ate poorly, there was not enough food (1 – often, 4 – never)	3.77	3.61	3.93
Did not feel safe from criminals at home (1 – often, 4 – never)	3.83	3.53	3.69
Did not receive medicines or medical care (1 – often, 4 – never)	3.71	3.32	3.83
Were short of money (1 – often, 4 – never)	3.59	2.78	3.82

Table 28.

Assessment of economic and physical security, correlation by income level

-	2011	2018
Ate poorly, there was not enough food	0,112	0,173
Did not feel safe from criminals at home	-0,049	0,123
Did not receive medicines or medical care	0,045	0,160
Were short of money	0,344	0,207

Table 29.

Assessment of economic and physical security, correlation by place of residence

-	2011	2018
Ate poorly, there was not enough food	0.055	0.023
Did not feel safe from criminals at home	0.156	0.080
Did not receive medicines or medical care	-0,025	0.053
Were short of money	-0,062	0.037

At the time of measurements, the population of the country assesses economic and physical security positively (*Tables 26-29*). There are no differences in nutrition and safety in the house between rural and urban areas. The correlation by place of residence is insignificant: the larger the locality, the more often the population faced a shortage of medicines and money.

Taking nutrition into account, there is a correlation by income level, i.e. the lower the income level, the poorer nutrition a family had; there was not enough food. The higher the income level, the higher the sense of security at home and the lower the income level, the less sense of security. In 2018, there is a correlation in income level in obtaining medicines or medical care. It can be assumed that respondents overestimated the income level, which was assessed subjectively. Despite this, the average salary in Kazakhstan is almost two times lower than in Russia, while per capita GDP is very low and country GDP is high.

Since the analysis of values uses data for 2011 and 2018, we will provide data from sociological studies conducted in 2022. Bureau of National Statistics (BNS) (three measurements). As shown in *Diagrams 17 and 18*, the proportion of households without any savings is growing. The same trend is taking place in the debt burden of the population. There have been obvious change in the socio-economic status of Kazakhstan households over the past few years, which allows us to anticipate an increase in the proportion of the population adhering to survival values (*Diagrams 17-23*).

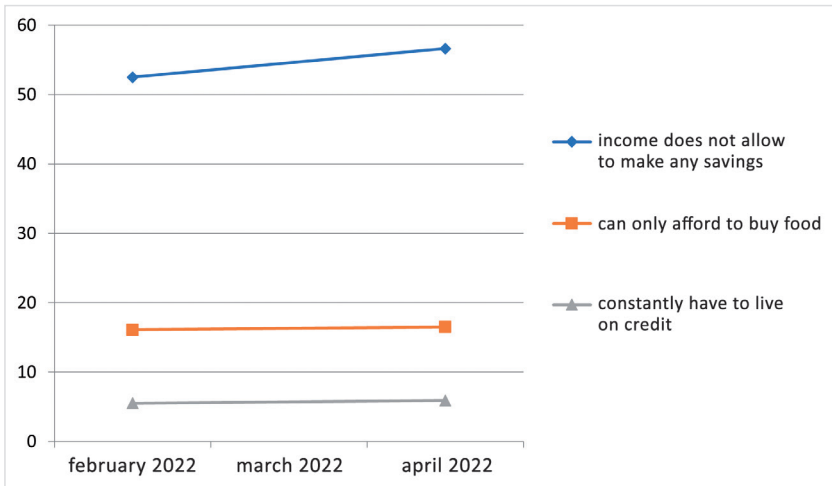


Diagram 17.

Dynamics of purchasing power in Kazakhstan, in %

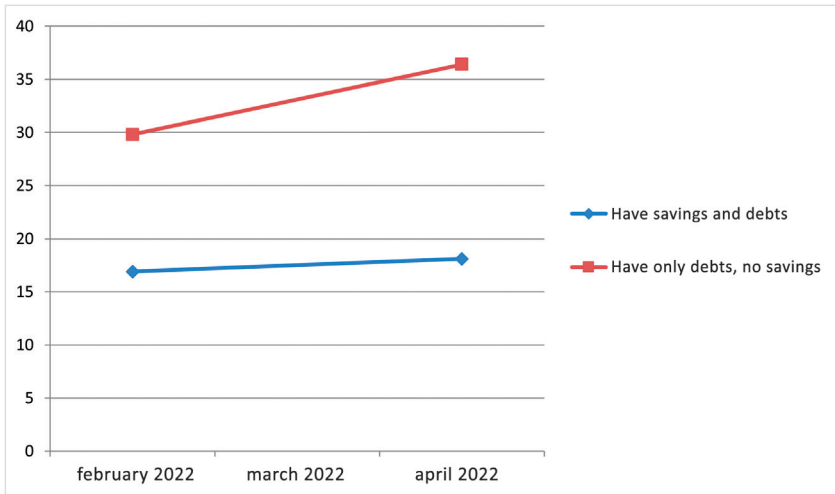


Diagram 18.
Dynamics of debt load in Kazakhstan, in %

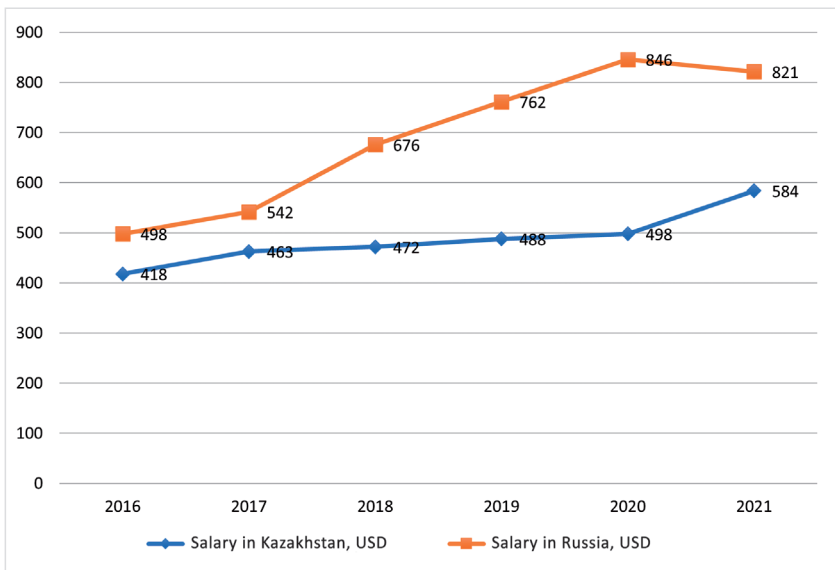


Diagram 19.
Dynamics of average wages in Kazakhstan and Russia, in USD USA

Source: BNS of the Republic of Kazakhstan.

Note: wages in Russia have been recalculated based on data from the Federal State Statistics Service and data from the weighted average exchange rate.

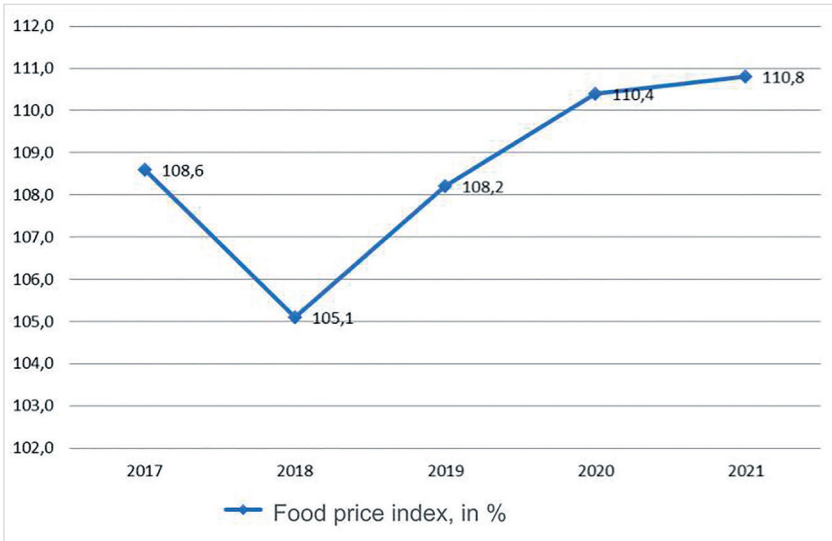


Diagram 20.

Changes in food prices, in %

Source: BNS of the Republic of Kazakhstan.

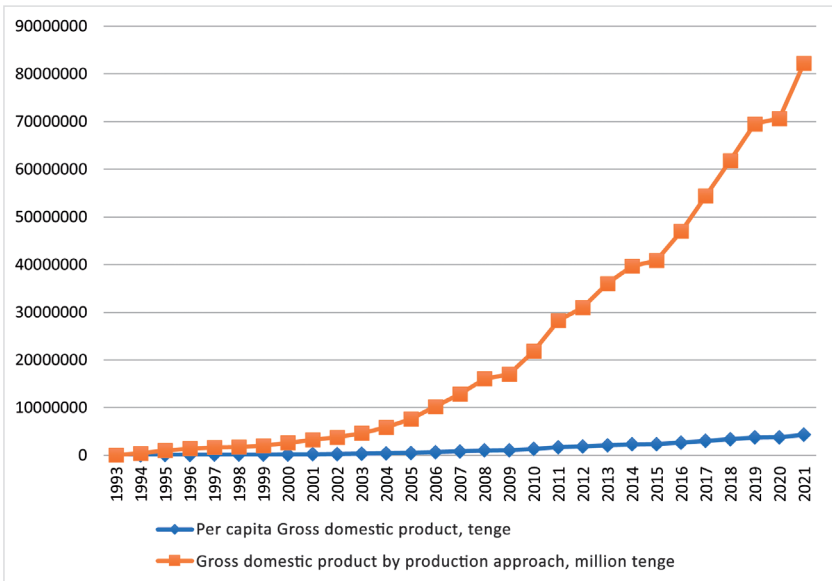


Diagram 21.

Total and per capita gross domestic product in Kazakhstan

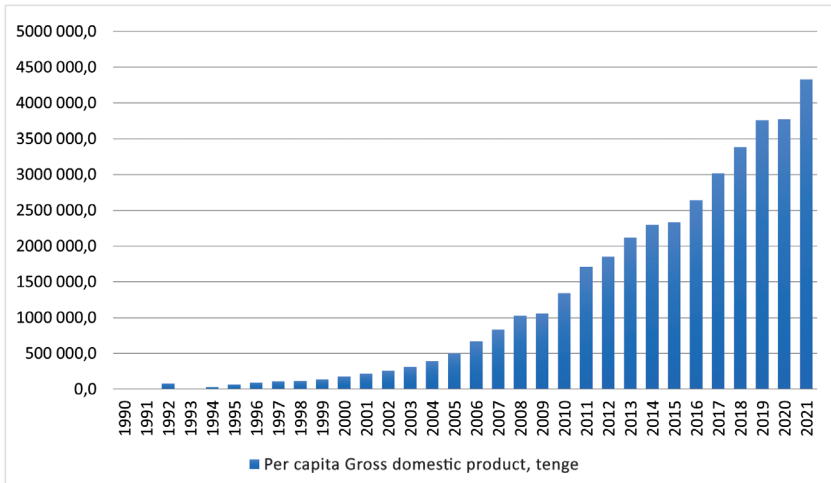


Diagram 22.

GDP per capita, in tenge

Source: BNS of the Republic of Kazakhstan.

Freedom or security?

The study of the values of freedom, equality, and security allows us to identify the level of security attained in society, the degree of human life security. We are discussing two values – survival and freedom of expression. There were instances when the entire human race faced the threat of extinction. However, scientific and industrial revolutions transformed a significant part of the world. Kazakhstan was also involved in these processes, but the deindustrialization experienced by the country since the USSR collapse resulted in a section of the population reverting to a survival strategy. For some social groups, life has ceased to be secure, which is illustrated by preferring the value of safety over the value of freedom. As per *Tables 30-33*, in 2011, the majority of respondents opted for freedom, but there is a shift towards safety in 2018. Considering the prolonged crisis Kazakhstan has been experiencing and the pandemic, it can be argued that this is still an ongoing trend. At the same time, according to empirical data, the older a person is, the more they prioritize freedom,

while younger individuals tend to value equality and security more. However, age differences are not substantial and it cannot be considered a trend due to the lack of dynamic data. There is a noticeable preference for freedom over equality, but security is more preferred over freedom. It is clear that security preferences have economic grounds.

Despite Kazakhstan's stable and significant economic growth since its independence in 1991, as indicated by the country's GDP data, these macroeconomic indicators conceal the vulnerability and uneven progress achieved. This is highlighted by the low level of per capita GDP and its weak dynamics, leading to wealth inequality, a rising cost of living, and unemployment. The COVID-19 pandemic further exacerbated these issues, resulting in protests in January 2022. Safety preferences reflect the level of socio-economic development of society, the degree of life security (or insecurity) of people, and, as a rule, it is not determined by cultural characteristics. Thus, it is important for society and the state to increase economic (wealth and income), cognitive (human capital) and social (social independence) human resources in the movement towards the dominance of post-materialistic values.

According to empirical data from the World Values Survey, the level of acceptance of a strong leader, unconstrained by parliament and elections in 2011 dropped in 2018. In its turn, the rejection of experts in 2011 was replaced by a positive assessment in 2018. It is worth noting the strong rejection of the military and the military regime in 2011, as well as the strong rejection of religious authority in 2018 and the full acceptance of a democratic political system (*Tables 34, 35*). Still, in 2011, the older the population, the lower the level of acceptance of a leader with unlimited power, and the more positive the assessment of the democratic political system is, but in 2018 there are no age differences anymore.

Table 30.

The value of freedom, a line

-	2011	2018
Freedom or equality (1 – freedom and 2 – equality)	-	1.27
Freedom or security (1 – freedom and 2 – security)	-	1.57

Table 31.

The value of freedom, correlation by age

-	2011	2018
Freedom or equality	-	-0.036
Freedom or security	-	-0.28

Table 32.

The value of human rights, a line

-	2011	2018
Freedom or equality	-	1.27
Freedom or security	-	1.57

Table 33.

The value of human rights, correlation by age

-	2011	2018
Freedom or equality	-	-0.036
Freedom or security	-	-0.28

Table 34.

The perception of authoritarianism, a line

-	2011	2018
A strong leader who is not limited by either parliament or elections (1 is very good and 4 is very bad)	2.20	1.53
Experts, not the government, make decisions depending on what they consider the best for the country (1 is very good and 4 is very bad)	2.51	1.57
The military or military regime rule (1 is very good and 4 is very bad)	3.26	1.95

-	2011	2018
Democratic political system (1 is very good and 4 is very bad)	1.73	1.45
A governance system in which power is in the hands of the clergy and is based on religious laws, not on the struggle of political parties and elections (1 is very good and 4 is very bad)		1.80

Table 35.

Perception of authoritarianism, correlation by age

-	2011	2018
A strong leader who is not limited by either parliament or elections	-0,008	0.060
Experts, not the government, make decisions depending on what they consider best for the country	0.005	0.046
The military or the military regime rule	0.055	0.057
The democratic political system	-0,043	-0,006
A government system in which power is in the hands of the clergy and is based on religious laws, not on the struggle of political parties and elections		0.038

So, what values dominate in the Kazakh society?

The analysis undertaken here is based on the ideas of the World Values Survey by the American political scientist Ronald Inglehart. According to this approach, as a result of economic development in most countries, values are transformed from traditional and vital to rational and tolerant, to values of trust, participation (civil and political in the first place) and gender equality, whereas cultural changes (ethnicity, religion, history, etc.) are very contextually determined by changes in culture, historical and institutional traditions.

The basic values of modern citizens of Kazakhstan were defined on the scale of “survival/self-expression values”, where we establish three value types in Kazakh society. The first type is those who adhere to materialistic values (from a quarter to a third of the population), the second type is those

who espouse mixed values (50-60%) and the third type is those who espouse post-materialistic values (3-5%).

The dominance of survival and traditional values is evident. We view it as the outcome of the country's economic growth without sufficient development of educational and health institutions. When analyzing values, it is important to distinguish the level of economic development from the level of economic growth. In countries with a relatively high level of economic development (gross national income per capita, per capita income), a high level of post-materialistic values is expected. In countries with a relatively high level of economic growth, intergenerational differences in values are envisaged. Traditionally, for many decades, the dynamics of a country's economic growth has been determined by the country's gross national product.

Table 36.

GDP of 5 countries in 1991, 2001, 2010, 2020

Countries	1991	2001	2010	2020
Kazakhstan	24,881	22,153	148,047	169,835
Egypt	48,431	102,273	230,024	363,069
Japan	3,657,350	4,374,710	5,759,070	5,064,872
Türkiye	208,402	202,248	776,558	720,101
Sweden	372,205	242,395	495,813	537,609

In order to grasp the bigger picture of the country's GDP, we took five countries for analysis – Kazakhstan, Egypt, Japan, Türkiye, and Sweden. From the data in *Table 36*, it can be seen that over the thirty years of independence, Kazakhstan's GDP has grown 6.8 times, Egypt's GDP has risen almost identically.

Nonetheless, today more and more researchers and practitioners define GDP as not the most relevant way to assess economic changes. This is because its dynamics does not reflect indicators of education and health, but it is these indicators (education, life expectancy and fertility level) that facilitate social and economic development. As such, in

recent years, measuring with the human development index – as a combined metric of long-term achievements in three main dimensions of human development – has become more demanded: access to education, which is measured by the average duration of education; well-being, measured by the value of gross national income per capita; health, measured by life expectancy. Therefore, in order to understand how economic growth and development are interconnected, on the one hand, and basic values, on the other, the human development index provides a more complete picture than data on gross domestic product (*Table 37*).

Table 37.
Human Development Index in 5 countries in 2020

Country	Rank	Life expectancy	Expected duration of education	Average duration of education	GNP per capita	HDI 2019
Sweden	7	82,8	19,5	12,5	54,508	0,945
Japan	19	84,6	15,2	12,9	42,932	0,919
Kazakhstan	51	73,6	15,6	11,9	22,857	0,825
Türkiye	54	77,7	16,6	8,9	27,701	0,82
Egypt	116	72	13,3	7,4	11,466	0,707

According to the Human Development Index, Kazakhstan ranks in the middle among the five analyzed countries, which is significant for describing and analyzing of the basic values of Kazakhstan people. Noteworthy, the expected duration of education is higher than in Japan, the country with the third highest GDP in the world. Also, Kazakhstan surpassed Türkiye and Egypt in terms of average duration of education. Kazakhstan performed well regarding gross national income, indicating economic power of the country. Yet, the standards of citizens' quality of life, closely related to understanding the level of people's well-being, still lag behind Western European countries. Kazakhstan's GDP is twice as high as Egypt's GDP, but more than twice as low as Sweden's GDP.

As our analysis of the relationship between basic values and age reveals that there is no generation gap and dominating types of values do not differ by age. According to Inglehart, this implies that over 30 years of independence, there have been no changes significant enough to be reflected by differences between the younger and older generations. The economic growth of the country, without sufficient investments in education and healthcare, explains the current configuration of value orientations in Kazakh society.

Therefore, the continuation of economic and political reforms, the course of actions taken to build “Just Kazakhstan” are essential for modernizing the culture of Kazakh society, its values and behavioral norms.

2.3. New trends of political activism in Kazakhstan

Expanding the concept of political participation in Kazakhstan

In the past decade, Kazakh political activism has gone far beyond the traditional understanding of such types as voting and participating in elections, membership in political parties and non-governmental organizations.⁵³ Currently, political participation takes various forms: online activism, rallies, signing petitions, addressing government representatives and writing official letters, voting, performances and art activism, volunteering and donations, and more. These diverse types of political participation have sparked a lively discussion among researchers, as it can be difficult to understand the typology of political participation, as this phenomenon is not static, and its forms evolve from year to year.

Political participation is essential for the functioning of a democratic society, because it enables citizens to express

⁵³ Kilybayeva, S., Nassimova, G., Massalimova A. (2017). The Kazakhstani's Youth Engagement in Politics. Studies of Transition States and Societies, Vol. 9 (1), 53–71.

their opinions, hold their leaders accountable and influence political decisions. Political participation also helps promote social cohesion and civic engagement, since people work together to achieve common goals and improve their communities and the country as a whole.

Despite the wide variety of political participation forms, they share common goal – to influence the political decision of an authority at the local and (or) national level. Since people of Kazakhstan want to effectively influence the political decisions of their government, they are more interested in informal types of political participation, where freedom of expression can be applied.⁵⁴

The development of information and communication technologies has contributed to the emergence of new social forms of civic engagement. The use of mobile devices, the Internet and social media facilitates the process of coordinating and organizing people in real time. Rheingold drew attention to the opportunities provided by modern technologies for mass communication and coordination between groups of people, which leads to the rise of new forms of civic engagement.⁵⁵

At the beginning of 2023, the share of Internet users in Kazakhstan amounted to more than 92%.⁵⁶ When compared to 2011, it has tripled (in 2011, there were only 30% of Internet users). Today, almost every resident of the country has a smartphone and access to the Internet, and people can receive and share information instantly. According to the results of a sociological survey by the Kazakhstan Institute for Strategic Studies (2021), more than 60% of the population is interested in politics in Kazakhstan; citizens receive information mainly

⁵⁴ Kilybayeva, S., Nassimova, G., Massalimova A. (2017). The Kazakhstanian's Youth Engagement in Politics. *Studies of Transition States and Societies*, Vol. 9 (1), 53–71.

⁵⁵ Rheingold, Howard. (2006). *Smart Mobs: The Next Social Revolution*. Transl. from Eng. by A. Garkavoy. – M.: FAIR press, p. 416.

⁵⁶ Simon. (2023). *Datareportal. Digital 2023: Kazakhstan* / Available at <https://datareportal.com/reports/digital-2023-kazakhstan>.

through social media and the Internet (more than 85% of residents).

Currently, Internet access plays a significant role in increasing people's political awareness and involvement in socio-political issues in Kazakhstan. Thus, every fifth Kazakhstan citizen is active in social media: they publish posts, comment on any events in the socio-political sphere and, thus, participate in political discussion. There are many channels in both Kazakh and Russian, which people subscribe to in order to keep up to date with current events and receive information firsthand. According to the Demoscope survey,⁵⁷ 40% of Kazakhstani use online media when searching for news about the socio-political situation in the country. YouTube (20%), Instagram (17%), TikTok (7%), Telegram (6%), Facebook (6%) channels and messengers, such as WhatsApp (13%), are the main sources of news through which people receive alternative information.

Political participation of citizens of Kazakhstan: surveys results

According to the results of sociological surveys conducted by the KazISS under the President of the Republic of Kazakhstan (2021, 2023), the dominant participation form of citizens of Kazakhstan among all those listed in the survey is voting in elections (*Table 38*). The last election cycle in Kazakhstan demonstrated an increase in civic participation due to the activation of an independent observers network.

The survey data confirm that the range of citizen participation has somewhat expanded mostly at the expense of civic participation. Ekman and Amna⁵⁸ defined it as latent political participation: charity, self-help movements,

⁵⁷ Demoscope. (2022). Perception and spread of disinformation in Kazakh media and social networks / Available on <https://demoscope.kz/vosprijatie-i-rasprostranenie-dezinformacii-v-kazahstanskih-media-i-socsetjah-2/>

⁵⁸ Ekman J., and Amna E. (2012). Political Participation and Civic Engagement: Towards a New Typology. *Human Affairs*, Vol. 22, pp. 283-300.

improvement of residential area, etc. According to the survey, in 2021, 20.5% of the population participated in the collective improvement of entrances, playgrounds, etc., whereas this number dropped sharply to 9.5% in 2023. According to the survey, in 2021, every tenth participated in the activities of public organizations (human rights, charitable, ecological) in Kazakhstan. This number decreased by 6 in 2023.

Even so, the proportion of people providing assistance to the lonely, the elderly, or people with special needs increased in 2023.

Table 38.

The distribution of answers to the question: "Which of the above have you participated in over the past year?"

Answer options	2021	2023
Participation in elections (voting)	39.9	35.0
Assistance to the lonely, the elderly, and the disabled	12.3	18.5
Fundraising, collecting necessities for people in plight (terrorist attack, natural disaster, treatment)	15.3	15.0
Collective improvement of entrances, houses, playgrounds, surrounding area.	20.5	9.5
Donated blood as a donor	9.0	9.0
Participation in the activities of public organizations (human rights, charitable, ecological)	10.1	4.1
Gave free lessons to those in need	2.5	4.7
Signing appeals and petitions about events in the country, region, and your locality	4.7	2.8
Participated in the election campaign (collecting signatures)	5.8	2.6
№, I didn't participate in anything like that	30.1	27.6

*The sum is not 100%, because respondents could mark several answer options.

Source: Results of KazISS sociological research (sample – 1,500 respondents, 2021 and 2023).

Table 39 shows that one third of the population addresses letters, complaints to government agencies and hotlines,

which is one of the most common types of public participation in Kazakhstan after the elections.

As the results of expert interviews in Almaty have shown, activists critically assess the quality of communication between the Akimat and citizens. Almaty citizens talk about the problems of the city, look for the methods to influence the authorities' political decisions through various ways, one of which is written appeals. Many residents of the city make demands or proposals to the akimat of Almaty or district akimats through e-gov.kz, open-almaty.kz, almaty.gov.kz portals, gather for meetings with the akim, send written appeals to the office or to the e-mail addresses of the akimat, write complaints to the official pages of the akimat on social media. The main topics of the appeals concern public transport and roads, air quality, city improvement, land matters, issues of secondary and preschool education, energy and public utilities, etc.⁵⁹ Those citizens who do not apply to akimats are either insufficiently informed about communication methods, or do not consider the work of the district and city authorities effective.

Every fifth citizen of Kazakhstan is active on social media. Online participation in public life is more preferable among citizens than offline participation. Most citizens still hesitate to openly expressing their political views. Nevertheless, the voices of activists are increasingly being heard.

Membership in political parties and non-governmental organizations is still a rare form of political participation among the population. Only 6.3% of the participants in 2021 and 3.3% in 2023 replied that they were members of political parties, whilst 1.7% and 1.6% of them, respectively, were members of NGOs. Yet, 9.2% of the participants in 2021 and 4.8% in 2023 responded that they participated in the work of advisory bodies.

⁵⁹ Open Almaty: the dialogue between government and society in action (2021) / Available at <https://almatydc.kz/press/news/open-almaty-dialog-vlasti-i-obschestva-v-deystvii>.

Table 39.

Distribution of answers to the question: “What civic activity do you carry out if you want to solve some kind of social problem?”

Answer options	2021	2023
I contact government agencies (letters, complaints, hotlines)	30.9	25.5
I am active in social media (I write posts, comment)	19.3	18.4
I take part in the work of advisory bodies	9.2	4.8
I am a member of a political party	6.3	3.3
I am a member of an NGO	1.7	1.6
I find it difficult to answer	2.9	9.9
None of the above	45.7	39.4
I appeal to the local elders, local residents	-	0.1

*The sum is not 100%, because respondents could mark several answer options.

Source: The results of the sociological study of the KazISS “Civic activity of Kazakhstani” (sample - 1,500 respondents, 2021 and 2023).

One of the notable cases of public participation in Almaty involved the construction of a ski resort on the Kok-Zhailau plateau. The construction history began in 2002, when the Bonita Group presented the “Zailiysky Alatau” resort project, but due to absence of investors, the project was suspended. Many well-known activists of Almaty today started their civic activism journey by engaging in discussions on the protection of Kok-Zhailau. For 16 years, the construction of the resort had been halted because of public outcry. However, budget shortages led to repeated amendments to the law, allowing the transfer of specially protected areas to other categories.

In 2017, the construction of the resort was resumed, but in 2018, an initiative group of civil activists opposed the construction of the resort again. To attract attention and inform the public, the “Save Kok-Zhailau” community was created on the Facebook platform (***date of creation: July 18, 2018***). After that, the initiative group published an online petition on www.petitions247.com demanding the preservation of the Kok-Zhailau plateau, which collected more than 31000 signatures. An open letter addressed to the akim

of Almaty was published by one of the active participants. The hashtags **#kokzhailyau #көкжайлау #savekokzhailyau #КокЖайляу were used to promote information.** One of the main ideas of this campaign was that any construction in the foothills of Almaty damages the local ecosystem. Open public hearings were held under public pressure, which also provoked activists' criticism. The registration of participants and issuance of voting cards distrusted civil society activists, thereby the voting results were questioned.

At the Environmental forum held in Almaty in October 2018, experts suggested that an artificial lake used for the snowmaking at the resort could be built in a tectonic rift zone. This caused a wave of discussion as well, especially among social media users. The discussion involved media personalities who spoke both in defense and against the construction of the resort. The result of active civic participation was the decision of President K.K. Tokayev to ban the construction of a ski resort at Kok-Zhailau in October 2019. Thus, this case demonstrates how powerful grassroots activity of citizens can be and their ability to influence the political decision of the authorities in favor of Almaty's citizens.

In the context of new political changes, recent years have seen an increase in the political activity of democratically oriented Kazakhstan people, who demand socio-political and legislative reforms.

In general, the conducted research uncovered the relationship between political activity of citizens and the functioning of the political system with the development of civil society. The people of Kazakhstan are politically active, but it depends on the nature of the problems being solved, personal interests, and the political situation in the country.

The research results identified the indicators of citizens' involvement in various forms of political activities, that are manifested in electoral activity, participation in the activities of political institutions, interests in politics, daily discussions

on socio-political topics in social media, volunteering, etc. The desire of the people of Kazakhstan to use non-traditional channels of political involvement can be attributed to the process of globalization, the development of Internet technologies, and the emergence of new informal institutions of political activity. Moreover, political activity is associated with the ability of citizens to effectively influence the political decisions of the authorities. The efficacy of political actions is a key factor for citizens in choosing a form of political activity.

In modern conditions, the range of political activity forms in Kazakhstan has expanded. Before the widespread use of the Internet and social networks, most researchers repeatedly noted a low level of political activity of citizens. It is driven by the theoretical approaches that explain the participation and activity of citizens only within the framework of institutional forms. The defining indicators of involvement of the citizens of Kazakhstan in various forms of political activity are both evident and hidden forms of participation. Nevertheless, the majority of the citizens of Kazakhstan are not focused on protest actions, since it goes against procedural and legal norms. However, an increasing number of the citizens believe that participating in rallies, signing petitions, posting hashtagged video messages and other forms of protest activity, that garner significant societal response, are effective ways to influence decisions of the authorities. The activity of Kazakhstanis is expressed more in informal politics (online activism, rallies, art performances, etc.) than in official politics (membership in political parties, voting and participation in elections).

Chapter three

KAZAKHSTAN'S ECONOMY: TRENDS, CHALLENGES, AND OPPORTUNITIES

3.1. A brief overview on economy. Key trends

Kazakhstan has developed from an economy with a traditional lifestyle of steppe inhabitants to become the largest economy in Central Asia by gross domestic product (GDP) within the XX-XXI centuries. This achievement has positioned Kazakhstan strategically (centrally) in the region.

The early 1990s was associated with fundamental reforms that took place amidst the formation of statehood and overcoming a deep economic crisis. In 1991 up to 1995, there was a significant decline in the production of goods and services (GDP decreased by 38%). With the implementation of anti-crisis measures by the end of 1995, there was a tendency to exit the post-transition recession, and the economy began to develop at a pace significantly higher than the global average, i.e. by an average of 5.0% per year.

After 2011, the mining industry's share began to decline to 12.5%, while the service sector's share (primarily trade) is surged, becoming main contributor to GDP growth.

The rise of the service sector and economic growth in general was supported by high income from oil rents, which stimulated the demand for non-tradable goods and discouraged tradable sectors.

The second stage (2010-2020) was marked by significant structural changes, such as an increase in the share of manufacturing industries, as well as the education, and health sectors. Still, the share of infrastructure and high-tech sectors (construction, information technology) remains low amid a rising share of low-skilled services (trade, administrative activities).

Kazakhstan's economy experienced a period of rapid growth from 2000 to 2013 with a short-term slowdown in 2008-2009 caused by the global financial crisis. Since 2013, the GDP growth dynamics in the Republic of Kazakhstan have declined due to various external factors: the crisis in 2014-2016, the pandemic in 2020, and global geopolitical turbulence amid the Russian-Ukrainian conflict.

In 2022, the largest sectors of Kazakhstan's economy were mining, manufacturing, and trade (14.5%, 13.4% and 16.4%, respectively). The gross value added of the oil and gas sector should be highlighted; as its share accounted for 19.5% of GDP in the same year.

The dynamics of non-tradable sectors has been escalating for many years due to the fast-growing trade, construction, and real estate transactions, which made a significant contribution to Kazakhstan's GDP growth.

Today, the mining sector continues to play a key role, constituting about two thirds of the country's exports and one third of its government revenues. It was revenues from the natural resources sector that allowed the state to make large-scale investments in infrastructure and production,

support the social sphere and reduce poverty in the country from 46.7% in 2001 to 5.2% in 2022.⁶⁰

The extractive sector remains the primary source of both economic growth and financial stability, allowing the government to accumulate substantial reserves.

To manage oil and gas revenues effectively, Kazakhstan has created a National Fund, which also serves stabilization and savings functions.

According to The Asian Development Bank estimates,⁶¹ the management of oil and gas sector revenues through the National Fund has helped to avoid the main symptoms of the Dutch disease. Nevertheless, large oil flows have posed risks to macroeconomic and financial stability due significant currency devaluation and instability of the banking sector.

In general, external and internal shocks have impacted the current economic and social situation in the country in a certain way. These include the decline since 2014 and the high volatility of crude oil prices, which is the main export product of Kazakhstan; the coronavirus disease pandemic (COVID19) since 2020; as well as the tragic events of January 2022.

Despite the progress made, inequality remains one of the most serious social issues. Growing social and economic disparities and differences in labor productivity between regions are threatening the development gains made over the past decades. So, in 2022, the poverty level in the Turkestan region was 9.7%, while in the capital city of Astana it was only 2.0%. Some regions of the country are at risk of facing economic stagnation, falling into a “development trap”.

Inequality also persists between urban and rural residents with a noticeable gap in the quality and standard of living of the population.

⁶⁰ International Institute for Management Development. 2022. IMD World Competitiveness Booklet 2022. Lausanne.

⁶¹ Kazakhstan: Accelerating Economic Diversification, ADB Book, 2018.

Monetary and non-monetary poverty rates are higher in rural areas and certain regions where access to basic services is considerably lower. Mainly, rural residents have lower levels of education, low average incomes, insufficient access to clean water and sanitation, substandard heating, poor local roads, and higher levels of poverty.

These disparities contribute to social stratification and tension, which may continue to rise in a society divided between a growing urban middle class and a rural lower class. Regional differences may also worsen due to exacerbation of climate risks and the growth of natural disasters, as well as the socio-economic consequences of the decarbonization process.

Despite substantial government investments in transport and logistics infrastructure, as well as some progress in this sphere, the low technical and operational level of roads, limited access to digitalization, high deterioration of passenger and cargo fleets, and others hinder the development of the transport and logistics sector preventing it from becoming a driving force for economic growth.

Bottlenecks in logistics, underdeveloped transport links, customs barriers and high transport costs in Kazakhstan, as a landlocked country, pose challenges for growth and trade, which reduces national competitiveness. According to the Logistics Efficiency Index for 2023, the economy ranked 79th (among 160 countries in the world)⁶². Transporters incur substantial costs for crossing borders which are largely due to the low efficiency of customs and logistics systems, the technological lag of the transport and logistics industry, and the underdeveloped automobile and railway infrastructure in the country.

Recent major disruptions in heat supply in the North Kazakhstan have revealed the need for large-scale modernization of energy infrastructure. Two thirds of the country's electricity grids and 57% of heat networks are worn

⁶² https://lpi.worldbank.org/sites/default/files/2023-04/LPI_2023_report.pdf

out. Most of the facilities of the housing and utilities system were built in the 1970s and 1980s, so now they have reached the end of their operational lifetime.

Following the 2008 global financial crisis, the financial sector of Kazakhstan's economy faced several issues that remain unresolved. These include low stability of individual banks, high level of non-performing loans, an increasing shift from real sector lending to consumer lending, etc. Both external and internal economic shocks, including the devaluation of the national currency, decisions related to the management and implementation of credit control have negatively affected the sector's performance. Consequently, this has impacted the solvency and profitability of the sector. The state has taken a row of systemic measures to improve the stability of the banking sector; in particular, an independent assessment of banking sector assets and stress testing in 2019-2020, as a result of which supervisory measures were taken and the level of non-performing loans was greatly reduced from 8.1% in 2019 to 3.4% in 2022. International financial organizations and rating agencies positively evaluated the measures for strengthening the financial sector.⁶³

Noteworthy, Kazakhstan performed well on the Human Development Index (2021-2022). Kazakhstan is classified as a country with a very high level of human development with an index value of 0.811.⁶⁴ However, despite the achievements in the field of human development, investments in human capital in Kazakhstan remain insufficient. Access to education services is free, but the quality of services is unequal, particularly for people living in rural and less developed areas, as well as for other low-income groups. The education and training system must also be prepared for the social consequences of the structural transition to a low-carbon economy.

⁶³ The concept of development of the financial sector of the Republic of Kazakhstan until 2030// <https://adilet.zan.kz/rus/docs/U2200001021>

⁶⁴ <https://hdr.undp.org/system/files/documents/global-report-document/hdr2021-22overviewrupdf.pdf>

The country has achieved most of the original UN Millennium Development Goals (now known as the Sustainable Development Goals), such as poverty reduction, access to primary education, promotion of gender equality and women's empowerment, as well as improving the well-being of children and mothers (UN, 2010). In the Sustainable Development Report for 2022, Kazakhstan ranked 65th out of 146 countries in the world.⁶⁵

Together with the rest of the world, Kazakhstan responds to climate change. In 2016, the government of Kazakhstan presented a national communication on the sidelines of the UN Framework Convention on Climate Change. As part of this communication, Kazakhstan expressed its readiness to reduce greenhouse gas emissions on the scale of the whole economy by 15% by 2030 compared to 1990 levels, as well as to cut emissions by 25% if additional international support is provided.

3.2. Challenges of the national economy

Modern shocks related to the pandemic, sanctions, wars, geopolitical tensions between countries have negatively impacted production, individual export and import supply chains, trade links, and transport and logistics routes. Nowadays, there is a global transformation of economic relations and institutions. The transformation is occurring in the distribution of roles in the global economy among Europe and Asia, the two parts of the Eurasian continent, where Kazakhstan is certainly and has the closest foreign economic relations. All this requires to rethink approaches and development directions of the national economy.

1) Economic diversification

Diversification is the main task for the country's sustainable economic development and further reducing its dependence on external risks, as well as creating permanent jobs and added value within the country.

Since 2000, Kazakhstan has been working towards economic diversification, wishing to increase the resilience of the economy to external shocks. In spite of the efforts being made, the private sector outside the extractive industries, like agriculture, logistics, tourism, and the manufacturing industry (excluding metallurgy and oil refining), is developing slowly; foreign direct investment in the traded sectors is insignificant. In the sectoral context, investments in the oil, gas and geological exploration sectors are prevalent among foreign direct investment in the economy of Kazakhstan.

According to the National Bank from 2010 to 2022, the gross inflow of foreign direct investment (FDI) to Kazakhstan amounted to about 301 billion US dollars. 30.5% of it accrued to the oil and gas sector, and 18.4% to the extraction of metallic ores and the metallurgy development. The manufacturing industry attracted 50.3 billion US dollars or 16.7% of all FDI.

Despite all the disadvantages, high dependence on oil exports ensured high rates of economic growth of the economy of Kazakhstan. Besides oil, the key export commodities are gas, coal, iron ore, copper, zinc, and wheat. In addition, uranium, ferrous alloys and flat-rolled products are important export goods. As a rule, these are commodities, the pricing of which is formed on the basis of demand, supply, stocks, as well as financial flows, taking into account the volume and role of futures and options for these goods.

Taking into account the implementation of the North Caspian project (Kashagan), in the long term, the export of oil and petroleum products will retain a large share in Kazakhstan's gross exports and, probably, may even increase it. Therefore, in order to achieve long-term sustainable development, it is

necessary to focus not on the share of the raw materials sector in the economy and exports, but on the quality, technological effectiveness and capacity of the non-resource sector of the economy and, accordingly, exports.

Export diversification can reduce the volatility and instability of export earnings, avoid potential real exchange rate cycles, and improve the overall investment climate.

The manufacturing sector has great potential for development and greater diversification of the economy. A study by the Asian Development Bank showed that countries that reached the level of a high-income state had a share of manufacturing sector of at least 18% in total employment and output over a long period of time.⁶⁶

The manufacturing industry accounted for 13% of Kazakhstan's GDP structure in 2022. From 2020 to 2022, the volume of investments in fixed assets of the manufacturing industry increased by 1.4 times, and the real growth of investments in fixed assets increased by 2.3 times. The exports volume of medium and high-tech products increased by more than 3 times compared to 2018. However, the country's manufacturing sector has not yet fulfilled its role as a key growth factor; it has the potential to change the structure of domestic value added and exports through non-primary goods.

The agro-industrial complex of Kazakhstan (AIC) has a steady growth potential due to an increase in both domestic demand and export supplies. However, as the Head of State noted in his Address to the people of Kazakhstan, entitled "The Economic Course of a Just Kazakhstan", the potential of the domestic agricultural industry has not been fully realized. One of the tasks set was to increase the share of processed products in the AIC to 70% within three years.

⁶⁶ Kazakhstan: Accelerating Economic Diversification, ADB Book, 2018.

In general, accelerating diversification efforts, along with governance reforms, is crucial to achieve faster growth in traded non-resource sectors of the economy.

2) Enterprise development

Kazakhstan aims to shift from supporting all Small and medium-sized enterprises (SME) and subsidizing businesses to market-based approaches and instruments that prioritize the development of medium-sized enterprises.

Today, SMEs account for 40% of total employment and 36.5% of the country's GDP. In 2022, there were over 1.9 million active SMEs in Kazakhstan. Of these, 19% were small and medium-sized firms, 68% were individual entrepreneurs, and 13% were peasant or farm enterprises. In 2022, 99% of all operating economic entities in Kazakhstan belonged to the SME sector.

4.1 million people were employed in the SME sector of Kazakhstan in 2022. The majority of the sector's employees (51%) works in small and medium-sized firms, while 40% of them worked in individual entrepreneurship, and 9% worked in peasant and farmer enterprises.

Individual entrepreneurs ensured the growth in the total number of operating SMEs. Their number increased by 937 thousand, or 4 times in 2022, compared with 2005. There was also a dramatic increase in the number of small firms, i.e. by 290 thousand units or more than 7 times. Meanwhile, the number of medium-sized firms remained virtually unchanged during the reviewed period at approximately 2.9 thousand.

The number of people employed in the SME sector has also shown a constant increase, going up by 2.2 times over the period 2005-2022, that is from 1.88 to 4.10 million people.

Today, the positive trend of business activity is largely due to the split of the business. The quantitative growth of SME indicators is not always accompanied by qualitative changes,

such as an increase in formal employment, income and productivity.

Despite the government's efforts to promote entrepreneurship and privatization, state-owned enterprises and large companies in the extractive sectors still prevail in the economy, with 9.6% of GDP directly attributable to the public sector.

The instability of the tenge exchange rate and lack of financing are constraining factors for the accelerated development of SMEs. Over the past 12 years, lending to legal entities has dropped from 25.1% to 8.4% of GDP.

The share of medium-sized businesses in GDP remains small due to the insignificant number of medium-sized firms in the economy (less than 0.2%).

SMEs are most often situated in large cities. Rural settlements, small and single-industry towns also have untapped potential for SME development.

According to the European Bank for Reconstruction and Development (EBRD)⁶⁷ estimates, SMEs in Kazakhstan have low productivity compared to large enterprises. They are focused on the domestic market and have insufficient incentives for innovation. On average, only 22% of SMEs export their products.

In comparison with other post-Soviet countries, the following main problems of small and medium-sized businesses in the Republic of Kazakhstan can be identified:

- the dominance of the social role; yet, SMEs are less involved as drivers of growth and positive structural changes;
- lack of innovative and global motivations among entrepreneurs, dependence on government support;
- competitive pressure from the shadow economy, especially on small businesses;

⁶⁷ Kazakhstan Country Strategy 2022–2027, EBRD

– the lack of qualified personnel necessary for small and medium-sized firms.

The identified basic problems collectively define:

– small average size of SMEs, relatively modest contribution of small and medium-sized businesses to GDP, and low productivity compared to post-Soviet countries;

– the “fragility” and low survival rate of small and medium-sized businesses;

– the negligible number of medium-sized firms on the scale of the national economy; this number remains mostly unchanged over a century and a half;

– a small proportion of fast-growing companies (3-5 times difference);

– insufficient investment and innovation activity;

– poor use of external sources of financing;

– orientation to the domestic market, low intensity of export activity.

Kazakhstan has a large number of small and medium-sized enterprises, and private local owners dominate in their capital structure. Among those, the number of family-run enterprises is small. Moreover, more than half is owned by members of one family.

Nonetheless, a critically important resource for the development of the SME sector in Kazakhstan is the high interest of the working age population in starting their own business, together with a general positive attitude towards entrepreneurship.

According to the Global Entrepreneurship Monitor (GEM) study for 2022, which covered 47 countries, Kazakhstan has seen a steep rise in early entrepreneurial activity and entrepreneurial intentions of the population.⁶⁸

⁶⁸ <https://www.gemconsortium.org/file/open?fileId=50900>

The country ranked 1st in terms of entrepreneurial intentions: over 55% of respondents in the country said that they plan to set up their own business in the next three years.

According to the Index of Early-Stage Entrepreneurial Activity, Kazakhstan is in the TOP 10 countries of the rating, which reflects the entrepreneurial potential of the country.

In contrast to other countries, Kazakhstan also has a relatively large proportion of citizens who perceive good opportunities for starting their own business. According to the study, the interest of the Kazakhstan population in starting their own business has also demonstrated substantial rise, increasing almost 2 times over the period from 2014 to 2022.

Another distinctive feature of the SMEs ownership structure in Kazakhstan is the relatively high proportion of female owners in it. It ranks the highest among all the countries considered, although Poland and Estonia follow not far behind (*Diagram 1*).

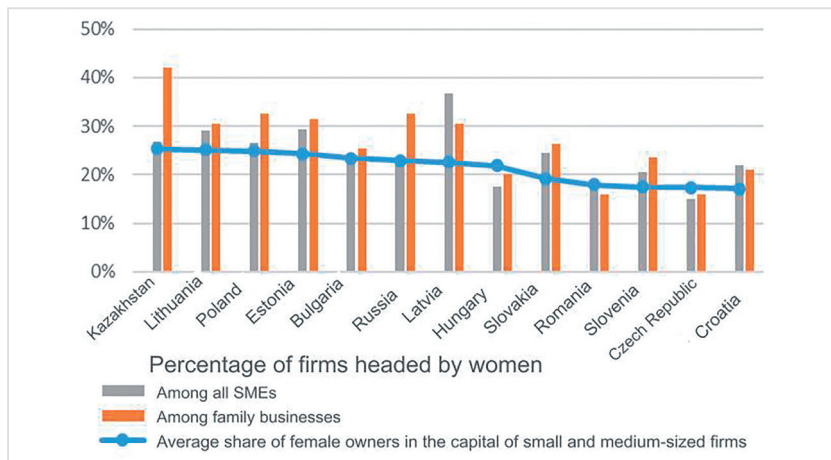


Diagram 1.

Women's participation in the capital and management of small and medium-sized firms, in %

Source: World Bank's Business Environment and Enterprise Performance Survey.⁶⁹

⁶⁹ <https://www.enterprisesurveys.org/en/enterprisesurveys> World Bank's Business Environment and Enterprise Performance Survey.

Remarkably, Kazakhstan is not a leader in terms of the share of small and medium-sized firms headed by women, although it outpaces most countries, except for Baltic states. Nevertheless, Kazakhstan is vastly superior to all countries regarding the share of family-run firms headed by women.

3) Monetary policy

The main barriers, that weaken the signals of monetary policy are related to the unbalanced structure of the economy, the dependence of the economy on imports of final products, dollarization, and the insufficient level of the financial market development.

The predominance of the raw materials sector in the economy structure and low export diversification cause high dependence of the Kazakhstan economy on ongoing shocks. The volatility of global commodity prices impacts key macroeconomic parameters: the current account balance, exchange rate, as well as state budget revenues.

The economy's dependence on imports. Over the past 5 years, the share of imported goods consumed by the population has fluctuated on average between 33-42%. The highest dependence on imports is in the non-food segment, where its share increased from 63% in 2015 to 93% in 2020.⁷⁰ The high share of imports in consumption has a profound influence on inflationary processes. The volatility of the exchange rate, a stabilizer in inflation targeting, complicates the fight against inflation and impedes the management of inflation expectations.

Dollarization of the economy. Despite major progress in reducing dollarization, its level hinders the effectiveness of monetary policy instruments. As a result of the sharp depreciation of the tenge exchange rate in 2015, the

⁷⁰ Almagambetova M.H. The impact of consumer lending on the dynamics of the importing goods to Kazakhstan. Economic Review of the National Bank of the Republic of Kazakhstan. №4, 2020. <https://nationalbank.kz/file/download/65198>

dollarization of the economy increased significantly. In 2016, its level in some segments of deposits reached up to 90% (before the transition to floating exchange rate formation, deposit dollarization was 55-60%). In early 2018, the average share of foreign currency deposits was already about 46%; it fell to 31.6% in early 2023.

Replacing a bank loan with government financing. The economy of Kazakhstan receives a large amount of liquidity at a rate below the base rate of the National Bank. Government subsidization of the remuneration rate on loans for certain categories of economic agents reduces the cost of financial resources. It, in turn, creates unequal conditions of access to financing and distorts the value of money.

Market financing is being replaced by public financing. In 2015-2019, 6 trillion tenge was allocated within the framework of various programs for the development and support of the economy. Of that amount, 5.4 trillion tenge (93%) went to financial support through subsidizing, guaranteeing, and other mechanisms. Contracts worth 4.3 trillion tenge were financed by subsidizing. The share of concessional loans in long-term loans to businesses and small enterprises has reached 30%.⁷¹

In 2020, as part of the anti-crisis support for the economy, the National Bank additionally increased direct financing of the economy. In total, 1.8 trillion tenge was budgeted by purchasing bonds and providing of preferential funding to banks for further lending at rates subsidized from the budget.

Under these conditions, the effectiveness of monetary policy measures on the real sector through the interest rate channel is decreasing. At the same time, the direct participation of the National Bank in financing at an alternative rate produces a conflict of interest and creates additional risks for the ongoing monetary policy in terms of its consistency. The National Bank and the President of Kazakhstan have already officially announced that starting from 2023, the

⁷¹ 2030 Monetary Policy Strategy. The National Bank of the Republic of Kazakhstan.

National Bank will gradually withdraw from economy lending programs in order to fully transit to the market principles of lending in the financial market.

The above restrictions are structural, and weaken the impact of monetary policy on inflationary processes, reduce the efficiency of investments in industries with high rates and low profitability, thereby limiting accelerated economic growth.

4) Economic inequality in Kazakhstan

One of the most striking global trends of our time is the unprecedented deepening of the gap between the rich and poor both within individual countries and between countries. Economic growth has disproportionately benefited high-income groups, while low and middle-income households have been left behind. Still, the crisis caused by the coronavirus pandemic has also once again actualized the problem of income inequality, emphasizing its scale and severity.

Before the pandemic, the OECD estimated that the average income of the richest 10% of the population was about 10.5 times higher than that of the poorest 10% in OECD countries, which is 7 times more than 25 years ago (OECD, 2018).⁷² Global property inequality also continued to escalate. In 2017, the richest 1% of people from China, Europe and the US owned about 30% of total wealth, in comparison with 28% in 1980. Meanwhile, 50% of the low-income population owned less than 2% of total wealth (World Inequality Report, 2018).⁷³

The coronavirus pandemic has certainly had an enormous effect on society and economies around the world. The global Gini coefficient increased by 0.5 points during the pandemic, that is from 62 points in 2019 to 62.6 points in 2020. The incomes

⁷² OECD (2018). A Broken Social Elevator? How to Promote Social Mobility, OECD Publishing, MainFindings.pdf Paris, <https://www.oecd.org/social/soc/Social-mobility-2018-Overview-MainFindings.pdf>

⁷³ World inequality report, 2018, World Inequality Lab, Berlin, <https://wir2018.wid.world/files/download/wir2018-full-report-english.pdf>

of the poorest 40% of the world's population fell by 4% in 2020. The number of people living in extreme poverty accelerated by 11% in 2020, i.e. from 648 to 719 million people. Since 1995, the share of global wealth owned by billionaires has risen from 1% to 3% in 2021.⁷⁴

Furthermore, 2022 challenged the global community and brought even more uncertainty into the future of developed and developing countries. The increase in prices for food and energy products, the disruption of goods supply chains has exacerbated the problem of reducing economic inequality and complicated this process greatly.

Kazakhstan citizens' ideas about the causes of economic achievements and inequality

According to a KazISS study conducted in 2023 (8,000 respondents), the problem of inequality remains very relevant for Kazakhstan society. 63.2% of respondents are firmly convinced that the difference in income of the rich and poor in the country is too large. Another 14.2% of respondents are inclined to think so, and 13.9% of respondents consider this problem to be typical for the country to some extent.

In turn, 6.5% of respondents deny the existence of inequality in the country ("Absolutely disagree" – 3.2%, "Rather disagree" – 3.3%). It was difficult to answer the following question for 2.2% of the survey participants: ***"How much do you agree with the statement: The income difference between the rich and poor in the country is too large"*** (Diagram 2).

⁷⁴ <https://www.weforum.org/agenda/2021/12/global-income-inequality-gap-report-rich-poor/>

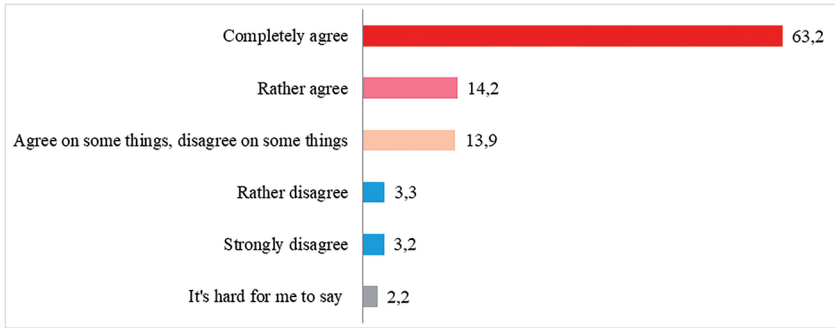


Diagram 2.

"How much do you agree with the following statement: Is the income gap between the rich and poor in the country too large?", (%)

Source: Data from KazISS sociological surveys.

To understand how different groups perceive inequality depending on the level of material wealth, an assessment of consumer opportunities was carried out by asking the respondents the following question: ***"How would you characterize your purchasing power?"*** with five possible answers:

1. There is enough money so that I don't deny myself anything;
2. Purchasing most durable goods (refrigerator, TV, etc.) does not cause us difficulties;
3. There is enough money to purchase necessary food, clothing and pay for utilities;
4. Money is enough only to buy food, but not to pay for utilities;
5. There is not enough money even for purchasing food, we constantly have to live in debt.

Based on five responses, 5 groups were identified: rich, well-off, low-income, poor, extremely poor. The respondents who do not have enough money for these purposes were classified as extremely poor (the fifth answer option). Respondents who can deny themselves nothing were classified as a rich group (the first option).

The analysis of responses based on the level of material wealth reveals that low-income citizens are more likely to agree with the idea of extreme inequality in the country. Thus, among citizens with low and below average level of material wealth, the share of those who are convinced that there is too much of a gap between the incomes of citizens in the country amounted to 72.0% and 17.8%, respectively.

Moreover, such a factor as the presence of children also has a considerable influence on subjective assessments of the perception of economic inequality. Respondents with 4 or more than 5 children showed a figure of 68.4% and 71.9%, respectively.

Representatives of all social groups support the idea that there is social inequality in Kazakhstan. In terms of marital status, the analysis indicates that citizens who are married (66.0%), divorced (63.7%), and widowed (63.0%) agreed with the statement more than those living with a partner without marriage registration (59.4%) and single men or women (55.3%).

In terms of age, young people aged 18-29 (56.9%) tend to be less convinced of social inequality in Kazakh society. The representatives of the other age groups demonstrate similar indicators: 64.1% in the group of citizens aged 30-45 years, 65.9% – aged 46-60 years, and 67.1% – aged 61 years and older. In terms of the type of settlement (city/village) and gender, there are no statistically significant differences in the responses.

The second stage of subjective assessments of economic inequality was the analysis of responses to **the following question**: “What kind of society would you like to live in?” (*Diagram 3*).

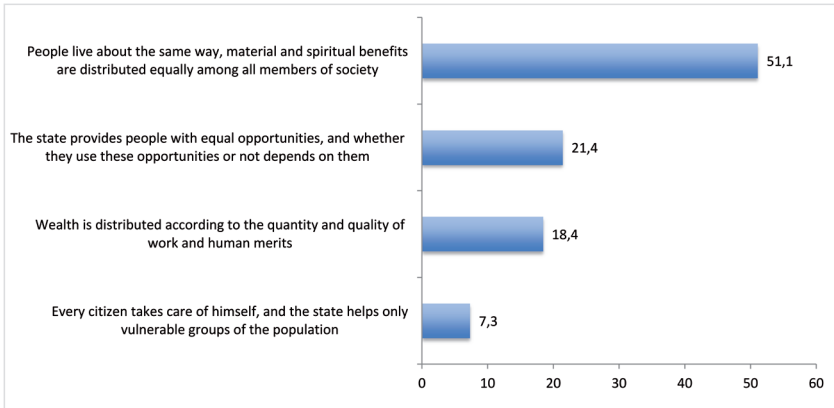


Diagram 3.

“Look at the answer options and choose one: What kind of society would you like to live in?”, (%)

Source: Data from KazISS sociological surveys.

The majority (51.1%) is in favor of a society where all people live about the same with material and spiritual benefits being distributed equally among all members of society. One in five (21.4%) respondents would prefer to live in a society where the state provides people with approximately equal opportunities to implement their life plans, and the choice of using these opportunities is left to citizens. 18.4% of the survey participants spoke in favor of a meritocratic society where income is distributed according to the amount and quality of work and person's merits. Another 7.3% of respondents would prefer to live in a society where everyone takes care of themselves, and the state helps only vulnerable groups: disabled people, single mothers, retirees, etc.

Interestingly, the analysis of responses in terms of the level of material prosperity points a certain consensus between high and low-income groups of citizens. Almost equal number of citizens with high (57.5%) and below average (58.9%) levels of material wealth share the idea of a society where all people live about the same, and the material spiritual benefits are distributed among all members of the society equally. At the same time, this indicator is slightly higher among low-income group of citizens; it amounts to 62.3% (*Table 1*).

Table 1.

"Look at the answer options and choose one answer: which society would you rather live in?", (%) (by level of material wealth) (by level of material wealth)

-	RoK	The level of material wealth				
		High	Above average	Average	Below the average	Low
In a society where all people live about the same with material and spiritual benefits being distributed equally among all members of society	51.1	57.5	43.9	46.8	58.9	62.3
In a society where wealth is distributed in accordance with the quantity and quality of work and person's merits	18.4	15.6	22.2	21.2	13.8	13.6
In a society where the state provides people with equal opportunities to implement their life plans, and the choice of using these opportunities is left to citizens	21.4	16.8	25.0	25.3	18.5	13.4
In a society where everyone takes care of themselves, and the state helps only vulnerable groups (disabled people, single mothers, retirees, etc.)	7.3	9.0	7.8	5.6	7.3	8.1

Source: Data from KazISS sociological surveys.

Despite the fact that more than half of the respondents noted a high level of inequality, more than every third participant in the survey demonstrates a high level of social optimism. Specifically, 35.6% of respondents are strongly convinced that their families will experience improved financial circumstances within the next year. Another 28.2% of respondents demonstrate moderate social optimism, noting that the financial situation of their families will improve somewhat in a year.

However, one in five respondents thinks that the financial situation of their family will remain unchanged in a year.

A weak social optimism and its complete absence are shown by 2.3% and 3.6% of respondents, respectively (*Diagram 4*).

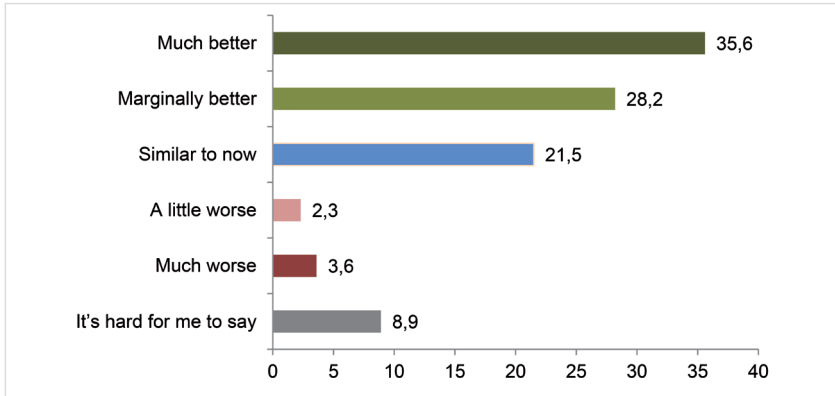


Diagram 4.

“Do you think that in a year you (your family) will live better or worse than now?”, (%)

Source: Data from KazISS sociological surveys.

Rural residents (66.5%) are more likely to express social optimism than urban residents (62.1%). Similarly, citizens with a high level of material prosperity (82.2%) tend to be more socially optimistic than low-income groups of residents (53.3%).

A poor level of social optimism or its complete absence is more often typical for urban residents (6.8%, while 4.4% is for villagers) and citizens with a low level of material wealth (13.9%, while 1.7% is for high-income citizens).

Dynamics of real money incomes of the population

In 2019-2022, the dynamics of monetary incomes of the population was multidirectional. The turning points were determined by the development of the epidemiological situation in the country and the geopolitical situation. They were also identified by the scale and consequences of

quarantine measures that caused a reduction or complete shutdown of economic activity.

Thus, in 2021, restrictions on economic activity were not considerable when compared to 2020. The growth of real incomes of the population accelerated amounting to 4.1% in January and December (in 2020 – 0.7%). At the same time, the indicator could not reach the pre-pandemic 2019 level (6.4%).

In 2022, the average per capita income of a large part of the population declined substantially. Thereby, the indicator turned negative and drop equaled 1% by the end of the year.

In contrast to the previous period, inflationary processes continued to accelerate in 2022. The largest increase in the consumer price index was observed in relation to food products (19%), while non-food product saw a 14% increase (*Diagram 5*).

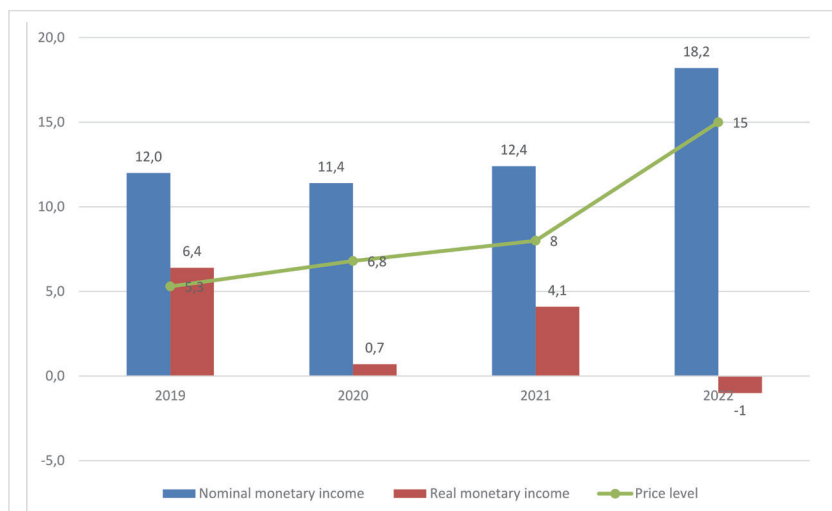


Diagram 5.

Dynamics of monetary incomes of the population in Kazakhstan, 2019-2022, in % compared to the previous period

Source: BNS of the Republic of Kazakhstan.

The labor market in the post-pandemic period

The weakening of consumer and investment demand during the period of strict quarantine restrictions led to the suspension of work for many service sector organizations, with some being forced to reduce their staff. As restrictions eased, employment increased in sectors such as information and communications, real estate, health, and trade.

Apart from that, the number of employed people in the entertainment sector by 2022, in comparison with the corresponding period in 2019, declined by 2.8%, in the financial industry – by 2.2%, in administrative services – by 3.9%.

Additionally, the employment structure was not resilient, reacting to the changes in the general economic situation. So, in 2020, the number of citizens of unproductive self-employment who have unstable chance gains increased by 5.8%, in 2022 – by 1.8%. This trend coincided with an increase in the unemployed population represented by the citizens who do not have an official job, but are actively looking for it. In 2019–2022, their number increased by 17.6 thousand people.

According to a KazISS sociological survey, only a third of the population believes it is relatively easy to find a job in their locality. 36.2% of respondents stated that available workplaces do not always meet their self-fulfillment needs, and one in four respondents evaluated the labor market in their locality negative (*Diagram 6*).

According to subjective estimates, the main factors complicating job search are the lack of jobs (42.3%) as such, as well as the need for “useful acquaintances” (18.9%). Besides, more than a quarter of the respondents said that their existing skills or job expectations often do not match the demands of the labor market.

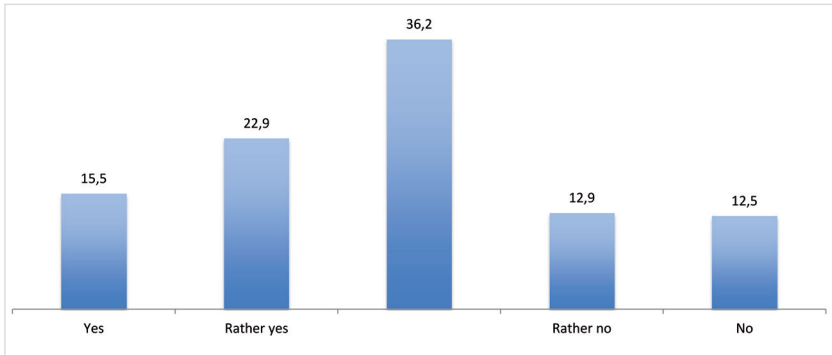


Diagram 6.

Distribution of answers to the question: “Do you think it is easy to find a job in your locality?”, in %

Source: Data from KazISS sociological surveys.

Against the backdrop of the pandemic, the poverty rate tended to rise

The official concept of poverty in the country is based on an absolute approach which compares per capita income to the subsistence minimum (“income poverty”). The national poverty level is calculated as 70% of the subsistence minimum (70% of 37,389 tenge as of April 1, 2022).

In 2022, the share of the country’s population with incomes below the subsistence minimum increased to 5.2% (Compared to 4.3% in 2018). Moreover, the share of the population with incomes below the subsistence minimum tend to grow faster in urban (1.6 times) areas than in rural (1.2 times) ones. In fact, the cities of Almaty and Shymkent became the leaders in the growth of the population with incomes below the subsistence minimum. Whilst the share of the poor population was 2.8% in 2018 in Almaty, it amounted to 4.8% in 2022. In Shymkent, it was 2.0% and 6.6%, respectively (*Diagram 7*).

Furthermore, families consisting of 4-5 or more members experienced the greatest impact of the crisis. The poverty rate among families consisting of 4 persons increased approximately 1.5 times, whereas the rate for families of 5 rose 1.1 times.

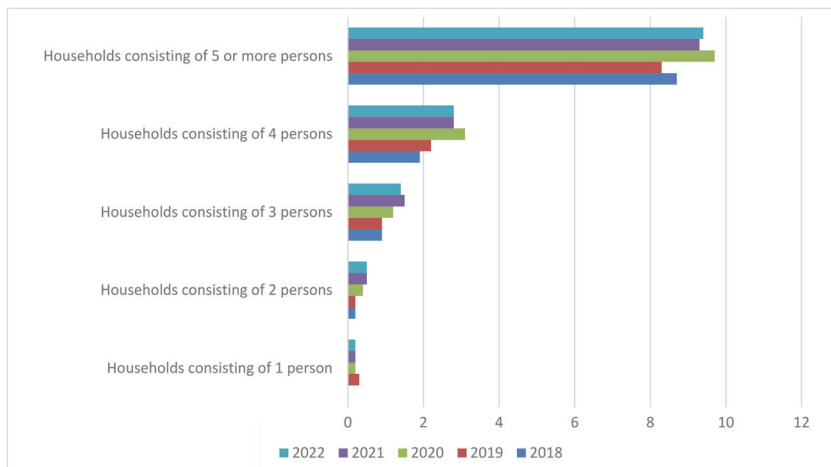


Diagram 7.

The share of the population with incomes below the subsistence minimum shown in the total number of households divided by their size, in %

Source: BNS of the Republic of Kazakhstan.

Anti-crisis measures made it possible to prevent a leap in the unemployment rate

During the period of strict quarantine in 2020, there was a growth in registration in Employment Centers. It was largely due to the active issuance of social benefits by the State during the state of emergency and the introduction of strict quarantine. It is worth noting that as the epidemiological situation improved and the economic situation recovered slightly in 2021, the average growth rate of registered unemployment slowed down (in 2020, registration increased by 14.8%, in 2021 – by 0.3%).

At the same time, in general, a characteristic feature of the Kazakhstan labor market is a steady, but not high, level of registered unemployment. It stems from a number of factors: insufficient awareness of the population, small social benefits, lack of vacancies in employment services, as well as administrative barriers.

The anti-crisis government measures were proposed to support employment in the country. They allowed to mitigate

the negative effects on the labor market. Still, the insufficient number of created permanent jobs remains the key problem. As data obtained from Accounts Committee indicates, only 10.7 thousand of the planned 42.4 thousand jobs were created in 2021 within the framework of the Employment Roadmap. Only 12.7% of them are permanent jobs. The share of the employed within the framework of the Employment Roadmap in the total number of registered unemployed equaled 6%.

Restructuring expenditure of population

The dynamics of personal consumption is the most important indicator of a country's economic state, especially in conditions of global instability. In the structure of consumption of the population during the recession, discretionary ("optional") expenses tend to decline significantly, whereas the share of food purchases grows.

Though the durable goods sector noticeably sank during the period of severe restrictions in 2020, the population increased the amount of "optional" expenses in the form of "expensive" non-food products in the cost structure in 2021-2022. Their share in the population's purchases in 2021 amounted to 23.7%; in 2022 – 24.4%; whereas in 2020 – 23.3%; in 2019 – 22.9%; in 2018 – 23.5% (*Diagram 8*).

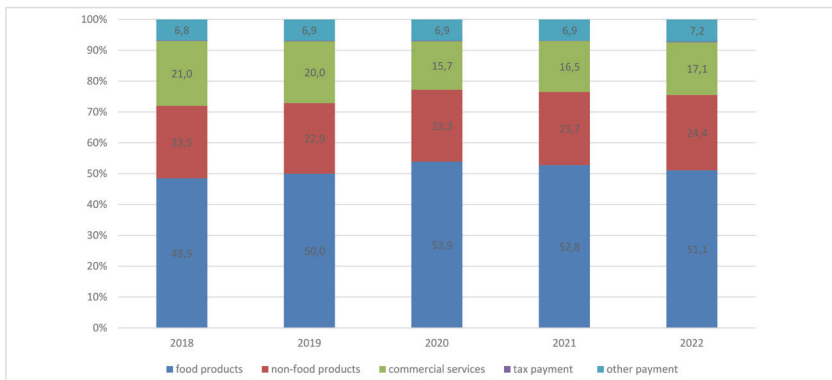


Diagram 8.

The structure of cash expenditures of the population, in %

Source: BNS of the Republic of Kazakhstan.

Despite a slight recovery, the share of food expenditure remains above the pre-pandemic level. From 2019 to 2022, the indicator climbed from 48.5% to 51.1%. The quarantine restrictions have heavily impacted the service sector, which is still under recession.

In other words, the population has noticeably decreased spending on it over the past 5 years, from 21.0% to 17.1%.

Social inequality is displayed in differences of consumer spending among diverse groups of the population. In other words, the volume and structure of consumption depend on the household's position in the social hierarchy. It applies to both food and non-food products, as well as paid services.

The share of food purchase expenses in the consumption expenses of Kazakhstan's families decrease as incomes increase. The difference between the 20% of the most and least well-off population summed to 10% in 2022.

Moreover, the share of spending on food among the low-income population boosted in the period of 2019–2022. Hence, the share of food expenditures among the rich grew from 46.1% to 46.3%, while among the poor – from 55.5% to 57.1%.

Aside from that, the wealthiest increased spending on non-food products (from 26.2% to 29.6%), whereas the share of disadvantaged group's spending remained relatively the same (22.2%–22.7%).

Among the affluent segments, the share of costs for paid services fell at a more dynamic pace. That is to say, the largest drop in the share of services in consumer spending is seen among the richest, from 22.8% in 2019 to 19.0% in 2022. Meanwhile, the share of services by the end of 2022 totaled 17.5% among the 20% of the least well-off population, having decreased by 1.4 percentage points over the reviewed period.

Therefore, affluent segments of the population continue to increase the purchases of food and durable goods, despite the crisis. Yet, spending on paid services is shrinking. The least

well-off population most often adheres to a «protective» model of behavior during the recession. In this model, the share of spending on food increases, while the consumer costs decrease.

Debt load of the population

In conditions of compression of monetary incomes, consumer credit is becoming an increasingly common revenue source for the population. Surveys show that nearly fourth (27%) is burdened with loans/advances/debts and has no savings (*Diagram 9*).

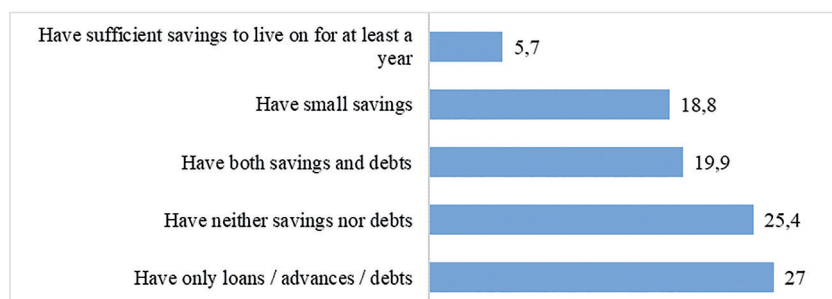


Diagram 9.

The structure of the respondents' financial activity, in %

Source: Data from KazISS sociological surveys.

Financial behavior patterns change depending on the level of monetary income of families. To put it simply, the lower the monetary income, the more often families are burdened with loans (having no savings) which is relevant for 47.2% of the participants. High-income groups of the population are the least likely to take out loans when having no savings (12.8%). On the contrary, they more often than others have both loans and savings at the same time (21.5%). Only 5.7% of the respondents have sufficient savings to live on for at least a year. About a quarter of all respondents (25.4%) have neither savings nor debts.

In this regard, the employment structure is changing due to an increase in vulnerable categories of workers who have

unstable earnings. The dynamics of the population's monetary incomes is multidirectional and strongly influenced by accelerating inflation. The analysis of personal consumption illustrated that the majority of the population continues to adhere to the "protective" model of behavior. Due to rising prices, the population has to redistribute their budget in favor of buying food and the most essential items (even in conditions of high inflation) and abandon large purchases and services in order to save money. Less well-off groups of the population are in a vulnerable position. Amid high prices and compression of monetary incomes, consumer credit is becoming an increasingly popular source for livelihood. The deterioration of consumer activity might reinforce the "protective" model of behavior. It may also put an additional debt burden on the population.

5) The influence of various factors on achieving the goals of low-carbon development

As of September 2022, 52 countries have approved their low-carbon development strategies. Some developed countries have set goals to achieve carbon neutrality by 2050, while China aims to reach its objectives by 2060. By 2030, 100 countries have committed to reduce 30% of methane emissions.

Kazakhstan is also actively involved in the global policy to reduce greenhouse gas emissions. According to the Global Carbon Atlas⁷⁵, Kazakhstan ranks 24th in the world among the largest emitters of greenhouse gases (GHGs). The country is also among the top 20 countries with the highest per capita emissions. It is clear that Kazakhstan's responsibility to reduce emissions is essential. The reason is, its contribution can markedly influence the success of the global community's fight against the effects of climate change.

⁷⁵ The Global Carbon Atlas.

The question is whether Kazakhstan will be able to achieve carbon neutrality by 2060. However, it is very difficult to give a simple answer due to the various factors: political, economic, social, etc.

Political factors

The political factor is one of the most crucial. The presence of political will among world leaders is essential in shaping modern global politics.

In 2009, Ministers from 34 countries signed a Green Growth Declaration, announcing that they will strengthen their efforts to pursue green growth strategies as part of their responses to the crisis and beyond, acknowledging that green and growth can go hand-in-hand. They endorsed a mandate for the OECD to develop a Green Growth Strategy, bringing together economic, environmental, social, technological development, as well as international assistance aspects into a comprehensive framework.

The “Green Development” theme has identified six strategic pillars: climate change, resource saving and management, circular economy, environmental protection, ecosystem protection and recovery, water conservation and natural disaster prevention.⁷⁶

Harmonizing green growth goals and poverty reduction is especially important for countries with developing and transitional economies. This requires, inter alia, the development of water management and transport infrastructure, the protection of public health from threats caused by environmental degradation.⁷⁷

In 2013, Kazakhstan adopted the Concept for transition to Green Economy within the framework of the Kazakhstan-2050 Strategy. The Concept set out the following objectives:

- ◆ to increase energy efficiency which implies a reduction in the energy intensity of GDP by 30% before 2030 and by 50% before 2050 compared to the baseline level of 2008;

- ◆ to increase the share of alternative energy sources in electricity production to 50% by 2050;
- ◆ to reduce GHG emissions in electricity production by 15% before 2030 and by 40% before 2050 compared to 2012 levels.

In September 2015, Kazakhstan demonstrated its solidarity with the United Nations by presenting its nationally determined contribution (NDC). In 2016, Kazakhstan ratified⁷⁸ the Paris Agreement, making commitments and marking its contribution to the fight against climate change. The country targeted to reduce greenhouse gas emissions by 15%. In addition, in the framework of a conditional target, (in case of international support) reduction of greenhouse gas emissions by 25% by 2030 relative to 1990's level is anticipated. In 1990, Kazakhstan's total greenhouse gas emissions summed 386 million tons of CO₂ equivalent. Therefore, by 2030 Kazakhstan should not exceed the emission level of 328 million tons of CO₂ equivalent (*Diagram 10*).

In 2018, the Strategic Development Plan of the Republic of Kazakhstan until 2025 identified short-term goals for low-carbon development. In particular, the plan defines that:

- ◆ the energy intensity of GDP should be reduced by 20% before 2021 and by 25% before 2025;
- ◆ the share of electricity from renewable sources should amount to 3% by 2021 and 6% by 2025.

⁷⁸ The Paris Agreement was signed by the Decree of the N^o. 301 President of the Republic of Kazakhstan dated July 20, 2016, N^o. 301, and ratified by the Law of the Republic of Kazakhstan of N^o vember 4, 2016, N^o. 20-VI.

GHG emissions by sectors of Kazakhstan economy, including the forecast (in accordance with NDC)

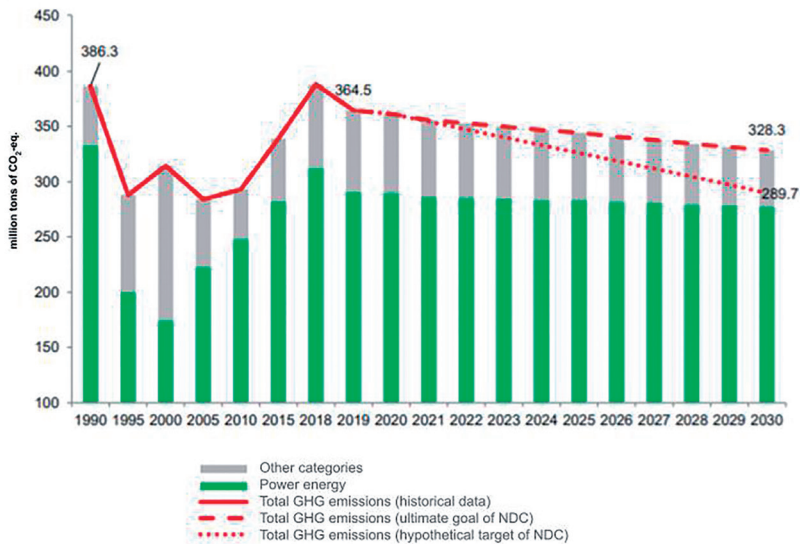


Diagram 10.

Greenhouse gas emissions by sectors of the economy of Kazakhstan, including the forecast (in accordance with the 2030 NDC)

Source: HIS Markit, Jasyly damu.

In December 2020, during the Climate Ambition Summit, the President of the Republic of Kazakhstan, Kassym-Jomart Tokayev, announced the country's intention to achieve carbon neutrality by 2060. At the beginning of 2022, the Strategy for Achieving Carbon Neutrality of the Republic of Kazakhstan until 2060 was approved. The goal of the Strategy is to achieve climate-resilient economic development of the Republic of Kazakhstan with zero GHG emissions by 2060.

Thus, the country's leadership demonstrates commitment to the global policy of combating climate change, maintaining the continuity. It also purposefully implements the green agenda in the country. Strong political will is a principal factor in achieving the goals of carbon neutrality, while consistency in public policy contributes to the implementation of this ambitious task.

Economic factors

Currently, the economy of Kazakhstan remains energy-intensive. Consequently, the economic growth directly leads to a rapid increase in emissions highlighting the need for a systematic and inclusive approach to reforming the economy of Kazakhstan (*Diagram 11*).

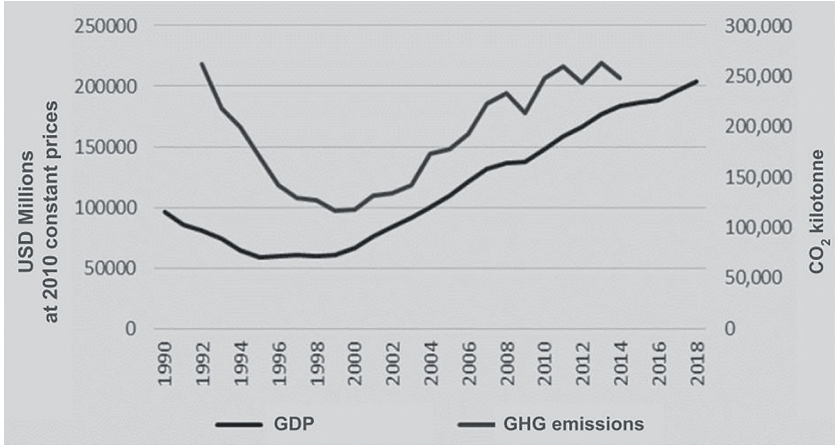


Diagram 11.

Greenhouse gas emissions and real GDP in Kazakhstan in the period from 1990 to 2018

Source: World Bank database.

It should be noted that GHG emissions at the national level exceeded the 1990 figures by 8% in 2020. In the pre-pandemic period of 2019, the total volume of GHG emissions added up to 364.5 million tons. It means that Kazakhstan needs to cut the emissions by approximately 36.2 million tons of CO₂ equivalent (or 3.6 million tons annually) from 2020 to 2030.

Thereby, the country's policy is centered on creating a low-carbon economy. Nonetheless, it must overcome its reliance on traditional management methods.

A rapid and phased reduction of CO₂ emissions could pose threats to the plans for economic development and GDP growth without appropriate modernization of the economy.

For instance, the decline in oil prices in 2020 became a key factor in the state budget deficit.

The structure of GHG emissions by source categories for 2020 depicts the dependency of the country's economy on fossil fuels (*Table 2*). As it can be seen, GHG emissions in the industrial sector have escalated by 15.5% over the past 30 years. According to the expert estimates, Kazakhstan's economy will remain dependent on fossil fuels until 2040.

Table 2.

Change in GHG emissions in Kazakhstan by IPCC sectors in 1990 and 2020, million tons of CO₂ equivalent.

GHG source and sink sectors	1990	2020	2020 change compared to 1990, %
Energy industry	316.92	272.50	-14.02
IPPU	19.29	22.29	+ 15.54
Agriculture	44.74	40.72	-8.98
LULUCF	-3.91	8.38	+314.30
Wastes	4.65	7.35	+58.17
TOTAL net GHG emissions	381.69	351.24	-7.98

Source: Strategy for achieving carbon neutrality of the Republic of Kazakhstan until 2060

Within the framework of green development, the transition to low-carbon energy is one of the priorities for our country. However, it is also a complex task. According to experts, the energy intensity of Kazakhstan's GDP by 2030 should be reduced by 38.9% to achieve the goals of the Paris Agreement. Moreover, the share of coal in the structure of electricity generation will need to decrease due to the natural decommissioning of capacities from the current 68.9% to 40.1%.⁷⁹ Coal generation will be replaced by renewable energy sources (RES).

In 2020, Kazakhstan managed to achieve the goal of extending the share of renewable energy in total energy production to 3%. This accomplishment was largely facilitated by enhanced measures of state support for alternative energy

development, improvements in legislation, and attraction of investments. By the end of 2022, the installed capacity of 130 alternative energy organizations reached 2.4 thousand MW, representing an 18.8% increase compared to the previous year.

Regarding the total volume of electric energy production, the share of electricity generated by RES facilities was 4.5% with 5.11 billion kWh of production volume.

Social factors

Efforts made to decarbonize key sectors of the economy will have a multidirectional impact on economic activity, jobs, and the well-being of the population.

The positive influence is associated with employment growth in high-tech industries and reduced health risks. These factors emerge from improved environmental quality and the development of new occupation types in production of green goods and services. To illustrate, ILO surveys indicate that if states take measures to achieve The Paris Agreement's goals, nearly 24 million green jobs could be created worldwide by 2030. Nevertheless, approximately 6 million jobs may be lost as well. Considering these losses, the net job growth would amount to 18 million; particularly, in such sectors as agriculture, forestry, energy, waste recycling, construction, and transport. These are promising future prospects.

The path to decarbonization entails a decline in demand for fossil fuels, which will lower the incomes in extractive, export-oriented industries.

The transition also affects the interests of workers engaged in other areas of fossil fuel extraction and export. For example, there are five single-industry towns and 40 thousand employees depend on the coal industry in Kazakhstan.⁸⁰ Furthermore, the negative impact is likely to

⁸⁰<https://ranking.kz/reviews/industries/kak-umenshit-vybrosy-pannikovyh-gazov-i-snizit-ugolnuyu-zavisimost-energetiki-rk.html>

affect those employed in related industries. To illustrate, these include workers of retail stores and the service sector (restaurants and bars) who may face a dramatic fall in demand in regions depending on the coal industry. Thus, the closure of coal mines will lead to a steep growth of local and often hidden unemployment, as well as migration of the population. These consequences must be taken into account to ensure a fair energy transition for all.⁸¹ According to predictions, the share of coal generation in the Republic of Kazakhstan should reach 0.03% of the current 69% level by 2060. Achieving this goal is quite, given the existing dependence of the country's economy on coal consumption, especially for coal-producing regions.

In general, it should be clear that the transition to a low-carbon development strategy implies a deeper transformation of the labor market. It is also apparent that decarbonization will not provide decent work for everyone. Under these conditions, it is necessary to provide a financial tool designed to assist vulnerable segments of the population affected by "green" transformation. Moreover, forming forecasts about the development of green professions is mandatory.

A comprehensive transition policy plan is required to help workers take advantage of employment opportunities in newly created jobs and minimize the scale of job displacement.

6) Labor productivity

In Kazakhstan, the trend of labor force flow into high-performance industries remains significant. Interestingly, the primary sector attracting labor force is the mining industry which is already densely populated with employees. To increase the level of labor productivity and accelerate GDP growth, a special emphasis is put on creating new high-productivity, as well as fast-growing sectors.

⁸¹ <https://guru.nes.ru/czena-borbyi-s-izmeneniem-klimata-opyit-ugolnoj-otrasli.html>

Agriculture in Kazakhstan, employing 12.3% (2022) of total workforce, can serve as a key source of personnel for more productive sectors. In this regard, the issue of their retraining is acute; retraining of personnel should become one of the priorities on the state level. Sectors with relatively high labor productivity and multiplier effect can serve as attractive destinations for the released labor force. These large-scale industries include manufacturing, science, and finance. Regarding labor productivity growth rates of the sectors with above-average indicators, apart from manufacturing sector, include construction, trade, as well as leisure industries.

7) Human capital

Rapid education enrollment and the vigorous development of technology were the key reasons for the exponential growth of economies and productivity in most countries of the world in the 20th century. They continue to act as growth drivers in the 21st century. Moreover, human capital will act as a driver not only of economic, but also of social development.

Kazakhstan ranks 77th out of 131 in the Economic Complexity Index which measures the technological complexity of manufactured products.⁸² The economy's complexity level of Kazakhstan is below the global average, while the level of education enrollment is slightly above the global average, and the level of mathematical skills is a somewhat below the average for the countries surveyed by the OECD. In the lower left square on the right panel of *Figure 1*, Kazakhstan is located close to six countries: Chile, Ecuador, Greece, Peru, Spain, and Türkiye.

In general, the data from the OECD Survey of Adult Skills in Kazakhstan raise concern. The reason is that Kazakhstan ranks fifth to sixth from the bottom in the list of surveyed countries regarding literacy and computing skills. Meanwhile, technological skills (computer and Internet use) show better

⁸² <https://oec.world/en/profile/country/kaz>, data for 2020

results with the country's position only slightly below average among the OECD countries.

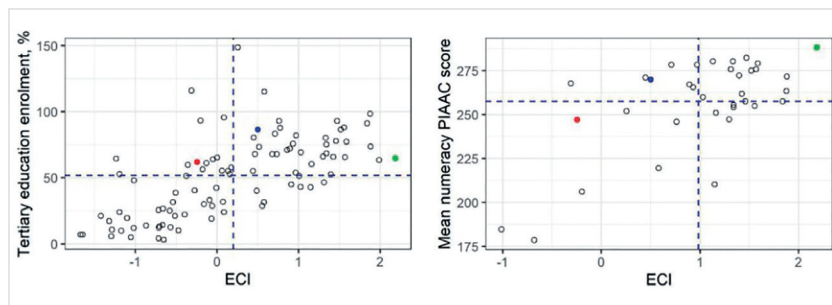


Figure 1.

The Economic Complexity Index (ECI) and indicators of the quantity and quality of education, as well as the dotted line comprise the average value of indicators for this sample.

Sources: Harvard University's Growth Lab; World Bank, OECD.

As seen in the figure, the quantity of education in Japan roughly corresponds to the level in Kazakhstan. Moreover, the indicators in both countries are far from the highest in the world. Despite this, Japan surpasses all countries in terms of the proxy indicator of education quality. This implies that the quality of education is more important than quantitative indicators of education when it comes to the quality of human capital and technological development of economies.

The number of universities and colleges in Kazakhstan has grown dramatically from 55 universities and 247 colleges in 1990 to 185 universities and 293 colleges in 2001, and then to 116 universities and 718 colleges in 2022. The number of students increased proportionally, i.e. from 287,367 university students and 247,650 college students in 1990 to 578,237 and 525,909 students, respectively, in 2022. Apart from expanding access to education, the platform of educational service providers has also changed substantially. In other words, following the agenda of privatization and unbundling, Kazakhstan has become the country with the largest share of students studying in non-governmental educational organizations

compared to other post-Soviet states (excluding the Baltic countries).⁸³ Meanwhile, the average number of students per university/college has declined.

The massification of education was not accompanied by a corresponding surge of investments in the educational sector. The investments remained low throughout the period of independent Kazakhstan, even compared with the countries in the region. On average, education expenditures have accounted for 3.2% of the country's GDP since 1995.⁸⁴ Among the Central Asian countries and Russia, this relative figure is lower only in Turkmenistan. Although Kazakhstan belongs to upper middle-income countries, the figure is lower than the global average and the average among countries classified by the World Bank as low- and middle-income countries.

Remarkably, most of these expenses are directed to secondary education, whereas higher education, for example, accounts for only a tenth of them.⁸⁵ In turn, financing is uneven in the context of educational institutions. As part of its economic agenda, the country has chosen a strategy for concentrating resources on breakthrough projects.⁸⁶ Now, it has identified a network of highly selective educational institutions with these projects, which receive disproportionately more government funding.

The quantitative increase in the education supply for post-secondary education organizations meant, in fact, a survival strategy in conditions of funding shortage. The lion's share of university revenues (70% in 2017) came from private sources

⁸³ Smolentseva, A. (2012, October). Access to higher education in the post-Soviet States: Between Soviet legacy and global challenges. In Paper commissioned and presented at Salzburg Global Seminar, Session (Vol. 495, pp. 2–7).

⁸⁴ World Bank data. <https://data.worldbank.org/>.

⁸⁵ OECD (2017). Higher Education in Kazakhstan 2017. Reviews of National Policies for Education. OECD Publishing, Paris.

⁸⁶ Ruby, A., & Hartley, M. (2017). Parallel reforms: Nazarbayev intellectual schools and Nazarbayev University. *Pedagogical Dialogue*, (3), 31.

through student tuition fees.⁸⁷ Therefore, universities relying on a large-scale strategy did not have enough resources to develop and simply maintain the quality of the educational services provided. Particularly since there was no special request for it from employers (as will be shown below). As a result, the lack of funding directly affected the average quality of education which presumably declined in proportion to the growth of its quantitative indicators.

There is no direct data indicating the evolution of the quality of post-secondary vocational education. However, it is indirectly indicated in the data from the OECD Survey of Adult Skills conducted in Kazakhstan in 2019. According to these data, the gap in the skills of respondents with secondary and vocational post-secondary education in Kazakhstan turned out to be small among the surveyed countries. The respondents aged 25-34 years from Kazakhstan demonstrated the same level of literacy, computing skills, and technological problem-solving skills as 55-65-year-olds, despite the higher level of education of young respondents. At the same time, there is a significant disparity in the returns to higher education in Kazakhstan, primarily in the context of universities, which, in turn, reflects the spread of the quality of universities and the socio-economic status of their students.

In general, international educational systems can be classified into two categories. The first category includes those where a degree received is more important for future wages than the quality of the university. This group represents minority of people who mainly come from the countries of continental Western Europe. In these countries, education is less market-oriented, funded mainly by the state, and access to it is relatively equal and less dependent on the socio-economic status of a person and their family background. In other words,

⁸⁷ OECD (2017). Higher Education in Kazakhstan 2017. Reviews of National Policies for Education. OECD Publishing, Paris.

post-secondary education is considered a public good in these countries.

The second category includes almost the rest of the world where the number of non-governmental providers of educational services is ample, competition for unequal public and private financing is high, quality of educational institutions varies significantly, the phenomenon of “elite education” exists and is cultivated, and the economic future of a student largely depends on what type of university they can afford, given their social and economic background.

Each of these models has its pros and cons, and in general, this conventional classification represents the classic economic trade-off between prioritizing social justice or economic efficiency. The data denote that in this public choice, Kazakhstan preferred the second model. That is, both employment opportunities and starting salaries are exponentially higher for graduates of several non-governmental universities with the highest cost of education.⁸⁸ This indicates a tendency to increase the gap in the return to education, determined by its quality, while the average quality may be decreasing. Apparently, this is also evidenced by the slowdown in the growth of returns to education observed in recent years. Despite the rapid economic growth during this period caused by the oil boom, the return to education fell by 4-5% for men and 2-3% for women in 2016 compared to 2002, while real wages increased by 500-600% for men and 300-400% for women.

The development of science is also an important determinant of economic growth, technological progress, and the quality of human capital as well.

Figure 2 shows the correlation between gross R&D expenditure and GDP per capita for 80 countries worldwide.

⁸⁸ Kemelbayeva, S. (2020a). Access and returns to education in Kazakhstan (Doc-toral dissertation, Newcastle University). Owing to the lack of data, graduates of Nazarbayev University were not evaluated in this study.

The correlation coefficient is quite high and statistically significant (0.56, p -value = 6.485e-08). This correlation presumably reflects a two-way causal relationship in the same way as the previous ones: countries that spend heavily on R&D stimulate GDP growth, which in turn increases the dynamics of R&D spending.

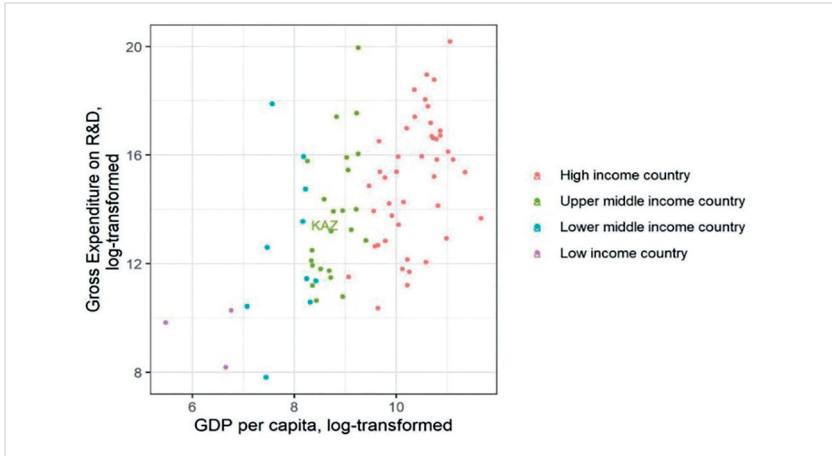


Figure 2.

GDP per capita and gross expenditure on R&D

Sources: GDP – World Bank data for 2020; R&D expenditures in thousands of dollars – data from the UNESCO Institute of Statistics for 2018⁸⁹

Note: Both indicators are represented in a logarithmic function.

Kazakhstan was compared with the developed OECD member countries⁹⁰ and six post-communist countries, which are the Czech Republic, Lithuania, Poland, the Slovak Republic, Slovenia and the Russian Federation. The comparison revealed that the return to the number of years of education turned out to be the highest in Kazakhstan. Here, an additional year of education increases earnings by 7-9%; higher education

⁸⁹ Later data is not available.

⁹⁰ Hanushek, E. A., Schwerdt, G., Wiederhold, S., & Woessmann, L. (2015). Returns to skills around the world: Evidence from PIAAC. *European Economic Review*, 73, 103-130.

compared with secondary education gives an average wage increase of 28-47%.⁹¹

On the contrary, the return to literacy, computing, and technological skills was the lowest among the analyzed countries. Whereas an increase in mathematical (computing) skills by one standard deviation raises wages by an average of 18% and 8% in developed nations and six post-communist countries, respectively,

the increase in Kazakhstan is 6% with only the return to mathematical skills (but not others) being statistically significant. It is vital to mark that the return to skills is observed only in the private sector of the economy, but not in the public sector. Still, when two “identical” workers in terms of education and skill proficiency are compared with the help of a more complex methodology, the return to the number of years of education is equally high in both private and public sectors.

A higher level of education among employees in the public sector (quantitative indicator) and a higher level of skill proficiency in the private sector (qualitative indicator) are likely the result of the observed pattern of returns. In other words, people choose jobs in accordance with their competitive advantages. At the same time, companies also select employees according to relevant criteria (in the public sector a stronger emphasis is put on formal requirements regarding the level of education, whereas the private sector is more focused on efficiency).

Another interesting finding is the weak correlation between skill proficiency and education level in Kazakhstan, compared to the close interrelation between these indicators in developed and post-communist countries in Eastern Europe. All this is drawn from the conclusions made earlier that: a) the

⁹¹ Kemelbayeva, S, Nurumov, K, Aituar, A. & Dysenbekova, Y. (2021). Economic Returns to Skills in Kazakhstan in the context of international comparisons. *Public administration and public service*, 1(80), 169-182.

quality of vocational education in Kazakhstan is generally low, and it does not improve skills; b) the country's economy has a relatively simple structure that does not require complex skills in most cases.

The Kazakhstan labor market also has several unique characteristics:

- hidden unemployment which includes discouraged workers who have given up on finding a job that meets their

- Expectations. This type of unemployment is often disguised as self-employment (more common among men) and economic inactivity (more common among women);

- a large proportion of self-employed in the employment structure; at the beginning of the reform period, self-employment appeared as a result of an employment reduction in the public sector of the economy and insufficient creation of new jobs in the private sector.⁹² Despite the economic growth and oil boom of the 2000s, self-employment remains high at 22%⁹³, which is more than double the proportion in developed and wealthier countries. In general, self-employment is more common in poorer economies.

- high share of informal sector employment. On average, 25.7% of employment was in the informal sector between 2010 and 2017, with a higher proportion among self-employed workers (56%) than employees (44%). Individuals have low incentives to formalize their employment due to a lack of confidence in the pension and social system, inadequate minimum wages, and ineffective labor protection mechanisms, such as trade unions. Many informally employed people are unable or unwilling to save for retirement, which could lead to higher social costs and increased social tension as they lose their ability to work.

⁹² Verme, P. (2000). Transition, recession and labour supply in Kazakhstan (1990-1996). London School of Economics and Political Science (United Kingdom).

⁹³ Data from the BNS of the Republic of Kazakhstan.

- low labor productivity, especially in industries, that are country's primary employers (education, public administration, healthcare, agriculture);
- a strong differentiation of wages by industry, despite the fact that the highest-paid industries are usually the least labor-intensive (exploration and extraction, IT, finance), and vice versa;
- the prevalence of the public sector of the economy;
- industries with a predominantly state-owned form of ownership that collectively attract about a third of all employees; namely, they are public administration, education, art, and healthcare;
- The private sector does not provide sufficient social protection and is often associated with physically demanding jobs and harmful working conditions, although it offers a higher average salary.
- differentiation in wages and career prospects by region leading to internal migration to large cities and urbanization (in general, this trend is global);
- a need for more effective labor market monitoring tools.

The underutilization the potential of human capital in Kazakhstan is shown by the meritocracy coefficient, calculated with the data from the same OECD Survey of Adult Skills.⁹⁴ The coefficient represents the ratio of the skills midpoint of respondents with a low-skill occupation to the lower decile of skills of respondents with a high-skill occupation. Therefore, a coefficient greater than one indicates that 50% of blue-collar workers have the same level of literacy, computing skills, and technological problem-solving skills as 10% least capable white-collar workers. In a truly meritocratic society, this should not happen, as more capable individuals should receive a higher

⁹⁴ Bandiera, O. (2020). The keynote speech on Inequality and the Misallocation of Talent at the UCL Economics Conference 2020.

level of education and engage in higher-skilled work. The meritocracy coefficient will be below 1 in this case.

Among the countries participating in the Survey, Kazakhstan had the highest coefficient, at the level of 1.2. It means that 50% of blue-collar workers demonstrate a 20% higher level of abilities than the 10% least capable white-collar workers. The coefficient is slightly lower in Russia and Ecuador, and significantly lower in other countries (with no country having a coefficient below 1).

From the point of view of public welfare of Kazakhstan, such a result indicates an inefficient use of people's abilities. This may be attributed to low intergenerational social mobility, poor quality of higher education, which often fails to recognize and develop the skills of more capable individuals.

The quality of human capital largely depends on how it is utilized in the workplace, the difficulty of tasks assigned to employees, and their professional growth as they gain more work experience. In turn, this depends on the quality of existing jobs and the complexity of the products created by the employer companies. To have a proper grasp of the situation in Kazakhstan, one can look at the descriptive results statistics of the OECD Survey of Adult Skills which, in addition to testing respondents, includes a very informative survey. For instance, there was the following question: ***“How often do you have to deal with difficult situations in the workplace that take at least 30 minutes to think about?”***. 73% of respondents from Kazakhstan answered “less than once a week”; more than a half of them picked “less than once a month”. Another question was: ***“Do you think that you have the skills to cope with more complex tasks than those that you perform in your current job?”***. 90% of respondents agreed.

Even assuming that this is only a subjective self-assessment of respondents in a sample of 6,050 people, the vast majority of the participants believes that they are overqualified for the work they do. This may raise the question of how complex

and diverse tasks are performed on average by workers in Kazakhstan at their workplaces. About 40% of the country's workers are employed in the SME sector which tends to focus less on creating complex products, developing technologies, and investing in the skills enhancement of its employees.

Today, labor markets are facing challenging times. Among the current trends, automation, robotics, and the emergence of artificial intelligence (AI) should be noted, as they are changing and will change labor markets around the world. Until recently, the opinions and predictions of labor market economists largely agreed and primarily based on the fundamental theoretical work of Acemoglu and Autor⁹⁵, and confirmed by empirical studies, however, the emergence of AI is changing the understanding of what the future labor market will look like.

The authors' innovative approach was to view existing jobs as a set of tasks requiring specific skills. Consequently, they predicted the elimination of certain jobs due to automation/robotics, outsourcing, and offshoring. Specifically, they predicted a higher risk of disappearance for predominantly routine, mid-skill jobs, and a lower risk of automation for basic physical work and high-skill intellectual and creative work.

An empirical study by Frey and Osborne⁹⁶ confirmed these theoretical conclusions. Also, it predicted a high probability of disappearance of about 50% of 702 American professions, based on data from the American economy. With the emergence of AI, this figure is likely to increase, as high-skill intellectual and creative work is now also at risk of being replaced by artificial intelligence; indeed, some elements of this work have already been supplanted.

⁹⁵ Acemoglu, D., & Autor, D. (2011). Skills, tasks and technologies: Implications for employment and earnings. In *Handbook of labor economics* (Vol. 4, pp. 1043-1171). Elsevier

⁹⁶ Frey, C. B., & Osborne, M. A. (2017). The future of employment: How susceptible are jobs to computerisation?. *Technological forecasting and social change*, 114, 254-280.

It should be noted, however, that these changes will not occur uniformly across the world. In most countries with less developed economic structures, the same level of automation as in technologically advanced countries should hardly be expected. This is due to the low initial level of technological development and a shortage of competent specialists and managers, without whom the mass introduction of technologies into the production process is barely possible. Secondly, this also results from the simplicity of the tasks of individual economic agents (companies, employees). The third reason is human labor, compared to which the import of robots is still costly, and for most companies it is prohibitively expensive. In Kazakhstan, it is necessary to add to all this a high level of employment in the public sector at the expense of efficiency and a large proportion of self-employment and employment in SME sectors that have little interest in robotization due to the small-scale nature of production. Therefore, the rapid technological development that the world has been experiencing since the 1990s will further widen the gap between the technologically advanced, wealthy countries and all others.

Another interesting trend in the modern labor market, which seems to have affected Kazakhstan, has been the growth of so-called gig economy. It is a situation when a part of the company's work is consciously transferred to part-time, freelance or outsourcing. Accordingly, some workers in the economy have shifted to these part-time or alternative forms of employment, a trend that has been reinforced by the pandemic. In turn, it has implications for local labor markets. To illustrate, the widespread transition to remote work has dramatically intensified international competition. Previously, companies primarily considered local candidates for employment; today, however, they face competition from foreign workers. For high-skill workers from less affluent countries, this means an expansion of job opportunities, while for companies in these countries, it entails increased

competition with wealthier countries for the most skilled labor.

Finally, the increasing trend on environmental sustainability, as well as the likely acceleration of the green transition in European countries will also affect the labor market; this is caused by ongoing political events that are reshaping the landscape of global production, trade, and markets. Specifically, there are risks for Kazakhstan's export. Most of its positions do not align with the environmental trend due to their reliance on traditional energy resources. Although export industries in Kazakhstan are not labor-intensive and do not significantly affect employment rates, they account for a substantial portion of the country's GDP and exert a considerable influence on the overall economy. This has consequences for the social life of the country.

3.3. Converting challenges into opportunities

Basing on the achievements in economic, social, and political development, ensuring the effectiveness of implementation of the adopted strategic programs, Kazakhstan can convert the challenges posed by the global geopolitical and economic transformation into new opportunities for achieving balanced and sustainable development.

1) Transition to the construction of a post-oil economy

To build a diversified economy, Kazakhstan must reevaluate its current economic structure. However, Kazakhstan remains a rentier state due to the fact that oil revenues account for 40% of the state budget. According to the criteria established by Hazem el-Beblawi, a state is considered as a rentier if its fiscal policy relies on external rents exceeding 40%, With the government being the recipient of these rents.⁹⁷

⁹⁷ The Rentier State in the Arab World, 1987, p. 53.

The oil rent of Kazakhstan's economy accounts 14.8% of GDP.⁹⁸ Despite recent efforts to diversify the economy by investing oil revenues in non-oil sectors, these attempts have not been successful, and oil remains the country's primary export product. Consequently, Kazakhstan's economy continues to be inefficient.

The high concentration of a limited number of commodity groups in Kazakhstan's exports indicates that, compared to neighboring countries, its exports are highly focused on a few goods. Moreover, the country's export structure differs significantly from the global export mix in terms of product composition.

Low product diversity and small volumes of supplies of individual commodity items limit the growth potential of non-primary exports. Therefore, the key problem in Kazakhstan's exports is a fragmented and poor export basket, rather than a high proportion of oil and petroleum products. As a result, it might be arduous to solve the problem of transition to the export of complex goods, because the complication of the export basket occurs by gradually complicating the exported goods.

In the long term, the growth of gross non-resource exports and the complication of Kazakhstan's export basket are feasible if entering into strategic areas with the potential for diversification (such as chemistry, advanced petrochemicals, advanced and high-tech industries). This will allow to form a competency base of participants of foreign economic activity in Kazakhstan. It will also let companies build up experience and increase the technological level in order to be able to compete in foreign markets in areas with high intensity of use of modern technologies.

If the policy of economic diversification is unsuccessful, Kazakhstan's society risks facing the growing impacts of the resource curse. This phenomenon can hinder state

⁹⁸ The World Bank Data.

transformation and is generally assumed to lead to power structures exploiting petrodollars in the interests of a limited few. Consequently, this creates a vicious cycle of diminishing democratic transformations and lays the groundwork for the development of petrocracy patterns.

The lack of mechanisms to increase overall factor productivity has hindered economic diversification in recent years. Kazakhstan is undoubtedly the leader in Central Asia in terms of economic productivity with a GDP per hour worked of \$29.08 USD, and productivity per employee throughout its independence period is higher than the regional average. At the same time, the indicator with regard to US data has been declining since 1991 and reached a minimum of 0.209 in 1995.

Since then, the output per worker has increased twofold, but still remains almost identical to the average productivity of the Asian Tigers in 1997. Remarkably, the average output per worker of the Central Asian states, which is represented to a greater extent by resource-rich Kazakhstan, surpassed the average indicator of the developing five countries of Southeast Asia in 2020. This group of countries is referred to as the Tiger Cub (Indonesia, Vietnam, the Philippines) (*Diagram 12*).

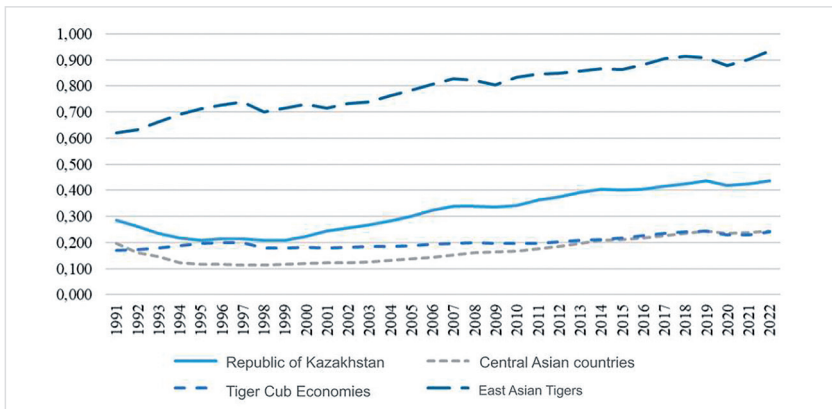


Diagram 12.

Labor productivity (output per worker) in relation to the United States (1.0)

Source: Authors' calculations based on data from the International Labour Organization (ILO).

The mining industry remains the most productive sector of the economy of Kazakhstan throughout independence period where employing only about 3% of the country's workforce.

Other sectors of the economy continue to be less productive in comparison with the leading sector. For instance, an employee in the agricultural sector adds value in the national currency 6 times less than in the entire industrial sector. Meanwhile, the industry employs nearly as many workers as the agriculture industry with only 32% of them being considered as permanent employees.

The growth of indicators in agriculture is due to the accumulation of factors, rather than an increase in overall factor productivity. In other words, agriculture prioritizes capital-intensive modernization, expanding the cultivated areas and the number of seasonal and temporary employees over introducing advanced production technologies and management practices.

The persistence of low productivity leads to low competitiveness of enterprises, especially in export markets. Thus, the number of employed SMEs is about 40% of the total number of employed; with more than 1.6 million of them are individual entrepreneurs. However, it is important to note that, due to the structural peculiarities of SMEs in Kazakhstan, specifically, the dominance of the number of people employed in wholesale and retail trade (30.1%), the participation of SMEs in foreign trade operations is imperceptible. In contrast, the share of the total number of employed in SMEs within the agriculture and industry sectors, that are traditionally oriented towards the products export, is 22%.

All this indirectly indicates that the profile of SMEs in the country reflects the overall raw material specialization where the contribution to export operations is driven by the participation of SMEs as an intermediary between large oil and grain-processing enterprises and foreign markets. Exports of SME goods accounted for only 22% of total exports, whereas

the participation of SMEs in the exports of industrialized countries is often above 50%.⁹⁹

Another distinctive feature of the SME profile is participation in import operations. Beyond the supply of consumer goods, the participation is designed to import intermediate goods and products to maintain the development of other sectors of the economy, such as construction, transport, and warehousing.

Interestingly, in 2021, the share of corporate income taxes (CIT) paid by small enterprises employing over 2 million people amounted to approximately 32.1% of the total amount of CIT revenues or about 1,301 billion tenge. In fact, this represents 12% of the total state tax revenues for 2021. In turn, this fact once again indicates the minimal productivity and competitiveness of the non-oil part of the economy.

One concerning forecast for the upcoming period is the possible onset of another Great Depression in the 2030s, potentially followed by the so-called Era of Decline.

Regardless of opinions to these scenarios of future development, Kazakhstan needs to build a sustainable economic growth. That reduces dependence on resource revenues and aligns with the logic of modern trends that determine the external environment.

Under the pressure of external factors and trends, economic policy should serve as a motivating factor for the government and the entire population in driving economic transformation.

The primary goal of economic policy should be promoting inclusive growth and the performance of the Kazakhstan economy meeting the interests of all segments of the population. This vision should be reflected in the documents of top-level strategic planning guiding the resolution of deep structural economic and socio-economic challenges.

⁹⁹ Kazakhstan Country Strategy – 2022-2027, EBRD

Moreover, when implementing the vision, it is necessary to avoid reacting situationally to external shocks and instead focus on proactive actions to achieve sustainable economic transformations. At the same time, it is important to dispel the idea that oil prices would return above \$100 USD as this may hinder development progress. However, current oil prices make it feasible to form additional reserves for diversification.

This begs the question, how to diversify the economy of the 9th geographically largest country? Kazakhstan is a country with a complex and turbulent history which has instilled a deep-rooted distrust of reforms among its population, which is perhaps the most significant obstacle to diversification. In addition, the population is not unified in balancing relationship between the state and the market.

As a post-Soviet country, Kazakhstan has an entire generation that grew up witnessing a centrally planned economy and various forms of state intervention. This may explain the existence of gaps and difficulties in denationalization or monopolization of certain economic areas.

Alongside this, naively borrowing the ideas of liberalization can also have negative consequences for the Kazakhstan's economy. Mass deregulation of the economy and limiting state functions can lead to disregard for the importance of public infrastructure and meeting social demands of the society.

In this regard, there is an increasing need to institutionalize internal debates among a wide range of intellectuals in order to establish sufficient and appropriate roles of the state and the market in the organization and functioning of the economy.

Moreover, such debates should be adapted to the current realities of the modern world, as well as the following phenomena shaping the global agenda: climate change, trade

and economic protectionism, integration and cooperation relations, and the fourth industrial revolution.

It is also critical to acknowledge the distinct differences in the current organization of regional economies and differences in Kazakhstan. For instance, an economic policy effective in the agriculture-oriented southern regions may not yield the same results in the industrial areas of the country.

Recognizing the complementary and interdependent nature of the country's regions, there is a need for balanced regional economic policy instruments that are tailored to the unique characteristics of each region while still working in harmony.

Building a post-oil (complex) economy necessitates substantial investments in fixed capital from both the state and the private sector.

The banking sector should serve as the main source of investment with the Head of State repeatedly emphasizing the importance of restoring bank lending to the National Bank and the Government.

The involvement of banks in the economy should provide businesses with additional financial leverage. In 2019, the President noted that “over the past five years, the total volume of lending to legal entities, as well as small and medium-sized businesses, has decreased by more than 13%.” In the State of the Nation Address “Constructive public dialogue is the basis of stability and prosperity of Kazakhstan”, it was emphasized the importance to avoid passing on responsibility and establishment of well-coordinated work between the Government and the National Bank.

In subsequent speeches, the Head of State emphasized the importance of strengthening the stimulating role of monetary policy. Regarding the development of monetary policy, attention should be paid to the risks of funds flowing into the foreign exchange market which may pose additional challenges for economic development due to the withdrawal

of funds or speculative activities. These factors can create additional pro-inflationary pressures. In this regard, K.K. Tokayev addressed the need to curb currency speculation in his 2020 State of the Nation Address “Kazakhstan in a new reality: time for action”.

On the one hand, bank lending can stimulate an increase in the money supply in the market, amid rising inflation. However, Kazakhstan faced a situation where the economy deviated from the growth path, so the risks of inflation may outweigh the threats of a further decline in the national economy. Therefore, in his State of the Nation Address “A fair state. One nation. Prosperous society” in 2022, the President again raised the issue of the insufficiency of bank income, that would actually contribute to economic development: “... Underfunding of small and medium business in Kazakhstan amounts to about 42 billion dollars” and “...banks have accumulated multitrillion-dollar liquidity, which actually does not work for the economy.”¹⁰⁰ The Head of State noted that the financial regulator needs to introduce new approaches and demonstrate more flexibility and ingenuity.

In 2023, a presidential decree adopted the Roadmap for the implementation of a pool of investment projects through syndicated financing and co-financing with second-tier banks.¹⁰¹

The open position on the National Bank’s operations in the money market exceeded 3,6 trillion tenge. Among them, there are short-term notes, direct repo, deposit operations, including deposit auctions. Thus, multitrillion-dollar liquidity does not actually work for the economy.

Most loans to legal entities are concentrated in the service sector (transport, communications, trade and construction).

¹⁰⁰ <https://www.akorda.kz/ru/poslanie-glavy-gosudarstva-kasym-zhomarta-tokaeva-narodu-kazahstana-1623953>

¹⁰¹ <https://adilet.zan.kz/rus/docs/U2300000140>

The share of industry and agro-industrial complex account for only 40% of these loans.

Yet, banks provide only short-term financing up to 5 years with no “long-term money” available in the banking sector to lend to investment projects in priority sectors with a payback period of up to 10-15 years.

The current forecast of socio-economic development assumes that the lending to the economy will remain at the level of 20% of GDP. It is necessary to increase bank lending to 30% of GDP in order to build a post-oil economy with the majority of the loan portfolio focused on business loans and mortgages (*Diagram 13*).

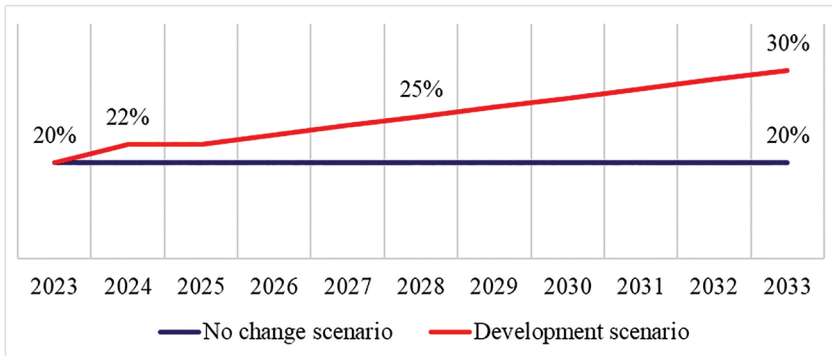


Diagram 13.

Forecast of the volume of lending to the economy, % of GDP

Source: Calculations of the authors.

Therefore, the modified monetary policy regime should aim to ensure stable and affordable lending to the real sector by gradually reducing interest rates as well as volatility of the tenge exchange rate.

2) Enterprise development priorities

One of the key factors in establishing a market economic system is the formation and development of entrepreneurial activity which serves as a powerful engine of economic and social development of society.

According to the OECD review “Insights on the Business Climate in Kazakhstan”,¹⁰² the development of private entrepreneurship is still hindered by several issues related to economic policy and management. These challenges encompass the role of the state in the economy, competition and the pace of pro-market reforms, access to finance, corruption, infrastructure, and skills.

OECD experts suggest that a primary objective for entrepreneurship development in Kazakhstan is to ensure effective coordination among those responsible for various policy areas, such as competition, fiscal policy, investment, education, environment, and labor, so that they work cohesively towards the same goals.

In general, Kazakhstan has created favorable conditions for the establishment and operation of businesses, as evidenced by its 2020 ranking of 25th out of 190 countries in the World Bank’s Doing Business global ranking.”

Compared with 2012, the most significant improvements in Kazakhstan’s business climate have been achieved in obtaining construction permits, border trade, obtaining loans and launching business.

In addition to these advancements, positive factors are seen in tangible progress in reducing irrational administrative restrictions, relatively accessible bank lending resulting from interest rate subsidies, the willingness of the population to create small businesses, the high role of SMEs in providing employment, and positive development dynamics.

It is also important to note that competitive pressure from the informal sector primarily affects microenterprises while medium-sized businesses are less impacted. On the contrary, issues related to corruption, tax administration, and regulatory barriers have the least impact on microenterprises and more often affect medium-sized firms.

The following strategic priorities and objectives can be defined for the development of entrepreneurship in Kazakhstan:

- ◆ Promotion of mass entrepreneurship with the expansion of grant forms of support and facilitating the influx of human capital.
- ◆ Improving the business environment by reducing shadow turnover, developing harmonized regulation in the interests of innovative SMEs.
- ◆ Supporting fast-growing companies, ensuring the “seamless” transition from small to medium-sized businesses.
- ◆ Increasing labor productivity, reducing technological backwardness.
- ◆ Expanding of sales markets, inclusion of SMEs in global value chains.

3) Monetary policy

In August 2015, the National Bank of the Republic of Kazakhstan (NBRK) switched to an inflation targeting (IT) regime.

Inflation targeting involves achieving the target level of inflation through the management of interest rates. The experience of using IT in Kazakhstan has shown mixed results. In fact, inflation targeting is carried out not only through interest rates but also through other quasi-market instruments. These are mainly related to agreements on temporary price freezes, tariff adjustments, and regulation of exports and imports. The transition to a floating exchange rate was accompanied by a large-scale weakening of the national currency. This originated from accumulated disequilibrium in the balance of payments and excessive appreciation of the national currency in the period preceding the transition to a floating exchange rate.

Given the high dependence of the tenge exchange rate and the general economy of Kazakhstan on resource exports and surges in world prices, the effectiveness of such monetary

policy in curbing inflation is limited. In 2015 and 2020, during economic downturns and times of strong depreciation, the National Bank had to raise the base rate to limit the depreciation of the tenge.

The impact effectiveness the inflation targeting regime on inflation is currently weakened due to series of structural factors. The channels of monetary transmission are limited by the high dependence of domestic prices on world prices, as well as the prices of imported goods. It is also limited by the dollarization of the Kazakhstan economy with insufficient development of the financial market and relatively mild fiscal constraints.

In economic theory, various alternatives of inflation targeting are considered. To illustrate, targeting of the internal inflation indicator or multi-factorial (hybrid) targeting. These forms are essentially transitional forms (*lite*¹⁰³) on the way to “**full-fledged inflation targeting**” mode which allow for sovereign monetary policy in conditions of structural constraints and imbalances in the economy. A similar transformation has taken place in many countries that have adopted an inflation targeting regime (such as New Zealand and Czech Republic).

Targeting the internal inflation indicator involves a transition from the consumer price index to an alternative indicator reflecting the growth of domestic costs, which are least affected by direct external shocks (**domestically generated inflation**). One of the most common indicators of this type is core inflation, which characterizes as the most stable component. It is typically measured using the core consumer price index, which excludes price changes for individual goods and services affected by factors of administrative and seasonal nature.

However, due to the high share of imports in the consumption of non-food products, the core inflation index

¹⁰³ Mark R. Stone, Inflation Targeting Lite. IMF Working Paper, WP/03/12.

in Kazakhstan will also be strongly influenced by fluctuations in the exchange rate. This, in turn, may impact the effectiveness of the National Bank's policy. Under these circumstances, high interest rates alone do not provide sufficient conditions for the stability of the national currency and may even deter import substitution.

It is worth mentioning that under current conditions, changing the target indicator from general inflation to core or domestic inflation will not address the aforementioned economic issues, nor will it resolve the specific challenges in Kazakhstan's monetary policy.

A multifactorial (hybrid) targeting regime, given its wide range of economic implications, requires the National Bank to monitor and exert direct or indirect influence on the subsequent indicators, besides inflation, which include sharp fluctuations in the national currency exchange rate, indicators of conditions in the consumer and employment markets, asset values, and other relevant indicators.

Some economies that focus on exporting raw materials, may experience instability in their national currency's exchange rate making it prone to exogenous shocks. A dramatic weakening of the currency might provoke an acceleration in inflation and increase inflation expectations. At the same time, the impact of exchange rate shocks on inflation expectations is not symmetrical. When depreciation of the national currency takes place, inflation expectations grow stronger. However, during currency appreciation of the same scale, they decrease weaker. Therefore, high volatility of the exchange rate can lead to a steady increase in inflation undermining both the price and the investment targets of economic participants.

Structural imbalances are caused by the high share of the resource sector in the revenues of the national budget and its impact on the current account of the balance of payments. Until these imbalances are addressed, the most appropriate

intermediate regime of the National Bank's monetary policy seems to be a combination of inflation targeting and smoothing exchange rate fluctuations especially when adjustments to the base rate have insufficient or no impact on exchange rate dynamics.

The multifactorial nature of decision-making can lead to uncertain expectations and discourage an overreliance on single data points in the decision-making process. Smoothing out sharp currency fluctuations through interventions can help to suppress devaluation expectations and reduce the costs associated with currency risks. This, in turn, can contribute to the de-dollarization of the economy of Kazakhstan.

4) Social support of the state

Social support plays a crucial role in reducing income inequality in society. It aims to meet the basic needs of the less advantaged segments of the population and to create conditions for a decent life for all citizens.

Well-planned and effective social programs can contribute to a more even distribution of income, reducing the gap between rich and poor and promoting social justice. However, the effectiveness of these programs depends on many factors, such as adequate funding, balanced design, and honest and transparent management.

Kazakhstan employs many existing international methods to ensure the well-being of its population. Social support in the form of benefits, especially for large families, is an important source of income for Kazakhstan's households.

The system of child and maternal benefits includes a wide range of payments, some of which are based on population categories, while others are means-tested (depending on income level). Social support for children and families encompasses 6 types of assistance paid from the republican budget and 2 types paid from the State Social Insurance Fund. In addition, working women receive subsidized mandatory

pension contributions during their child-care leave for up to one year.

The expenditures of the Kazakhstan budget system on social policy are growing annually. The increase in expenses is primarily attributable to the increase in pension payments (pension costs account for the largest share of budget expenditures).

Despite the high risks of poverty of children and families with children in Kazakhstan, the share of spending on their social care remains relatively small.

Social benefits are calculated on the basis of a monthly calculation index and the minimum wage, depending on the type of benefit.

Upon assessed the adequacy of various social benefits and comparing them with several thresholds of well-being, it can be concluded that benefits are not sufficient to ensure a decent living standard for families.

A one-time child benefit amounts to a cash payment of three to five subsistence minimum and about half of the average salary in the country. Benefits for raising a disabled child amounts to over 80% of the minimum wage, but compensates for only 18% of the average earnings potentially received by a parent. The monthly child care allowance up to 1.5 years old ranges from 49% to 76% of the subsistence minimum, but compensates for only 7-10% of the average salary in the country (*Table 3*).

Table 3.

Analysis of the adequacy of social benefits for families with children

Number of children	1-3	4	1	2	3	4	-
	One-time state allowance for the birth of a child		Monthly child care allowance up to the age of 1.5 years				Benefit paid to parents, guardians, raising disabled children
Subsistence minimum (SM)	323,2	535,8	49	57,9	66,8	75,7	140
Relative poverty (40% of SM)	807,9	1339,5	122,5	144,8	166,9	189,2	350
Minimum wage	187,3	310,5	28,4	33,6	38,7	43,9	81,1
Number of children	1-3	4	1	2	3	4	-
Average nominal wage	42,6	70,6	6,5	7,6	8,8	10,0	18,4

Source: Calculated according to the data of BNS of the Republic of Kazakhstan.

While these benefits officially meet the state-defined needs, it remains unclear whether they are sufficient to cover the additional expenditures related to children.

Data on household income expenditure show that the main expenditure item for families is food costs (over 50%). It brings about the fact that families spend their income only on basic needs, with only a small portion of family budget remaining for investments in children.

Therefore, there is a persistent demand to expand the support system and increase the efficiency of social benefit distribution. Increasing the amount of the benefits would undoubtedly require a considerable raise of state spendings and could potentially reduce access to these resources for non-poor families.

At the same time, according to international experience, targeting social programs can lead to so-called inclusion and exclusion errors, high administrative costs, and in some cases, a decrease of motivation to find employment and improve one's standard of living.

As a result, striking an optimal balance between targeted need-based support for the poor and programs designed for certain categories of citizens is a key task in combating inequality.

5) Human capital development

Kazakhstan continues to use an extensive type of economic growth, which largely depends on income generated from exporting raw materials, rather than actively developing technology and human potential. This approach has some limitations and risks, as it is heavily influenced by the global economic environment.

Intensive type of economic growth is driven by increased labor productivity in all sectors of the economy, fueled by improvements in the quality of human capital and proprietary technologies. Only this type of economic growth is the most optimal way to advance the country to a new stage of development and improve the level and quality of people's lives.

An economic development strategy should be based on human capital with a long investment horizon and results.

The objective of strengthening the link between education, the real sector of the economy, and its actual needs is of utmost importance.

According to expert estimates, almost 80% of the total staffing needs are blue-collar workers (51%) and unqualified workers (27%). The demand for specialists with higher education stands at only 22%.

It is necessary to focus on the development of vocational colleges and the training of skilled workers. Furthermore, implementing a system of early career orientation is essential.

Besides, it is critical to prioritize the quality of education over quantity and stimulate the economy to create new high-performance workers.

6) Foreign economic cooperation

Based on observed trends in key areas of Kazakhstan's foreign economic cooperation, a medium-term forecast can be made regarding the main areas of foreign economic activity.

Foreign trade in goods. The geography of foreign economic activity will further be diversified with a progressive increase in the share of Asian countries as trading partners, notably China, India, Türkiye and South Korea. The role of the Central Asian countries as Kazakhstan's foreign trade partners will also intensify.

The role of the EAEU countries will be stable with small fluctuations coming from the current price situation of Kazakhstan's export. Kazakhstan's market share in trade turnover will tend to increase slightly.

Foreign trade in services. Changes in this area will mirror those in goods trade. At the same time, the greater importance of territorial connectivity with partners will make the role of the states bordering Kazakhstan even more prominent in terms of trade in services, particularly in transport services and travel.

Investment cooperation. Most developed countries have been reducing their investment volumes in Kazakhstan's projects which led to weakened positions of these countries in the global economy. This weakening is not offset by an increase in investments from Asian states. It is largely attributed to the exhaustion of development possibilities in

Kazakhstan's largest oil fields, which were the main centers for attracting foreign investment.

The completion of the main phases of development in Kazakhstan's extractive industries has led to a decline and stagnation in both the inflow of foreign investment and the volume of accumulated investments over the past decade. Currently, there are no new projects in the extractive sector comparable in scale with Tengiz, Kashagan, or Karachaganak. Therefore, attracting major investments is possible only by launching large-scale productions in non-resource industries with the participation of foreign capital.

The state of the largest oil projects will determine Kazakhstan's international investment cooperation landscape over the next ten years. Any expansion or development measures related to these projects, such as the development of alternative oil delivery routes, will likely be accompanied by an influx of investments. Otherwise, the oil sector may not be a driver of foreign capital inflows in the long term. Moreover, in the 2023 Address, the Head of State instructed to expand the area of geological and geophysical exploration to at least 2.2 million square kilometers by 2026. Developing deposits of rare and rare-earth metals should be one of the priority tasks.

7) Low-carbon development

The government of the Republic of Kazakhstan plans to enlarge the share of renewable energy sources (RES) and alternative electricity to 50% of total electricity generation by 2050. But the forecast of IHS Markit appears more realistic, projecting that the share of RES in Kazakhstan will reach only 20% by 2050. This is caused by the instability of RES, difficulties of integrating them into the energy system, availability of the supply chain and costs, as well as the upcoming commissioning of nuclear power plants in the mid-2030s.

Relative to GDP, “green” investments will require a similar share in the total volume of investments as currently accounted for the mining and metallurgical complex. According to calculations, net investments in low-carbon technologies are estimated at \$610.0 USD, which is 19.6% of gross fixed capital formation. These investments promote low-carbon development and carbon neutrality in all areas.¹⁰⁴

Currently, investors are increasingly showing interest in socially responsible business, preferring to form “green” investment portfolios. The introduction of green instruments helps combat environmental and social problems more effectively. Compared to other Central Asian countries, Kazakhstan has more developed infrastructure in the field of Environmental, Social, and Governance (ESG) financing. Green financing is not just a trend today, but the main driver of demand for investments. Noteworthy, the development of green instruments and green financing infrastructure plays a major role in the transition to sustainable development, support for the social sphere, and pursuit of low-carbon development.¹⁰⁵

In Kazakhstan, **green bonds** debuted in August 2020, when the first debt securities were issued in the trading system of the stock exchange of the Astana International Financial Center (AIFC). The AIFC rules on green bonds, developed under the guidance of Climate Bond Initiative (CBI) experts, regulate this financial instrument in the Kazakhstan’s market. They are based on the Green Bond Principles, as well as on the Climate Bond Standard. This instrument and its underlying criteria and principles are unique to the CIS countries.¹⁰⁶ In this initial issuance of green bonds, the Damu Fund attracted investments in the amount of about \$500 USD.

On top of that, **new financial instruments**, such as various certificates, carbon credits and offset units, should also be introduced. The legal environment has already been formed for this purpose. Namely, a new Environmental Code has been

adopted, as well as rules for registering the issuance of green bonds have been developed and implemented.

These rules require issuers to disclose information on their compliance with the principles of green financing.

In the field of production, plans to achieve carbon neutrality will be facilitated by the **development of the gas industry**, apart from RES. The industry plays a pivotal role in the social and economic well-being of the country's population. It is planned that approximately 25-30% of electricity generation should be gas-powered amounting to 33 billion kWh by 2030. It is important to note that the use of gas is an intermediate and transitional stage on the path to complete decarbonization of the economy.

Another approach is associated with the development of hydrogen industry and hydrogen energy. The feasibility of implementing large-scale projects related to green hydrogen is still being studied in Kazakhstan. Currently, the country has the capacity to produce up to 1 million tons of hydrogen annually using the electrolysis method at existing power plants (7 GW) without disrupting their main activities. The first domestic Competence Center for Hydrogen Energy was established in the country in 2022 for the further development of this area. Also, the Laboratory for studying hydrogen technologies was launched. However, bringing this ambitious goal to life will require enormous efforts from the government, and business, the scientific community.

Chapter four

TRENDS IN KAZAKHSTAN'S FOREIGN POLICY: PRIORITIES, CHALLENGES, TASKS*

*4.1. The transformation of international relations and the world order in the age of turbulence***

The state of international relations in the third decade of the 21st century testifies to the acceleration of transformation processes. Over the next decade, the formation of the post-Yalta world order will continue with its contours becoming increasingly precise.

The shift of the world's economic center of gravity towards Asia and the Indo-Pacific region, strategic rivalry between the

* Data for writing the present chapter were obtained during the expert survey "Trends and their impact on Kazakhstan 2023-2033" conducted by the KazISS under the President of the Republic of Kazakhstan in the period from January 5 to January 25, 2023. Sample size: 151 experts from 14 countries, including Kazakhstan, Russia, the USA, Türkiye, Central Asian and European countries.

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West and China, technological and digital revolution are key trends that will determine global development in the medium term.

This process is accompanied by increased turbulence and geopolitical uncertainty driven by the rise of contradictions and disengagement between global actors. The rivalry among global powers teetering on the brink of conflict, is once again becoming a distinctive feature of the international system with far-reaching consequences for the stability of the existing security system and the global economy.

The starting point of the new post-Yalta reality was the fault line, that dates back to the Kosovo War of 1999, continued with Russia's annexation of Crimea in 2014 and the Russian-Ukrainian armed conflict that broke out in 2022. The world community has yet to assess all the consequences of this conflict, but it is already clear today that it will cause tectonic shifts in the architecture of international security.

An essential sign of geopolitical turbulence is the **breakdown of the strategic stability system**, which largely ensured international security after World War II. During the Cold War, the global balance of power was based on military and political parity and the mutual assured destruction of the two superpowers. After the collapse of the USSR, however, strategic stability, understood as the absence of war between global powers, was based on transparency and predictability. One of the most crucial components of strategic stability that emerged from Soviet-American, and later Russian-American, cooperation on nuclear nonproliferation and disarmament is the international arms control system.

However, the escalation of the military-political confrontation between Russia and the West inevitably accelerates **the loss of arms control in its current form**.

After the denunciation of the Intermediate-Range Nuclear Forces of 1987, the last of the remaining bilateral Soviet/Russian-American arms control agreements is the Treaty

between the Russian Federation and the United States of America on Measures for Further Reduction and Limitation of Strategic Offensive Arms (New START). Nonetheless, the treaty has become a casualty of the Russian-Ukrainian armed conflict, with mutual accusations by Washington and Moscow of non-compliance with New START obligations leading to the suspension of Russia's participation in the treaty. Under the present conditions, disarmament and arms control have lost the status of a foreign policy priority for global powers. Therefore, any initiatives in this area will be blocked. In the meantime, the prospects for the Comprehensive Nuclear-Test-Ban Treaty entering into force have become completely illusory.

As a result, returning to the condition of “confrontation between the great powers” increases the likelihood of crisis escalation, while the rejection of existing control regimes provokes a new arms race.

Moscow's decision to permanently deploy tactical nuclear weapons (TNWs) on the territory of Belarus increases the probability of symmetrical retaliatory steps of the North Atlantic Treaty Organization (NATO), such as the deployment of TNWs on the territory of Poland or other Eastern European countries. The risk of accidental, unauthorized, or unintentional use of TNWs grows, especially due to the absence of any consultation mechanisms and information exchange channels.

At the same time, it seems unlikely that in the current conditions global powers will resume an uncontrolled full-scale arms race reminiscent of the Cold War.

The existing arsenal of strategic and tactical weapons held by the United States and Russia makes it possible to ensure mutual parity making further nuclear buildup largely pointless. The implementation of the already announced plans for nuclear forces modernization will impose substantial costs on both countries. Moreover, in the medium term, the

renewal of the contractual legal framework, that ensured strategic parity, may intensify research activities and testing aimed at achieving qualitative superiority in nuclear missile technologies not only in the United States and Russia, but also in China.

In the context of political distrust among global powers and the absence of regulations governing innovative offensive weapons systems, high-precision long-range weapons and hypersonic weapons will likely develop rapidly. It will relate to both nuclear and conventional equipment, as well as autonomous lethal weapons systems. With regards to declining prospects for achieving long-term acceptable compromises among global powers, the threats of militarization of the cybersphere and space will increase. In turn, efforts to build up military power may involve all key regional powers with appropriate military, technical, and economic capabilities. These powers include India, Pakistan, Japan, Türkiye, Iran, Saudi Arabia, and other states. The diplomatic process on the denuclearization of the Korean peninsula will be gradually curtailed, and Pyongyang will continue to enhance its nuclear missile potential. Attempts to reach a new agreement on Iran's nuclear program are also likely to fail if undertaken at all leading to continued tension in the Middle East.

Anyway, the international relations system will eventually overcome turbulence and return to an ordered state, although it is difficult to predict whether this will happen in the next decade. After the transformation of the world order, strategic stability will once again become the main attribute of international relations, albeit with an updated composition of participants and in a modified format.

In the foreseeable future, nuclear weapons will remain essential on the world stage as the main instrument of deterrence. Meantime, global powers will come to realize that arms control is an indispensable element of strengthening the architecture of international security.

Moreover, it is the process of restoring traditional arms control regimes and creating new ones that can help rebuild trust and normalize relations between them, as it is an essential part of the security dialogue between global powers. It is a different matter that attempts to make negotiations on a strategic arms control system multilateral will likely be rejected, primarily by China.

In any case, choosing positive diplomatic approaches will allow to establish a mutual strategic dialogue transparently and constructively. Yet, building a new system will take a long time. In fact, global powers will find themselves in the 1960s positions, when the framework of arms control was just beginning to take shape. But this time, the task will be more arduous and demanding due to the greater number of the participants and the broader scope of the negotiations.

In turn, Kazakhstan will remain committed to an active policy in the field of nuclear disarmament, non-proliferation and arms control. To counteract the emerging challenges to international peace and security, Astana will continue to initiate new initiatives aimed at reducing the nuclear threat and advancing towards a world free of nuclear weapons. If necessary, Kazakhstan can act as a platform for negotiations on a new arms control architecture.

In the upcoming period, **the United States of America (USA, the U.S.)** will uphold its role as the leading economic and military power in the world, despite the growing competition from other countries.

During the current decade, the U.S. will have to make a choice regarding the future format of its political and economic presence in Asia, including Central Asia. In the years to come, the principal foreign policy activity and substantial financial resources of the U.S. will be directed to systemic rivalry with China, the political crisis in relations between the West and Russia, and the recovery of post-war Ukraine, which is preparing to join the European Union (EU) and NATO.

The policy of containing Russia and China, the closest neighbors of Central Asia, is prompting Washington to pay closer attention to the C5+1 platform. It appears that a new stage in the activity of this platform will be associated with the tasks of its further institutionalization.

A key factor in the geopolitical competition for influence in Central Asia will be the trend towards the consolidation of the West and a closer level of positions coordination in the international arena of the US and **the EU**. This stems from the well-established transatlantic partnership and the proximity of values.¹⁰⁷

In the medium term, the dynamics and intensity of EU-Kazakhstan cooperation will acquire new features, and the EU's interest in Kazakhstan and Central Asia will likely strengthen.

Firstly, the EU's political and economic presence in Central Asia will help balance the growing influence of Russia and China in the region. This prospect has real ground, since the EU's relatively moderate position makes it a more acceptable geopolitical player and trade and economic partner for various parties. Furthermore, the consolidation of the EU in Central Asia aligns with the notion of strengthening the global role and independence of the European Union as discussed in the context of EU strategic autonomy¹⁰⁸, which has been supported by Brussels.

Secondly, Brussels is interested in access to Kazakhstan's raw materials and energy resources, which is important for reducing the EU's dependence on Russian supplies. In the future, this will ensure the maintenance or even acceleration of EU investments in the relevant sectors of the Kazakhstan

¹⁰⁷ Munich Security Report 2023 | Re.vision | Zusammenfassung (securityconference.org).

¹⁰⁸ Niklas Helwig. EU strategic autonomy. A reality check for Europe's global agenda. FIIA, Working paper. #119. October 2020. Retrieved at: https://www.fiaa.fi/wp-content/uploads/2020/10/wp119_statigic_autonomy-2/pdf

economy.¹⁰⁹ Consequently, the EU will continue to be Kazakhstan's leading trade and investment partner.

Thirdly, EU-China trade relations will remain one of the drivers of the global economy in the medium term. The interests of China and the EU in the development of the transport network in Central Asia largely coincide, and Brussels is interested in increasing transport and logistics cooperation with both Beijing and Astana.¹¹⁰

At the same time, China's ambitious projects within the framework of the Belt and Road infrastructure and investment initiative have become the subject of debate and concern in the EU.¹¹¹ In this regard, Brussels is to reconsider its policy towards China¹¹² and exploring new opportunities in the markets of the Indo-Pacific region.¹¹³

Within the framework of this strategy, the Global Gateway project proposed by the EU will become one of the important areas for multilateral cooperation. The present initiative, often considered as a response to the Chinese Belt and Road initiative, is designed to combine all available EU tools and resources in promoting infrastructure projects in Kazakhstan under the auspices of Brussels.¹¹⁴

¹⁰⁹ On November 8, 2022, Kazakhstan and the EU have signed a memorandum of understanding and strategic partnership in the field of sustainable raw materials, batteries and value chains of green hydrogen. Retrieved at: https://single-market-economy.ec.europa.eu/system/files/2022-11/eu-kaz-mou-signed_en.pdf.

¹¹⁰ The EBRD is exploring sustainable transport links between Central Asia and Europe (ebrd.com).

¹¹¹ Christina Lu. China's Checkbook Diplomacy Has Bounced. February 21, 2023. Retrieved at: <https://foreignpolicy.com/2023/02/21/china-debt-diplomacy-belt-and-road-initiative-economy-infrastructure-development/>

¹¹² Stuart Lau, Suzanne Lynch and Jacopo Barigazzi. EU rings alarm bell on China – but isn't sure how to respond. October 21, 2022. Retrieved at: <https://www.politico.eu/article/after-russia-debacle-eu-leaders-grow-wary-of-china-xi-jinping/>

¹¹³ Josep Borrell. EU and the Asia-Pacific Region: Time to run together. August 8, 2022. Retrieved at: https://www.eeas.europa.eu/eeas/eu-and-asia-pacific-region-time-run-together_en

¹¹⁴ Eremina N. The EU Strategy in Central Asia: forecast for 2022. Retrieved at: <https://eurasia.expert/strategiya-es-v-tsentralnoy-azii-prognoz-na-2022/>.

Fourthly, in 2020, the Enhanced Partnership and Cooperation Agreement (EPCA) of the European Union and Kazakhstan entered into force.¹¹⁵ This document is the foundation for the EU and its member states' cooperation with Kazakhstan to enter a new, more developed stage. It particularly emphasizes key areas such as trade and investment promotion, justice and internal affairs, economic and financial cooperation, energy and transport, environment and climate change, employment and social policy, culture, scientific and research activity.

Fifthly, the EU's desire to conform to its image of "normative power" has played a significant role in shaping Brussels' foreign policy strategy. Extending the concept of "normative power" to candidate countries, neighboring countries and countries with which European diplomacy conducts dialogue is one of the primary goals of the Common Foreign and Security Policy of the EU. The EU will build its foreign policy strategy in relation to Kazakhstan while taking into account European values.¹¹⁶

In the medium term, the cooperation between the EU and Kazakhstan will depend on the complex interaction of factors that will determine the opportunities and challenges for such cooperation, as well as the level and scope of cooperation in the future.

The new global reality will continue with the strengthening of **China's** international profile. The country will defend its national interests more firmly and test the limits of US capabilities more actively than before.

In October 2022, Xi Jinping, the current head of the People's Republic of China, was re-elected General Secretary of the CPC Central Committee for the third time. In March 2023, he was handed a next five-year term as the president of China,

¹¹⁵ Enhanced Partnership and Cooperation Agreement between the European Union and the Republic of Kazakhstan (europa.eu).

¹¹⁶ Juraev E., Muratalieva N. The EU Strategy in Central Asia. Towards the successful implementation of the new strategy. – <https://library.fes.de/pdf-files/bueros/bischkek/16168.pdf>

ensuring continuity in the country's domestic and foreign policy.

The Chinese leadership considers the great renaissance of the Chinese nation as its historical mission and the most important goal. Consistently adhering to the ideological line for the preservation and development of Chinese-specific socialism, China is formulating large-scale tasks to modernize the country's economy and strengthen the state, including the armed forces of the country. The XX Congress of the CPC, held in October 2022, reinforced the trend towards a profound change in the political system of the PRC and the country's definitive entry into a new era.¹¹⁷ The speeches of the country's leaders firmly declared that the PRC is turning into a "powerful state" that stands for peace and is ready to protect the interests of those who need help.

China's efforts will be directed towards strengthening the navy and becoming the largest maritime power. Increasing political influence and "maritime capabilities", as it seems, will help China strive for leading position in adjacent water areas and gradually expand its network of naval facilities in the Asia Pacific region (APR).

The desire of countries in the region to assert their jurisdiction over disputed offshore territories will contribute to the growth of regional tensions, involving other global powers. These contradictions are likely to escalate potentially leading to a forceful vector of development.

The United States will continue to be China's main partner and antagonist in the coming years. China is interested in reducing the "US factor" in the region's most important to it (the APR, Central and Southeast Asia). In this context, the growing tension between the United States and China over the issue of Taiwan's status and related concerns about the war in the Taiwan Strait is becoming more pronounced.

¹¹⁷ The full text of the report to the 20th National Congress of the Communist Party of China. https://www.fmprc.gov.cn/rus/zxxx/202210/t20221026_10792071.html.

But no matter how strong the confrontation, direct armed conflict is unlikely for a decade. At the same time, China will strive to achieve a result in which Taiwan will lose much of its political independence and will depend on Beijing in a number of ways, unless it does not “return to the motherland”.

China will continue to increase its presence in Africa, leveraging the reciprocal interest of the continent's countries in large-scale investments and infrastructure projects. China's efforts to strengthen political and economic ties with the countries of Central and South America will gain new momentum.

In the coming decade, the trend towards China's transformation into a global geopolitical and ideological power will become more pronounced. It is of great importance for China not only to occupy the position of the main investor in the world, especially in the Global South, but also to present an alternative project of civilizational development. China proposes a doctrine that rejects universal, liberal values, in favor of a diversity of governance models, each unique in its own way. In this sense, China is trying to diversify the rules governing the formation of the new world order offering its own vision of history, meanings and intellectual processes. Thus, in a changing world, China is becoming the main subject of change, including in the field of ideas.¹¹⁸

Under the conditions of Western sanctions, **Russia** will have to explore new opportunities for economic development in the international arena. Moscow is currently actively revising its foreign policy strategy towards the West and shifting the center of economic activity towards the countries of Asia, Africa, and Latin America. The new dynamics of regional processes are driven by Russia's announced turn to the East and South.

¹¹⁸ Chinese thinkers debate their country's future. Davis Ownby. *Le Monde diplomatique*. January, 2023.

Amid the intensifying American-Chinese rivalry, the deterioration of Russia's relations with the United States is fueling the strengthening of the strategic partnership between Russia and China.

However, this partnership will have its limits, determined by China's interests in the military, political and economic spheres.¹¹⁹ The decisive factors influencing Beijing's position may include followings: the parameters of trade and investment cooperation with the countries of the collective West, preferential conditions for Chinese business in Russia, China's interest in Russian raw materials, the joint power projection of the PRC and the Russian Federation in the World Ocean, the internal situation in China itself. The critical issues for Moscow regarding the strategic partnership with Beijing will be the maintenance of its economic security and stability in the face of China's growing economic expansion. The divergence of interests between Russia and China may also affect Central Asia, which holds geographical and strategic value for both sides.¹²⁰

Russia and China are united by a common desire to form a multipolar world and revise the West-centered models and institutions of the international system. This is evident, among other things, in their attitude to the policies of Western countries in Kazakhstan. The West is concerned that under the new geopolitical conditions, providing Russia with political support and opportunities to circumvent sanctions will enable China to penetrate more deeply into sectors of the Russian economy and the military-industrial complex. Previously, in these sectors, China faced restrictions from the Kremlin. Hence, according to expert estimates, the PRC could become the dominant external partner of Russia in the field of

¹¹⁹Russland-Analysen. Russland-China. #428, 12.12.2022. Retrived at: <https://laender-analysen.de/russland-analysen/428/russlands-aussenhandel-vor-und-nach-der-invasion/>

¹²⁰ Perovic J., Zogg B. Russland und China: Potential der Partnerschaft. Retrieved at: https://www.researchgate.net/publication/337211617_Russland_und_China_Potenzial_der_Partnerschaft

military-technical cooperation. Moreover, advanced military technologies, that are jointly developed and transferred to the Russian Federation, will considerably strengthen China's military potential.¹²¹

If the Russian-Ukrainian armed conflict drags on for a prolonged period, depleting Russia's significant resources for conducting military operations, the country's geopolitical and economic opportunities might shrink considerably both global and regional dimensions for an indefinite period.

Russia will remain Kazakhstan's closest strategic partner in the foreseeable future. The two countries share a 7,500 km border, which creates mutual dependence in the field of security.

The Russian economy will retain the importance of a market convenient for Kazakhstan in terms of capacity, accessibility, solvency, and logistics (taking into account participation in the Eurasian Economic Union (EAEU)). It will also continue to be a leading economic partner, supplying a wide range of goods from food to high value-added goods.

Both countries have rich reserves of natural resources, including: oil, gas, coal, uranium, gold, and other raw materials. These resources are the cornerstone for the development of cooperative ties in various sectors of the economy.

The trend in cooperation between Kazakhstan and Russia within the framework of regional cooperation and security structures will continue. In the coming decade, the two countries will have a lot of work on reforming and adapting to the new realities of the Commonwealth of Independent States (CIS), the EAEU, and the Collective Security Treaty Organization (CSTO).

The role of Kazakhstan in Russian politics will grow, as it serves as a link between Central Asia and the regions from

¹²¹ Gorenburg D., Schwartz P., Weidelich B., Wishnick E. Russian-Chinese Military Cooperation. An Increasingly Unequal Partnership. Retrieved at: <https://www.cna.org/reports/2023/05/russian-chinese-military-cooperation>

which potential cross-border challenges and risks may originate.

The risks for Kazakhstan include the consequences of the Russian-Western and American-Chinese confrontation. These will affect the spheres of Kazakhstan's foreign relations, which may be impacted by Western sanctions against the Russian Federation and the People's Republic of China. It will influence the implementation of the country's multivector foreign policy.

India will remain Russia's another key partner in building a multipolar world. In terms of GDP, India is the fifth largest economy in the world. India is predicted to become the second-largest economy in the world in the second half of this century.¹²² India's economy is expected to grow by 6% in 2023, compared with 5.4% growth in China, while the global economy is projected to grow by only 2.7%.¹²³ At the same time, India's population has already surpassed that of China. In short, India's fast-growing economy and huge demographic advantages signal the world about the increased global influence of this country. This is evident in India hosting major summits this year, including the Voice of Global South, the G20, and the SCO.

Today, New Delhi is less inclined to support the anti-Russian sanctions imposed by the United States and the European Union. However, India's caution towards China is unlikely to change significantly. India will further seek close cooperation with the United States and its regional partners in Asia on a number of issues, viewing this as a means of containing China's influence.

¹²² CNBC: India will become the second largest economy in the world after China by 2075 / TASS, July 10, 2023

¹²³ Jihye Lee. India predicted to outshine China as Asia remains a bright spot for global growth June 8, 2023. <https://www.cnbc.com/2023/06/09/oecd-global-forecast-nomura-asia.html>.

There are a number of factors that can influence the strengthening of India's policy towards Kazakhstan in the medium term.

First, the emergence of a new political reality in Afghanistan will lead New Delhi to adjust its regional policy in response to ongoing changes and other players' strategies to address emerging issues.

Second, it should be noted that the balance of power and interests between Russia, China and the West in Central Asia has been changing for three decades. India seeks to avoid conflict with China in Central Asia, but it will not remain passive as Chinese presence expands.

Today, New Delhi is actively involved in developing transport infrastructure in the region, including the International North–South Transport Corridor. On the practical level, India will continue to work on strengthening existing transport routes from Russia and Central Asia towards India and develop new ones.

Third, India's engagement in the Shanghai Cooperation Organization (SCO) and interest in cooperation with the EAEU should be considered as part of measures aimed at creating additional mechanisms to stimulate trade and investment ties and strengthen cooperation among the participating countries in economics, security and regional stability.

A new impetus in this direction will be given to India's policy of expanded participation in the economy and politics of Kazakhstan. The policy was affirmed in the Delhi Declaration adopted in 2022, which focuses on institutionalizing cooperation between India and Kazakhstan at the regional level.

India will continue to enhance its ties with Russia, while also strengthening dialogue with the collective West and joining various regional alliances to counterbalance China. For this reason, structures like the SCO and BRICS, which include Russia, India, and China, are not expected to seriously

challenge the West. The success of their activities will not be largely attributed by geopolitical and military decisions.

Japan, South Korea, Pakistan, Iran, Türkiye, and leading Arab countries actively participate in the contradictory interplay of rivalry and cooperation among international actors in Central Asia amidst weakening global security institutions, this group of countries is pursuing a more assertive foreign policy in the international arena. In the coming years, Japan and South Korea are unlikely to significantly change their international policies due to their long-term partnership with the United States. Similarly, Pakistan's strategic guidelines will be determined by strengthening military-political cooperation with China and contradictions with neighboring India as Islamabad takes a more active role in the Muslim world. In the light of the impending changes, the focus will shift towards the Middle Eastern countries, situated at the intersections of world and regional power interests.

One such point is **Iran**. Its relations with Western countries have been deteriorated due to the stalemate in nuclear negotiations with the US and the EU's imposition of new sanctions on Iran for its military assistance to Russia.¹²⁴ The confrontation between Iran and Israel, aimed at halting the Iranian nuclear program, is becoming more acute.

To counterbalance Western sanctions, Iran is seeking further economic cooperation with Russia and China. In this context, Iran finally gained full membership in the SCO in the summer of 2023. Iran's policy of deepening ties with Russia and China along with their shared perspectives regarding the West, will contribute to Iran's more clear policy in Central Asia. Within the SCO framework, Iran aims to actively participate in developing international transport corridors (North-South) and contribute to stabilizing the situation in Afghanistan. On

¹²⁴ Natalia Drozdiak and Jorge Valero. EU to Impose More Sanctions on Iran for Military Aid to Russia. December 8, 2022. Retrieved at: <https://www.bloomberg.com/news/articles/2022-12-08/eu-to-impose-more-sanctions-on-iran-for-military-aid-to-russia?leadSource=uverify%2owall>.

a bilateral level, Iran seeks to engage regional countries in the Tehran dialogue to discuss regional and international issues in the Iran–Central Asia format.

Kazakhstan will continue its policy of strengthening cooperation with Iran in areas such as trade and economic ties, promotion of regional transport and energy projects, and a wide range of issues of cooperation in the Caspian Sea. However, the American sanctions keep exerting negative influence. Also, the sanctions will pose a serious obstacle to deepening cooperation at both bilateral and multilateral levels.

In international relations, **Türkiye** is gaining recognition as a state with growing regional capabilities, spanning from the South Caucasus and Central Asia to Eastern Europe. Türkiye's foreign policy demonstrates high dynamism and adaptability to a changing global landscape. As a member of NATO, Türkiye has established pragmatic cooperation with Russia within the framework of the Syria Peace Talks in Astana. Türkiye has effectively mediated between the parties in the Russian-Ukrainian armed conflict.

The extraordinary global attention focused on the presidential elections held in Türkiye in May 2023 underscores the country's transformation into an important global actor. The development of processes in several neighboring regions depends on the policy of Türkiye. The re-election of Recep Tayyip Erdoğan as President will likely ensure the continuation of Ankara's current foreign policy line in the foreseeable future. At the same time, the trend towards closer cooperation with the EU will remain a traditional component of Turkish policy, despite the lack of full support of this course from a number of European states. This policy has a substantial impact on Türkiye's foreign policy rhetoric.

In the medium term, Türkiye's role as an important foreign policy partner of Kazakhstan will continue to strengthen. Ankara's foreign policy in this direction has always been

consistent evolving from the Turkic-centric agenda of the early-mid 1990s to the consistent institutional integration of Turkic-speaking states within the framework of the Organization of Turkic States (OTS), the Parliamentary Assembly of Turkic States, and the International Turkic Academy, conducted over the past three decades.

Türkiye's foreign policy in Kazakhstan encompasses a wide range of tasks, ranging from economic, cultural and humanitarian and military-political collaborative relationship to strengthening security cooperation. From an economic perspective, the analysis of trade compatibility between Kazakhstan and Türkiye reveals complementarity, where the economic structures of the two countries complement, rather than compete with each other.¹²⁵

In the next decade, Central Asia is unlikely to see the emergence of new actors capable of significantly impacting Kazakhstan and regional processes. At the same time, the balance of power between the existing actors will change.

Some experts suggest that China's influence in the region will strengthen at the expense of Russia's declining influence. Russia's prospects in the region appear less promising due to its involvement in the military conflict with Ukraine and potential subsequent events that could weaken its future potential. China's ability to play a more active role in regional affairs and its long-term ambitions for Kazakhstan are likely to shape the Chinese-Russian relations.¹²⁶

Another scenario posits that Russia's shift in focus will not substantially affect the nature of Russian-Chinese relations. This is because Russia and China benefit more from mutual

¹²⁵ Nevzat Şimşek, HayalAyça Şimşekve Zhengjizkhan Zhanaltay. Trade Relations Between Turkey and Kazakhstan on the 25th Anniversary of Kazakhstan's Independence / Perceptions, Spring 2017, Vol. XXII, Number 1, pp. 7–28.

¹²⁶ Gaye Christoffersen. Central Asia over a Decade: The Shifting Balance in Central Asia between Russia and China. January-February 2023. Retrieved at: <https://theasanforum.org/central-asia-over-a-decade-the-shifting-balance-in-central-asia-between-russia-and-china/>.

cooperation than from direct competition, in the context of ideological confrontation with the EU and the US.

In the medium term, the continuing trend of interaction in the region will test the ability of global and regional powers to manage their disputes and turn the rhetoric of rivalry and confrontation into benefits of mutual cooperation.

The need to solve global problems, such as combating climate change, financial crises, epidemics, nuclear non-proliferation, and countering other transnational threats, has reinforced the international community's need to shift from geopolitical rivalry to cooperation.

Despite the weakening of the international security system, the importance of dialogue persists. Consequently, the growing tension in the world does not negate the very need to develop cooperation between global and regional powers in all possible areas.

The priority of cooperation over rivalry is clearly demonstrated by the situation in Afghanistan, the security and stability of which are of particular importance not only for Kazakhstan and other Central Asian countries, but also to global powers. This trend is likely to continue in the next decade, but at the same time, the powers are unlikely to involve themselves in Afghanistan's internal affairs or even take responsibility for the future of this country.

4.2. The changing role of international institutions and organizations

According to the KazISS expert survey conducted in January 2023, the decline of the international institutions' influence was highlighted as one of the main trends determining the course of world politics in the next decade. Out of 151 experts, 56 marked this trend among the top five factors with the most serious impact on Kazakhstan.

In the 2023-2033 timeframe, the role of international institutions and cooperation structures in Kazakhstan's foreign policy strategy will be determined **by a number of following global trends.**

Firstly, the **balance of power in international relations continues to change.** The international system of checks and balance with international organizations as its cornerstone, has entered a state of crisis.

Traditional international systems and individual institutions at the micro level are being undermined and disregarded not only by deviant countries, but also by countries that have traditionally been considered pillars of the organizational structure underpinning the international order.¹²⁷

Contradictions and conflicts arising from powers' competition hinder the activities of international institutions, making them less effective in solving emerging international and regional issues. This accelerates the undermining of their legitimacy, as well as the actual functioning of the mechanism established in the former geopolitical reality.

On the one hand, transcendence of national borders and the emergence of new major actors in international affairs should have become a factor in strengthening international institutions. On the other hand, the formula of the balance of power, checks and balances of the great powers, which underpinned these institutions, proved its universal insufficiency.¹²⁸ Previously, international institutions created the opportunities for effective prevention of great power rivalry in the diplomatic dimension¹²⁹ for small and medium powers. But as the global agenda became more complex,

¹²⁷ Ikenberry, G. J. (2018). The end of liberal international order?. *International Affairs*, 94(1), 7-23.

¹²⁸ Sebastian Galiani & Ivan Torre & Gustavo Torrens, 2015. «International Organizations and Structural Reforms.» NBER Working Papers 21237, National Bureau of Economic Research, Inc.

¹²⁹ Fearon, J. D. (1995). Rationalist Explanations for War. *International Organization*, 49(3), 379-414. <http://www.jstor.org/stable/2706903>.

and contradictions of the great powers increased, these opportunities proved to be very limited.

Secondly, **the trend towards weakening of international institutions** and organizations continues due to the growth of ideological and value contradictions among their member states. While some experts point to a crisis of the current world order¹³⁰, their views on some causes of this process differ significantly. Some researchers highlight the inevitability of the “decline of liberal hegemony” as part of the historical process, while another part of the researchers attributes the cause to the external influence of illiberal regimes.¹³¹

Despite the growing competition among developing countries, ideological and value contradictions resulted in the fact that developed countries are unable to coordinate with each other at the international level.¹³² Nevertheless, many ideologically close great powers can find effective formats of interaction within the framework of various international organizations, primarily the United Nations. This is done to concentrate efforts on solving specific tasks during the voting on resolutions.¹³³

Against this background, the contribution of middle powers to the stability of international institutions is often underestimated. In reality, middle powers strive to maintain order during periods when international changes take place.¹³⁴ When middle powers find themselves in conflict with great powers, it often derives from the fact that the middle powers

¹³⁰ Peters, M. A. (2016). Challenges to the ‘world order’ of liberal internationalism: What can we learn?

¹³¹ Krastev, I., & Holmes, S. (2019). *The light that failed: A reckoning*. Penguin UK.

¹³² Diamond, L. (2021). Democratic regression in comparative perspective: scope, methods, and causes. *Democratization*, 28(1), 22–42.

¹³³ Analoui, F. (2009). «Reform in international institutions: the case of the United Nations», *Journal of Management Development*, Vol. 28 №. 6, pp. 495–503. <https://doi.org/10.1108/02621710910959657>

¹³⁴ Zhiyenbayev, M. (2023) *Widening the Scope: How Middle Powers are Changing Liberal Institutionalism: Monograph*. – Astana: Kazakhstan Institute for Strategic Studies under the President of the Republic of Kazakhstan, 2023. – 296 p.

are committed to uphold the principle that all powers, regardless of their size, should comply with accepted rules and behaviors.

Although such statements are intended to deter great powers, the latter often appeal to existing principles of the international order¹³⁵, such as human rights, multilateralism, democracy, economic liberalism, and the peaceful settlement of conflicts. Thus, they do not challenge the fundamental principles upon which the international order is built. The middle powers, seeking to constrain the hegemon from actions that contradict these norms, can be considered reformist at best, and certainly not radical with their maximum assertiveness.

The third factor is **the complexity of adaptation and internal changes**. One of the most fundamental reasons for the erosion of global institutions, established under the bipolar Yalta-Potsdam system, was the active technological development. Along with globalization, this has altered the international environment of cooperation, leading to the emergence of new dimensions of cooperation.¹³⁶

Given the rapidly changing reality, the level of global uncertainty is superimposed on the possibility of an exponential growth in the degree of confrontation between individual countries. Under these circumstances, existing institutionalized mechanisms are largely unable to adapt to new parameters of the external environment.

The fourth aspect is **the effect of scale and decline in efficiency**. International institutions and organizations, based on the principles of equality among their member states, are increasingly exposed to the difficulties in making both operational and strategic decisions. On the one hand, equality

¹³⁵ Kim, M.-h. (2019), «A real driver of US–China trade conflict: The Sino–US competition for global hegemony and its implications for the future», *International Trade, Politics and Development*, Vol. 3 №. 1, pp. 30–40. <https://doi.org/10.1108/IITPD-02-2019-003>.

¹³⁶ Keohane, Robert O., and Joseph S. Nye (1977) *Power and Interdependence: World Politics in Transition*. Boston: Little Brown.

and a consensus-oriented decision-making are critically important mechanisms for protecting the national interests of small and medium powers within international institutions and organizations.¹³⁷ On the other hand, regional institutions, that once proved their effectiveness and transformed into actual global ones, often stagnate in the development as they expand their membership.

This characteristic is equally inherent in both political and financial international institutions and organizations, which require long-lasting procedure of coordinating with all member states to make systemically significant decisions. This, in turn, leads to their inability to take prompt actions. Conversely, the slow pace of their processes cause dissatisfaction among other actors and participants of organizations, accelerating the devaluation of the subjectivity and authority of these organizations and formats.

Fifth, **the demand to reform international institutions is increasing today**. Over the coming decade, discussions on the reform of the United Nations, and in particular its central body, the UN Security Council, will intensify. Candidates for permanent membership in the UN Security Council include India, Germany, Japan, South Africa, Brazil, and others.

An alternative to the current composition of the UN Security Council is a council based on a more geographically equitable representation. It should also incorporate the leading countries of other continents (Africa and South America), as well as other regions (Middle East, South and Southeast Asia). The issue of ensuring broader representation of developing countries in global structures remains relevant.

In this context, a crucial question arises: is the possession of nuclear weapons necessary for membership in the UN Security Council? According to forecasts by the Atlantic Council several countries, including Iran (with a probability of

¹³⁷ Sunstein, C. R., Reisch, L. A., & Rauber, J. (2018). A worldwide consensus on nudging? Not quite, but almost. *Regulation & Governance*, 12(1), 3-22.

68%), Saudi Arabia (32%), South Korea (19%), Japan (14%) may become nuclear powers within the next ten years.¹³⁸ To illustrate, India, which became the world's most populous country in 2023, has a strong case for permanent membership in the Security Council. India is also one of the leaders of the Global South, an informal platform that unites dozens of countries across Asia, Africa, and Latin America.

In today's international landscape, the prospect of Kazakhstan's active participation in international institutions remains relevant. Over the past three decades, Kazakhstan, a mid-level state on the global stage, has initiated and participated in more institutionalized formats of interaction than any other country in the Eurasian space. This has enabled Kazakhstan to broadcast its own agenda and vision of global and regional problems with maximum efficiency and on a large scale, making Astana an important element in the balance of power.¹³⁹

This policy is set to continue over the next decade, and cooperation with international institutions playing an expanded role in the country's foreign policy.

In 2010, Kazakhstan became the first former Soviet state to chair the Organization for Security and Cooperation in Europe (OSCE). In 2017-2018, Kazakhstan served as a non-permanent member of the UN Security Council, and in 2022, it chaired the 12th WTO Ministerial Conference.

In the upcoming decade, Kazakhstan will persist to leverage the opportunities presented by international organizations, especially in activities related to the implementation of the Sustainable Development Goals. These Goals unite various

¹³⁸ Atlantic Council. *Global Foresight 2023*. By Mary Kate Aylward, Peter Engelke, Uri Friedman, and Paul Kielstra. <https://www.atlanticcouncil.org/in-depth-research-reports/report/welcome-to-2033/#nuclear> Atlantic Council. *Global Foresight 2023*. By Mary Kate Aylward, Peter Engelke, Uri Friedman, and Paul Kielstra.

¹³⁹ Iskander Akylbayev, and Brian Wang (2021). What Kazakhstan can teach about medium state diplomacy? *Foreign Policy*. [URL]: <https://foreignpolicy.com/2021/05/04/what-kazakhstan-can-teach-about-medium-state-diplomacy/>

countries in a common effort to achieve a more favorable and environmentally sustainable future.

Moreover, these universal goals align with the priorities of Kazakhstan's internal development and the socially oriented policies of President K. K. Tokayev. The experience that Kazakhstan gained in multilateral diplomacy makes it possible to defend the country's strategic interests in the international arena, as well as to ensure national security through a system of collective security. Undoubtedly, the latter is facing a crisis, but even in the current situation, the functioning of international security institutions is preferable to the "barbarization" of international relations and the state of "war of all against all".

In the context of the strengthening nuclear factor in world politics, Kazakhstan should pursue efforts to promote the global agenda of nuclear disarmament and the status of Central Asia as a nuclear-weapon-free zone. In the next decade, the promotion of Kazakhstan's peaceful initiatives on global nuclear disarmament can become one of the country's most significant diplomatic objectives within the framework of its participation in various international institutions and organizations.

Moreover, Kazakhstan will pursue a strategic course to enhance its position and participate in a wide range of international and regional organizations. The emphasis on international and regional organizations in the country's foreign policy is echoed in the initiative of the Head of State to establish the UN Regional Center for Sustainable Development Goals for Central Asia and Afghanistan in Almaty.¹⁴⁰ Regarding the systemic crisis of global governance, such efforts of Kazakhstan can facilitate the state's transformation into a new

¹⁴⁰ Kassym-Jomart Tokayev proposed the creation of the UN Regional Center for Sustainable Development Goals for Central Asia and Afghanistan in Almaty, speaking at the second meeting of the leaders of Central Asia and the European Union. Kapital. [URL]: <https://kapital.kz/gosudarstvo/116221/v-almaty-predlozhili-sozdat-tsentr-oon-dlya-podderzhki-naroda-afganistana.html>.

“point of gravity” of liberal institutionalism¹⁴¹. It is evidenced by the growing interest of international organizations in launching their regional offices with a mandate That extends beyond the Central Asian region to a broader geographical scope. For instance, the International Monetary Fund opened the IMF Regional Center for Capacity Development for the Countries of the Caucasus, Central Asia, and Mongolia¹⁴² in Almaty in June 2023.

If the current dynamics of regional and global processes are maintained, Kazakhstan has the potential to become the conceptual leader of institutionalized formats of multilateral cooperation in the emerging new world order.

Regional structures

While there is an erosion of international institutions at the global level, the opposite process is occurring at the regional level with the emergence of new regional political and economic blocs.

According to the researchers, this trend developed after the end of the Cold War with the introduction of the prism of bipolarity. In various regions of the world, states have begun to test new, more independent, and specific cooperation mechanisms (the African Union, the Association of South East Asian Nations (ASEAN) etc.); regional cooperation has gained new momentum; and regions have acquired greater autonomy from the forces forming the international system.¹⁴³

Proponents of the “new regionalism” concept began to consider the region not just as one of the levels of analysis,

¹⁴¹ Zhiyenbayev, M. (2023) Widening the Scope: How Middle Powers are Changing Liberal Institutionalism: Monograph. – Astana: Kazakhstan Institute for Strategic Studies under the President of the Republic of Kazakhstan, 2023. – 296 p.

¹⁴² On the opening of the IMF Regional center in Almaty. The National Bank of the Republic of Kazakhstan. [URL]: <https://www.nationalbank.kz/ru/news/informacionnyye-soobshcheniya/15496>.

¹⁴³ Barry Buzan and Ole Wæver, Regions and Powers: The Structure of International Security (Cambridge: Cambridge University Press, 2003).

but as an actor in international relations, emphasizing its subjectivity and participation in international processes.¹⁴⁴

The experts expanded the list of principles for the formation of the region. Previously, the nature of integration processes was explained by the creation of military alliances or economic communities. The “new regionalism” concept, however, includes economic, environmental, socio-political, cultural, and humanitarian aspects. In addition, it focuses on the processes taking place within the region, the causes and origins of regional consolidation, and the role of politics in shaping the region. From a poststructuralist perspective, the region is regarded as the one being formed within the framework of internal and external discourse. In other words, the importance of the desire to form a regional geopolitical identity is emphasized. This, on its own, can stem from ethnic or linguistic solidarity. It also can be formed within the framework of institutions and civil cooperation.¹⁴⁵

The evolution of theoretical approaches to regionalism demonstrates the need to search for new methods and approaches to the study of modern regional processes.

In light of Kazakhstan's geopolitical environment, the results of the KazISS expert survey also confirmed the trend towards regionalization. In other words, 56 out of 151 respondents noted that it has a decisive impact on Kazakhstan's foreign, domestic policy and economy in the next decade.

Moreover, Kazakhstan's participation in regional projects of different formats and compositions indirectly confirms the acceptability of a constructivist approach to regionalization processes, at least in Central Eurasia. This approach implies that the region should be considered as a social construct that can be perceived and interpreted by political actors in

¹⁴⁴ Björn Hettne, Fredrik Söderbaum. *Theorising the Rise of Regionness*. 2005. P. 548.

¹⁴⁵ Iver B. Neumann. *A Region-Building Approach to Northern Europe*. *Review of International Studies*, v. 20, n. 1, p. 53-74, 1994. <https://doi.org/10.1017/S0260210500117784>.

different ways. In this sense, there are no “naturally predefined” regions, so their borders may change over time.

The experts’ forecasts suggest that the following regional institutional formats and initiatives are expected to **increase their influence on Kazakhstan’s foreign policy** in the next 10 years:

- ◆ C5+China – 103 (out of 151);
- ◆ Organization of Turkic States (OTS) – 89;
- ◆ Consultative Meetings of Heads of Central Asian States – 79;
- ◆ C5+Russia – 70;
- ◆ Shanghai Cooperation Organization (SCO) – 59;
- ◆ the Eurasian Economic Union (EAEU) – 57.

As it can be seen from the survey results, a region-wide **Central Asian framework** is highlighted, which extends to relations with China, Türkiye, Russia, the US, and EU. Thus, as viewed by the international experts, Central Asia as a region is becoming the foundation upon which Kazakhstan’s interaction with external actors is built. Ten-year forecast show that “Central Asia will become a more integrated region, provided that Central Asians rely on internal resources, preventing any external players from driving a wedge between them.”¹⁴⁶

The prospects for the development of the **Organization of Turkic States (OTS)** are closely linked with the Central Asian component. About 59% of the surveyed experts from 15 countries predict the strengthening of this focus, while 30% expect the OTS to maintain its current position in Kazakhstan’s foreign policy priorities. Thus, the survey results indicate an optimistic assessment of the OTS’s development dynamics and its potential enhancement in Kazakhstan’s foreign policy.

¹⁴⁶ Speech of the Director of the Center for Strategic Studies under the President of the Republic of Tajikistan K.U. Usmonzodah at the expert forum “Central Asia – Russia: the agenda for joint development”, October 18, 2022, Astana.

The interaction among Turkic-speaking states within the OTS framework is strengthening. Therefore, the OTS can become a future platform for more expanded cooperation in various fields, involving other European and Asian countries in this process. One of the organization's pressing tasks in the coming years is to find internal growth incentives, as well as effective forms of cooperation with neighboring Tajikistan and Mongolia.

As tensions and conflicts in the system of international relations escalate, Kazakhstan may face a situation where its key trade and logistics partners are involved in conflicts or sanctions regimes. In such a case, more than 80% of transit flows for both import and export could become unavailable. To hedge such risks in the next decade, it is necessary to set the task on expanding partnerships.

Cooperation with the OTS states and the Caspian countries may become one of the answers to this set of questions in Kazakhstan's foreign policy in the next decade. This cooperation lacks the hierarchy inherent in projects with great powers, which will allow to solve emerging issues using collective methods.

The Conference on Interaction and Confidence-building Measures in Asia (CICA) is one of the flagship initiatives of Kazakhstan. In the years to come, the security mechanism on the CICA platform will continue to evolve, laying the foundation for a consensual legal framework in the field of security and long-term stability on the Asian continent.

Organizations such as the CICA and the **SCO** have great potential to strengthen the institutional framework in the next decade. The experts interviewed by KazISS are optimistic about the activities of these structures. Put differently, three-quarters of the experts surveyed predict positive dynamics for the development of the CICA, and 88% of respondents expressed the same opinion about the SCO.

The Organization of Islamic Cooperation (OIC) is expected to maintain the current level of influence and priority in Kazakhstan's foreign policy in the next decade. This was stated by 68% of respondents.

Further prospects for the development of the **Eurasian Economic Union (EAEU) and the Collective Security Treaty Organization (CSTO)** will be a directly connected to the condition of bilateral relations between member states, the stability of their political systems, and their ability to overcome internal and external shocks.

In the next decade, the dynamics of work processes within the **EAEU** and the **CSTO** will be determined by the implementation of existing agreements and the process of developing and coordinating medium-term strategic documents.

The events after February 2022 and the renewed confrontation between Russia and the West have placed an additional geopolitical burden on the Eurasian integration processes. This has led to a crystallization and differentiation of goals within the associations. In the context of confrontation, Russia has had to sacrifice its own armed forces and the country's economy for long-term resistance to the West. In the meantime, most of its partners in the post-Soviet space have distanced themselves from Russia's actions in Ukraine adopting a neutral position between Russia and the West.

In the post-Soviet space, the consequences of the military conflict will accelerate complex transformational processes leading to the transition of this space into a fundamentally new level.

The defragmentation of the space will most probably contribute to the establishment of closer ties between subregions. This, in turn, will accelerate full-scale regionalization processes in Central Asia, the South Caucasus, and the Baltic region. The most notable factors determining the dynamics of this process will be demographic change and natural turnover

of elites. Another factor is the further development of the political systems of the states and regions which will need to integrate the EAEU and CSTO into a new paradigm of relations with both neighboring states and regions. This task will require adapting their foreign policy to the new conditions.

The **Commonwealth of Independent States** (CIS) will remain important in Kazakhstan's foreign policy. In the new geopolitical realities, the organization's geographic scope has been shrinking as post-Soviet states began leaving the association one by one after 2008. Despite this, the overall effect of Kazakhstan's participation in the CIS remains positive.

4.3. The rise of non-traditional challenges

Non-traditional challenges, such as climate change, the rise in cybercrimes, food shortages, epidemiological instability are becoming increasingly relevant to security. There is a high probability that Kazakhstan and the Central Asian states will soon need to take comprehensive measures to address these issues at an accelerated pace.

Water shortage

Water issues are a recurring source of crises affecting all countries of the Central Asian region without exception. The main root of the problem is the melting of glaciers and the reduction of river discharge which will lead to severe water resource scarcity in the near future

By around 2050, the region is expected to experience peak water consumption, along with extreme floods and droughts, as well as general water scarcity.¹⁴⁷ Given the complexity of the mechanisms of water distribution, this factor could trigger increased tensions. The negative impact of climate

¹⁴⁷ Central Asia: at the intersection of global action on water and climate change resilience, resilience, the Dushanbe Conference will highlight the role of water in sustainable development. – World Bank Group, June 7, 2022, <https://blogs.worldbank.org/ru/water/centralnaya-aziya-na-styke-globalnykh-deystviy-v-otnoshenii-vodnykh-resursov-i-o>

change exacerbates this problem. It should be noted that the consequences of water shortages will be far more extreme than those of any of economic crises.

In Central Asia water distribution is highly unequal, making water scarcity increasingly noticeable every day. Thus, freshwater reserves in the region, excluding those of Tajikistan, amount to 293 billion cubic meters per year or 6.1 thousand cubic meters per capita annually.¹⁴⁸ Water consumption is doubling every decade, and this trend is expected to continue.

The intensive melting of glaciers is already continuing in the area where the Syrdarya and Amudarya rivers originate. Over the past 50 years, the volume of glaciers has decreased by 40%, threatening to reduce the flow of the main waterways. As a result, the area of deserts may expand northward by 300-400 km, endangering the country's food security, particularly, grain and meat production.

In the coming decade, the countries of the region will need to invest in modernizing outdated irrigation and hydraulic engineering systems, combating seasonal flooding of farmland and settlements, addressing soil salination, and mitigating environmental degradation. Meanwhile, the environmental sustainability of water basins is steadily decreasing.

In this case, coordinated actions of all Central Asian countries to adapt to climate change and reduce human impact on the environment are the only way to mitigate the increased risks posed by environmental and climatic changes in the world and the region. The Central Asian states are currently addressing the water and climate problem based on short-term needs. With regard to international decarbonization policies, the countries either comply insufficiently or do not comply at all.

However, this issue will soon require coordinated action. Much depends on the interest of the countries themselves,

¹⁴⁸ Participants of the Kazan Model UN were introduced to the main security challenges in Central Asia / Bigasia.ru, 10.04.2021, <https://bigasia.ru/en/content/pub/review/uchashchiesya-iz-19-stran-mira-obsudili-bezopasnost-v-tsentralnoy-azii/>

the political will of their leaders, and the ability of governments to determine the fully leverage strategic planning.

In this regard, it is advisable to develop a consolidated position in Central Asia, as it will become impossible to further ignore the global trend towards decarbonizing the world economy. The cross-border risks associated with climate change and the growth of natural disasters are already taking a significant toll on national economies.

First of all, in matters of interstate water distribution, the parties can take measures to comprehensively monitor the existing infrastructure, assess its condition, and evaluate the technical and economic justification for constructing new facilities. The absence of a comprehensive plan for the repair and modernization of hydraulic structures on cross-border rivers could bring about the problems of ensuring the accuracy of water supply to each state.

Along with this, the implementation of water and energy infrastructure projects in Kyrgyzstan and Tajikistan is becoming urgent. The construction of a network of flood-controlling compensating reservoir in mountainous areas is a more effective measure for managing the water element. Addressing this problem at the regional level can become both a breakthrough deal in regional cooperation and a catalyst in solving the problems of the water and energy complex in Central Asia.

At the same time, governments, foundations, and companies will proceed with a more thorough elaboration of legal participation, financial investments, and returns among the water user states of the transboundary river basins. The capacities produced at the HPP are becoming a valuable green resource. It should be noted that, according to the Green Deal package of measures introduced by the EU to combat climate change, export products manufactured using green energy are exempt from carbon tax.

Considering future global trends, instead of selling cheap electricity outside the region, it may be possible to develop environmentally-friendly production clusters within Central Asia itself. In this regard, it will be appropriate to revisit the idea of creating a Water and energy consortium but with a more detailed elaboration of its provisions.

Also, the states of the region could establish a unified Strategy for Central Asian action on climate policy. To achieve this, they need to coordinate strategies and programs at the national level related to this topic in one way or another. By aligning these documents and combining efforts, the parties could take comprehensive measures to preserve glaciers, rational use of hydro resources, exchange experience and best practices on energy-saving technologies in production, utilities, irrigation, and rural water supply.

Food insecurity

An effective solution to ensuring food security is one of the main conditions for the formation of a stable and strong state, as well as successful long-term development and economic growth.

The world is increasingly facing food shortages due to geopolitical circumstances, which exacerbate the problem and bring individual countries even closer to food shortages. Natural disasters, climate change processes, and pest infestations negatively impact on the current situation, underscoring the multicomponent nature of the food supply problem.

Food security comprises two main factors: physical and economic accessibility. In terms of physical accessibility, food production in Kazakhstan increased by 3.9% and amounted to 2.9 trillion tenge in 2022 (up from 2.2 trillion tenge in 2021).¹⁴⁹ At the same time, the Kazakhstan market continues to depend

¹⁴⁹ Food production in Kazakhstan increased by 3.9% / Eldala.kz, January 11, 2023, <https://eldala.kz/novosti/kazahstan/13076-v-kazahstane-proizvodstvo-produktov-pitaniya-vyroslo>.

on imports for various products, including socially significant ones. For example, the market relies heavily on imported sugar. By the end of 2021, Kazakhstan imported 65% of the sugar consumed from Russia.¹⁵⁰ The shortage of sugar, coupled with exact price increases local confectionery manufacturers (biscuits, sweets, ice-cream).

In terms of the economic accessibility of food, the situation in the country may soon become concerning. While incomes are rising, inflation is outpacing economic growth. According to statistics, inflation in Kazakhstan amounted to 20.3% in December 2022 with food prices increasing by 25.3%.¹⁵¹

Consequently, even if food is physically available and abundant, a person without income may still be unable to purchase it. The economic factor of food security in this regard turns out to be a deterrent.

As forecasts of OECD and FAO demonstrate, the global agri-food sector will face significant challenges in the next decade.¹⁵²

Therefore, the number of chronically undernourished people worldwide may increase by 19 million in the next couple of years.¹⁵³ This might happen if a reduction in global food production and its supplies from major exporting countries, like Russia and Ukraine, lead to a decline in food availability worldwide.

¹⁵⁰ About 65% of sugar in Kazakhstan in 2021 was imported / KazTAG, March 11, 2022, <https://kaztag.kz/ru/news/okolo-65-sakhara-v-kazakhstane-v-2021-godu-prishlis-na-import>

¹⁵¹ Annual inflation in December totalled 20.3% /Kapital.kz, 01/04/2023, <https://kapital.kz/economic/11835/godovaya-inflyatsiya-po-itogam-dekabrya-sostavila-20-3.html>

¹⁵² OECD – FAO: The heads of the OECD and FAO stress the importance of peace and the transformation of our agri-food systems to ensure food availability for the world's poorest/ Food and Agriculture Organization of the United Nations, 06/29/2022, <https://www.fao.org/newsroom/detail/oeecd> <http://www.fao.org/newsroom/detail/oeecd-fao-heads-of-oeecd-and-fao-emphasize-the-importance-of-peace-and-transforming-our-agrifood-systems-for-guaranteeing-access-to-food-for-the-world-s-poorest/ru>

¹⁵³ The number of hungry people in the world may grow by 19 million people / Agency for Business News, June 11, 2022, <https://abnews.ru/2022/6/11/chislo-golodayushhih-v-mire-mozhet-vyrasti-na-19-mln-chelovek>

If this happens, additional budgetary funds and private investments in production, information technologies, infrastructure, and human capital will be crucial to increasing agricultural productivity.

Under current conditions, Kazakhstan needs to address the development of its own products more effectively, with an emphasis on agriculture. Having domestic production facilities will enable the country to supply itself with necessary products, reducing dependence on foreign imports.

To enhance food security, it is also critical to focus on developing transit and transport potential.

Nowadays, the Central Asian states are among the least connected economies in the world. The connectivity indicator in the region is less than 60% in terms of transport access ratio in relation to the global GDP, which is the lowest on this scale.¹⁵⁴

Now, the infrastructural modernization of the Aktau and Kuryk ports is underway for further efficient distribution of exports and imports among the Caspian countries, as well as with Türkiye and Europe. This will create an effective supply chain of food products within the region and a basis for developing mutual trade.

Migration crisis

Migration of the population is a reality faced by most countries. Different forms of migration to/from/through a country's territory result from its openness to modern global migration flows.

To date, one of the major events, impacting global migration flows, is the Ukrainian crisis. The armed conflict has led to unprecedented levels of forced displacement since

¹⁵⁴ Press Release: Improving transport connectivity in Central Asia requires an integrated approach / World Bank, April 2, 2021, <https://www.vsemirnyjbank.org/ru/news/press-release/2021/04/02/improving-transport-connectivity-in-central-asia-requires-a-coherent-approach>

2022. Approximately 8 million internally displaced persons out of about 14 million required protection abroad, while another 6 million sought asylum within Ukraine. Moreover, many had difficult living conditions comparable to the humanitarian crisis.¹⁵⁵

Meanwhile, attention should also be paid to the vulnerability of other regions. Thus, within Central Asia, there are points of tension and outbreaks of violence that have led to the internal displacement of tens of thousands of people. The immediate proximity to Afghanistan will have a lasting impact on the Central Asian region due to the influx of Afghan refugees. All these events are potential drivers of migration and will require close attention from Kazakhstan in the coming years.

Until now, Russia has been one of the most important labor markets for migrants from Central Asia. At the same time, migrant workers are increasingly looking for alternative destinations. As more host countries express interest in workers from Central Asia, competition for human resources is expected to intensify. Meanwhile, Russia's role as a regional hub for migration is likely to diminish over time.

The coming years hold many uncertainties in the field of migration. Massive displacement will persist as one of the key challenges for Central Asia region, along with escalating economic migration.

In this respect, it is expedient for Kazakhstan to align its actions on migration legislation with other countries in the region. Additionally, Kazakhstan should focus on harmonizing regulatory mechanisms for the admission, control, and return of immigrants.

¹⁵⁵ ICMPD Migration Forecast for 2023: Eastern Europe and Central Asia, https://www.icmpd.org/file/download/59305/file/230318_ICMPD_Migration_Outlook_ http://www.icmpd.org/file/download/59305/file/230318_ICMPD_Migration_Outlook_EasternEuropeCentralAsia_2023_RU.pdf

Energy shocks

Energy potential plays a critical role in the success of the country's economic development. Nevertheless, geopolitical turbulence poses new challenges for the energy sector in Kazakhstan. The world is witnessing a surge in military conflicts and sanctions, including energy embargo.

Concurrently, the influence of the anthropogenic factor expands annually. Nowadays, humanity is burning more fossil fuels than the climate can withstand without damaging ecosystems. Kazakhstan ranks among the top thirty countries in terms of CO₂ emissions. In 2019, greenhouse gas emissions amounted to about 364 million tons.¹⁵⁶ Notwithstanding this fact, there is already a shortage of 1.5 kW of electric power in Kazakhstan considering the reserves. Experts predict that the shortage of electric energy will reach 13 GW by 2032.

The Central Asian region possesses reserves of energy resources, but, on the flip side, they are unevenly distributed. An illustrative case is the accident that occurred at the end of January 2022, when electricity was cut off in a number of regions of Kazakhstan, Uzbekistan, and Kyrgyzstan. The accident caused disruptions throughout the unified power system.

To date, the energy sector in most countries of the region is marked by a significant state presence, a lack of private financing, outdated infrastructure, low energy efficiency, and high carbon intensity, i.e. heavy dependence on non-renewable resources.

The urgent demand for electricity is not a distant concern but an imminent one. According to the International Energy

¹⁵⁶ Kazakhstan will switch to carbon neutrality by 2060 / Official Information resource of the Prime Minister of the Republic of Kazakhstan, October 27 2021, <https://primeminister.kz/ru/news/reviews/do-2060-goda-kazakhstan-pereydet-na-uglerodnuyu-neytralnost-1103515>

Agency, the annual growth in electricity demand in Kazakhstan is projected to be 1.7% in 2023-2025.¹⁵⁷

One of the main solutions to the problem, both for Kazakhstan and for the entire region, is the transition to a wider use of renewable energy sources.

Kazakhstan has already announced its intention to achieve carbon neutrality by 2060. The country's renewable energy sector (RES) shows stable growth with RES share accounting for 4.53% of total electricity production in 2022 and has attracted significant investment in recent years up to \$180 billion in 2022.¹⁵⁸ The annual improvement of the legislative framework in the field of renewable energy also demonstrates its effectiveness. Yet, the full deployment of RES requires further development of the legal framework, market relations, and investments in new clean energy technologies, for which government support and effective regulation are essential.

The rise of technological inequality

The Central Asian region as a whole is deficient to new technological solutions, large investments, and qualified personnel, which is observed both in the science and industry, as well as in the development of innovative technologies. Thereby, it shows characteristics of a resource and raw material market in relation to economically developed countries.

For many countries of the world, including Kazakhstan, the strengthening of "technological" sovereignty is a strategic task. According to the international E-Government Development Index for 2022, Kazakhstan ranks 28th. In the meantime, official

¹⁵⁷ How much electricity will Kazakhstan need / Kursiv, February 8, 2023, <https://kz.kursiv.media/2023-02-08/zhnb-electrokazakhstan/>

¹⁵⁸ Development of renewable energy sources / Ministry of Energy of the Republic of Kazakhstan, <https://www.go.kz/http://www.gov.kz/memleket/entities/energo/activities/4910?lang=ruv.kz/memleket/entities/energo/activities/4910?lang=ru>

data suggests that the Internet penetration rate is relatively high, which sums to 85.9%.¹⁵⁹ There is a significant digital gap

between urban and rural areas, where 42%¹⁶⁰ of the population resides. Experts claim that Kazakhstan needs to create a systematic approach to strengthening the digital infrastructure, training ICT specialists, and promoting Kazakhstan's IT products to the international market. This should be done to avoid technological lag and further global digital inequality.

Climate change and the region

According to forecasts, climate change will considerably impact Central Asia by 2040, leading to more frequent and intense heat waves, as well as changes in precipitation patterns. The region, which comprises Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan, is already experiencing temperature increases, changes in precipitation patterns, and more frequent extreme weather events. According to estimates of The Economist Intelligence Unit, the Central Asian region has the highest probability (over 80%) of encountering water deficits.¹⁶¹

Climate change is expected to exacerbate this problem. Melting glaciers in the region will initially increase water availability, but as glaciers disappear, water scarcity will become a serious political, economic, and humanitarian problem. This forecast has serious negative implications for Kazakhstan, as 40% of fresh water comes from neighboring countries, which indicates a high demand for water supplies

¹⁵⁹ Development of renewable energy sources / Ministry of Energy of the Republic of Kazakhstan, <https://www.gov.kz/memleket/entities/energo/activities/4910?lang=ruv.kz/memleket/entities/energo/activities/4910?lang=ru>

¹⁶⁰ Overview: Reducing digital inequality in Kazakhstan and the world – Ranking.kz / Ranking.kz, August 8, 2022, <https://ranking.kz/reviews/regions/obzor-sokrashenie-cifrovogo-neravenstva-v-rk-i-mire.html>

¹⁶¹ Armstrong, M. (2023, March 22). Where Water Stress Will Be Highest by 2040. Statista Infographics. <https://www.statista.com/chart/26140/water-stress-projections-global/>

from the outside.¹⁶² Only 2.8% of the water is generated within Kazakhstan's territory.¹⁶³

Central Asia has remarkable agricultural potential. In this regard, changes in temperature and precipitation patterns will impact crop yields heavily. It is predicted that in some regions of the five countries the growing season is expected to become shorter, whilst in others the risk of droughts and floods will increase.

Central Asia is prone to natural disasters such as floods, landslides, and earthquakes. Climate change is expected to increase the frequency and severity of these phenomena, endangering human lives and infrastructure. This will amplify the risk of heat-related diseases and the spread of vector-borne diseases, such as malaria and dengue.

In general, it is predicted that the consequences of climate change will be significant in the medium and long term for Kazakhstan and Central Asia. The region will need to adapt to these changes to mitigate their effects. This requires investments in infrastructure, changes in farming methods, and improved water management.

According to World Bank experts, Kazakhstan is expected to face a water shortage by 2030. Water consumption is projected to drop from 90 to 76 cubic meters per person per year, a 15% decrease.¹⁶⁴ This situation will negatively impact the quality of life of the population and the economy of the country as a whole. In this regard, Kazakhstan faces a strategic task to strengthen the infrastructure of water management basins and expand high-quality water intake

¹⁶² Ibadullayeva, A. Is high-quality drinking water in Kazakhstan in three years a myth or a reality? / Liter.kz, March 17, 2023, <https://liter.kz/kachestvennaia-pitevaia-voda-v-kazahstane-za-3-goda-mif-ili-realnost-1676010603/>

¹⁶³ By 2030, Kazakhstan may face a water shortage/ UN News, June 17, 2022, <https://news.un.org/ru/story/2022/06/1425862>

¹⁶⁴ How real is the threat of water scarcity in Kazakhstan/ Kazinform, May 16, 2022, <https://www.inform.kz/ru/naskol-ko-real-na-ugr> http://www.inform.kz/ru/naskol-ko-real-na-ugroza-deficita-vody-v-kazahstane_a3929238 o za-deficita-vody-v-kazahstane_a3929238

facilities. It is necessary to build a systematic monitoring network both within Kazakhstan and with regional partners, such as China, Russia, Tajikistan, and Uzbekistan. Improving the water consumption program with clear standards is extremely important. The outcome of complex negotiations with neighboring countries will also depend on the expansion of expert and scientific potential on water and climate topics. At the same time, there is a serious shortage of research and forecasting in this area in Kazakhstan.

In this context, the economic and socio-political stability of Kazakhstan and the countries of Central Asia will depend on the elaboration and implementation of new and effective measures in the water and climate direction.

The threat of new pandemics

There have been four global pandemics in the last 100 years: the Spanish flu, Asian flu, Hong Kong flu, and COVID-19. Currently, the World Health Organization (WHO) estimates that more than 1 billion cases of infectious diseases are reported annually, many of which have pandemic potential.

While predicting future pandemics is challenging, certain statistics and factors can influence their prospects. Firstly, zoonotic diseases, which can be transmitted from animals to humans, account for more than 60% of all infectious diseases in humans.

Furthermore, they are a primary source of new pandemics.¹⁶⁵ The population of the planet is expanding, and urbanization is becoming more widespread. Leading to more people living in close proximity, and facilitating the spread of infectious diseases. Global travel and trade are also expanding, making it easier for infectious diseases to spread across borders. Antimicrobial resistance is becoming more common, making it more difficult to treat infectious diseases.

¹⁶⁵ [https://rr-europe.woah.org/wp-content/uploads/2020/06/meeting-report_zoonoses-astana_vf_ru.pdf.%20\(n.d.\)](https://rr-europe.woah.org/wp-content/uploads/2020/06/meeting-report_zoonoses-astana_vf_ru.pdf.%20(n.d.))

All these factors demonstrate a serious risk of future pandemics, therefore efforts to prevent, identify and respond to emerging infectious diseases are crucial to mitigate their consequences.¹⁶⁶

In this connection, Kazakhstan faces a number of strategic and anti-crisis tasks. It is crucial for the government and national organizations to invest in disease surveillance, vaccine development, and global health infrastructure to prepare for future pandemics.

Today, Central Asian countries, including Kazakhstan, need to establish effective crisis management mechanisms for pandemics and similar situations.

In summary, the world is entering a period of uncertainty. It remains unclear how the existing development models of the Central Asian countries can address today's challenges and global realities.

4.4. Enhancing regional cooperation in Central Asia

Central Asia is the top priority for Kazakhstan. Astana has consistently followed this policy for many years, and its importance is recognized by society and experts. Back in 2015, a group of KazISS experts considered various scenarios for the medium-term in the main directions of the region's development, publishing a joint work titled "Central Asia – 2020: four strategic concepts".¹⁶⁷ In general, many of these forecasts have been confirmed, but it is time to look towards new horizons.

A survey of Kazakhstan and international experts conducted by the Institute in January 2023 identified the following

¹⁶⁶ The post-pandemic world: what awaits the economy of Kazakhstan / Forbes.kz , December 2, 2020, https://forbes.kz/process/expertise/mir_posle_pandemii_chno_jdet_ekonomiku_kazahstana/

¹⁶⁷ "Central Asia 2020: Four strategic concepts" / Edited by E.T. Karin. Group of authors: B.A. Auelbayev, S.K. Kushkumbayev, K.L. Syroezhkin, V.Y. Dodonov. – Astana: KazISS, 2015. – p. 51.

topics as the most pressing for the region: strengthening rivalry between leading powers (74.8%), changing the role of external powers in the region (74.2%), and enhancing regional cooperation in Central Asia (58.9%).

It is no coincidence that the socio-analytical discourse is presented in this perspective. There is a high probability that Kazakhstan and the Central Asian states will face fundamentally new challenges in the near future. Under their influence, the geopolitical configuration around the region may undergo substantial changes.

The triggers of this transformation have been the pandemic and events in the South Caucasus since 2020, as well as the change in the international situation since August 2021 when the Taliban movement (an organisation banned in Kazakhstan) returned to power in Afghanistan.

The Russian-Ukrainian armed conflict, which began in February 2022, has caused significant deformations in the familiar architecture of international security.

These processes taking place in immediate vicinity of Central Asia, impact the overall stability and economies of the Central Asian countries, complicate their foreign trade relations, transport and logistics opportunities, and present serious social risks.

Overall, it is becoming increasingly difficult to assess the further position of the region from the global perspective. Analytical forecasts undergo a multitude of unstable and uncertain situations, and the repercussions of the above-mentioned geopolitical faults will carry even more uncertainties and risks in the future.

In this context, Central Asian countries are given a choice between regionalization and national egoism for their development prospects over the next ten years. Nevertheless, the tendency to unite the region in one form or another will remain the main trend, regardless of the various nation-building models considered.

At the Central Asian Forum on Security and Cooperation, titled “Asia in a Changing World: an Agenda for the Future”, held

on July 13-14, 2023 in Astana, representatives of analytical centers of the regional states reaffirmed the desire of their countries to develop regional cooperation.

The forum participants agreed that the rapprochement of the five Central Asian countries is facilitated by the growth of regional trade, mutual investments, the utilization of transport, energy communications, and transit opportunities. Another factor is the search for a common response to emerging challenges, such as climate change and demographic growth, water scarcity and food resources, and barriers to integration into the global economic system.

Experts also claimed that the countries of the region can effectively withstand geopolitical challenges together. To date, the global centers of power are trying to find a balance of interests in Central Asia, presenting an opportunity for the region to strengthen its subjectivity.

The high level of support for regional cooperation processes was confirmed by the V Consultative Meeting of the Heads of Central Asian States, held in Dushanbe on September 14-15, 2023. One of the documents signed by the parties is the Regulation on the Council of National Coordinators for Consultative Meetings of the Heads of Central Asian States. This indicates the countries' movement towards institutionalizing regional cooperation mechanisms.

1) Challenges of the geopolitical environment

The Russian vector

In the next decade, Russia will retain the role of one of the key political and economic partners of the Central Asian countries. However, it will undergo a difficult process of overcoming the sanctions imposed by the West and its partners and cutting off economic relations in a number of

industries and areas. The ongoing NATO expansion process and both frozen and open military conflicts in the European part of the post-Soviet space will strain Russia's resources in Europe and the West.

Belarus, with its considerable industrial potential is also subject to a strict sanction regime from the West. The freezing of relations with its main economic partners, the EU countries, is particularly harsh for Belarus.

Therefore, this country, just like Russia, is compelled to make its "turn to the East" due to restricted foreign ties with European markets.

Ukraine is an essential trade and economic partner for the Central Asian states, but it will also be unable to develop relations with the region actively for some time. In addition to the direct human and material damage caused by the war, the country has become the most mined territory in the world¹⁶⁸, posing a major obstacle to its future post-conflict economic recovery.

Consequently, the most well-established vector of economic cooperation for the countries of Central Asia over the past thirty years is now turning towards a direction fraught with geopolitical and military risks, both bilaterally and within the platforms of the CIS and the EAEU. International pressure, the threat of secondary sanctions; almost complete cessation of transit traffic; trade, technological and production chains disruption seem to be a long-term trend.

In the foreseeable future, the Russian-Ukrainian armed conflict will eventually end, and these countries will continue to represent large and attractive regional markets. However, until relations are fully restored, the economic strategies of

¹⁶⁸ Michael Drummond. Ukraine war: How hidden landmines, tripwires and booby traps pose lethal danger for years to come / News.sky, 29 January 2023, <https://news.sky.com/story/ukraine-war-how-hidden-landmines-tripwires-and-booby-traps-pose-lethal-danger-for-years-to-come-12795912>

the countries in the region should be updated to focus more on Asia and the so-called Global South..

Russia and Belarus are seeking trade routes to Asian markets, while the sanctions of the collective West against them will remain for a long time regardless of the outcome of the confrontation in Ukraine.

In such circumstances, Central Asia can play a special role in the economic recovery of the conflicting states. It could also serve as a bridge between the economies of the European part of the post-Soviet space and the countries of Asia.

Meanwhile, the transport system built over decades, especially railways, will still be the main economic arteries in the vast Eurasian space.

Trans-Caspian transit

Since 2022, the transport and logistics capabilities of the Caspian Sea and the South Caucasus have gained renewed attention. This is also facilitated by such international processes as progress on the issue of the legal status of the Caspian Sea, current dynamics around the Karabakh issue, the settlement of the Turkmen-Azerbaijani territorial dispute, joint development of offshore fields, strengthening cooperation through the Organization of Turkic States, and intensified economic cooperation between the countries of the region and the European Union.

The opportunities of the South Caucasus attract the countries of Central Asia. This is not limited to the transit of raw materials and energy resources to Europe. Interregional relations are viewed as a vital link of transcontinental West-East corridors. However, the complexity of multimodal transportation and military-political tensions have, until recently, reduced the competitiveness of the Caucasian direction.

At the same time, the South Caucasus is becoming a crossroads of conflicting interests of competing parties:

Russia, Türkiye, Iran, the USA and the EU countries. Azerbaijan's military and diplomatic successes have enhanced its role in the region. Nonetheless, the Armenian-Azerbaijani relations will likely remain strained for a long time. The parties have yet to find a mutually acceptable formula for peace.

Apparently, the way to compromise and peaceful solutions will not be easy. The diversification of the Trans-Caspian and Trans-Caucasian routes will collide with restrictions for some time due to the geopolitical confrontation.

The Central Asian countries are interested in resolving the conflict over Nagorno-Karabakh. Resolving it will allow the region to enter a phase of sustainable development and stimulate the strengthening of transport connectivity and the opening state borders for cooperation.

Given the high interest of regional and international players in developing interregional ties, the trade corridors of the South Caucasus and Central Asia will gradually gain popularity. In the long run, they will also determine the key overland route of international exchange between the deep markets of Europe and Asia.

The Iranian vector

For decades, Central Asia has had high expectations for Iran and its developed infrastructure. Iran played an important role for the diversification of transport flows in the long-term plans and policies of the countries in the region, since it acts as a gateway to Middle East and South Asia. In 1996, Tejen-Serakhs-Mashhad railway section opened the railway traffic on the northern line of the Trans-Asian Railway of the East-West transport corridor. In 2014, the Kazakhstan-Turkmenistan-Iran railway was put into service.

However, these plans have not been fully realized. Today, the existing railway and maritime communications are not fully used, despite the fact that there are no political contradictions between Tehran and the capitals of Central Asian countries. Iran and the Central Asian states are

members of a number of major international organizations, and their governments have every opportunity to conduct and develop a constructive dialogue.

The reasons for the weak trade and economic relations between Central and West Asia lie in global and regional confrontation. In the past decade, contradictions between Iran and the West aggravated due to the former's nuclear program and the situation in the Middle East. The Central Asian countries, not being the immediate focus of these issues, have maintained neutrality.

Currently, Tehran is implementing its «Gateway to the East» policy; in line with the new strategy, relations with major Asian states are being established. Iranian authorities are also working to attract the attention of the Central Asian countries, improve the security, intensify trade and economic relations, and open land transit within the continent.

In the future, Iran has strong chances to implement a transport corridor on its territory by introducing new infrastructure projects. One of them is the free trade zone and the deep-water seaport of Chabahar operating with the active assistance of India, as well as the network of new railways in the South-East of the country.

In the coming decade, Central Asia will increasingly integrate into the sphere of South Asian and Middle Eastern economic relations with the help of joint efforts of Tehran and Delhi. Central Asia will become the part of the Global South policy as well.

However, the timeline for this process depends on several factors, such as the settlement of issues around the Iranian nuclear program, the reduction of conflicts in the Middle East and with Western countries, the improvement of Iran's relations with key players in Asia and Europe.

The unprecedented escalation in the Middle East, provoked by the Hamas-led attack on Israel, is a factor that global and regional players cannot ignore. The escalation will also serve

as an impetus for the transformation of Iran's relations with the West, Türkiye, and the Arab world into a new level. The format of this transformation largely depends on Iran itself.

China

In the post-Soviet period, China emerged as the most stable partner for the region. The "Silk Road Economic Belt" initiative implemented by Beijing since 2013, has gradually being transformed into a comprehensive program for the development of transport and trade and economic ties. As of 2022, 148 countries have joined this initiative, now known as the "Belt and Road".

In the first seven years after the announcement of the program, the eastern neighbor invested about \$18.5 billion in Kazakhstan, with \$3.8 billion allocated to the transport sector. It is expected that 112 infrastructure projects will be constructed over the next five years, and more than 27 thousand km of roads will be built and repaired.¹⁶⁹

Like Kazakhstan, other Central Asian states also consider cooperation with China as more than just a trade and economic exchange. These countries can potentially benefit from the integration of the Chinese strategic initiative with other global projects, such as the TRACECA program and the Middle Corridor project.

Despite the positive aspects of Chinese-Central Asian cooperation, it is necessary to take into account the geopolitical balance that has shifted in favor of the eastern neighbor. This also means a change towards a more active line of Beijing on regional relations.

Such a scenario is fraught with certain latent challenges. First of all, the risks of involvement in the Chinese-American rivalry are increasing. Another threat is the parties' imposition

¹⁶⁹ "Community of one Destiny": How Kazakhstan and China cooperate within the framework of the Belt and Road Initiative / Kazinform News Agency, December 29, 2022.

of their agenda on the Central Asian countries, including sanctions.

Southern borders

In August 2021, the Taliban took power in Afghanistan, proclaiming an Islamic emirate and establishing a state management system based on their own ideological notions. In this system, military-clerical forces occupy a central place.

To develop external contacts, the Taliban seek international recognition, particularly from states with predominantly Muslim populations. However, the Taliban have been reluctant to adhere to internationally recognized obligations, principles of inclusive governance, and respect for gender equality. Consequently, these factors shape the international community's attitude towards the Taliban, making the complete legitimization of their regime unlikely in the near future.

On the other hand, the Taliban's power is not without alternatives, they have a forty-million-strong population with a diverse ethnic and complex confessional composition under their control. While pockets of anti-Taliban resistance remain in the country, the people, exhausted by years of military operations, are willing to accept any political regime that offers them some degree of stability.

Nevertheless, the suppression of domestic opposition and the harsh imposition of ideological principles can cause civil rejection in the country which could expand slowly over the long term.

Regardless of how events unfold in and around Afghanistan, it will be necessary to constantly consider the challenges facing Central Asian countries under Taliban rule.

The Taliban movement is not monolithic.¹⁷⁰ Under certain political circumstances, some field commanders and tribal

¹⁷⁰ Experts: The Taliban are ready to export their ideology / DW, April 3, 2013, <https://www.dw.com/ru>.

leaders may initiate their own armed and information-ideological activities to assert their positions. Despite the depressing socio-economic indicators, the Taliban taking radical approaches may find supporters outside Afghanistan, including in neighboring Central Asian countries. For instance, the opinion that the Taliban rule is capable of eradicating corruption and restoring order has already gained traction on social media. A particularly topical issue is the online content about the oppression of Muslims by the Western world.¹⁷¹

Another challenge is the growing militarization of Afghanistan. Today, the Taliban army is already a formidable force. The exact amount of foreign weapons they seized remains to be estimated, but this arsenal is impressive and can pose serious risks for neighboring countries.

The Taliban's arsenal includes 78 aircraft, 9,524 air-to-ground missiles, 40 thousand pieces of military equipment, including 12 thousand American army Humvee all-terrain vehicles, over 300 thousand pieces of American small arms, and over 1.5 million special and conventional ammunition, as well as communication and electronic countermeasures equipment, night vision devices and personal protective equipment.¹⁷²

The total cost of the military equipment is over \$7 billion. The army under the rule of the Taliban in August 2022 exceeded 150 thousand people.¹⁷³ As of March 2023, its number was already 170 thousand, and by the end of the year a 200-thousand-people increase is planned.¹⁷⁴

¹⁷¹ Andrea Schmitz. Central Asia's Muslims and the Taliban. – SWP Comment 2022. P.17, 03.03.2022, <https://www.swp-berlin.org/10.18449/2022C17/>

¹⁷² Ellie Kaufman. First on CNN: US left behind \$7 billion of military equipment in Afghanistan after 2021 withdrawal, Pentagon report says / CNN, April 28, 2022, <https://edition.cnn.com/2022/04/27/politics/afghan-weapons-left-behind/index.html>.

¹⁷³ The Afghan army number has reached 150,000 people / Interfax.ru , August 28, 2022, <https://www.interfax.ru/world/858584>.

¹⁷⁴ The Taliban announced their intention to increase the size of their army to 200,000 people / Fergana.ru, March 31, 2023, <https://fergana.agency/news/129681/>

Moreover, the Taliban leadership may attract former officers from the disbanded 350,000-strong Afghan National Army so as to overcome the shortage of qualified personnel.¹⁷⁵

In general, the Afghanistan militarization does not yet imply direct military aggression against the countries of Central Asia. Now, all the efforts of the new government are aimed at retaining power within the country. So far, the military strengthening of borders is a measure to curb possible influence on Afghan ethnic and religious groups from neighboring states.

Potential threats include the strengthening of ideologically radical armed groups in Afghanistan as a result of the weakening of the central government and the export of religious extremism to the territories of Central Asian countries.

The activity of numerous radical organizations based in Afghanistan poses a serious challenge. According to estimates, there are between 10 to 14 Pakistani extremist groups in this country. Among the largest of them are “Tehreek-e-Taliban Pakistan”, “Lashkar-e-Taiba”, “Se-pah-e-Sahaba Pakistan”, “Jaish-e-Mohammad”, “Al-Badr”, and other regional extremist organizations, including the Islamic Movement of East Turkestan, the Islamic Movement of Uzbekistan and the Tajik “Jamaat Ansarullah”, as well as the three main groups of global jihad, i.e. “Al-Qaeda” (an organization banned in Kazakhstan), “Al-Qaeda in the Indian subcontinent” and “The Islamic State in Khorasan province.”¹⁷⁶

During the entire period of their rule, the Taliban have not taken any effective measures to neutralize or eliminate these groups. Ethno-national groups composed of immigrants from

¹⁷⁵ Vladislav Sorvenkov. Beyond the Amu Darya River. What prevents the Taliban from building the strongest army in Central Asia and becoming a real threat to the post-Soviet regimes of Afghanistan / Mediazona Central Asia, June 13, 2022, <https://mediazona.ca/article/2022/06/13/acrosstheriver>

¹⁷⁶ Afghanistan is turning into a terrorist sanctuary / Nezavisimaya Gazeta, December 15, 2022, https://nvo.ng.ru/gpolit/2022-12-15/10_1218_afghanistan.html

the CIS countries may become a threat to the Central Asian states if favorable conditions are created for them under the rule of the self-appointed emirate.¹⁷⁷ What also causes concern is that Afghan authorities might expel these groups from the borders of Afghan territory to Central Asia.¹⁷⁸

Currently, modern Afghanistan practically does not have its own economy. This country is entirely dependent on subsistence farming, imports, and transit trade. Afghanistan exports agricultural goods, coal, and carpets in limited volumes. Before the Taliban came to power, export revenue was about \$870 million, while total imports amounted to \$8.56 billion.¹⁷⁹

The situation in Afghanistan has now deteriorated significantly. The economic strength in the form of natural resources, transit transport, and energy corridors cannot yet be utilized. Drug production remains a significant source of income for the population. So, since the 1990s, this country has become a global monopolist in the opiate market, and since 2009, it has been confidently leading in the production of heroin.¹⁸⁰

As is known, in the autumn of 2021, the Taliban leadership under the name of Haibatullah Akhund adopted a law banning the cultivation of opium poppy, but various Taliban factions are not only not fighting the drug business, but are also trying to take control of the production.

¹⁷⁷ 177 On militants from Central Asia in the territory... / Regional Anti-terrorist Structure of the Shanghai Cooperation Organisation, January 26, 2023, https://ecrats.org/ru/security_situation/analysis/1965/#; National Resistance Front of Afghanistan: Leaders of foreign terrorist groups held a secret meeting with the Taliban and visited the north of Afghanistan / Ozodi Radio, September 26, 2022, <https://rus.ozodi.org/a/32053033.html>.

¹⁷⁸ Terrorists are returning to Central Asia: who is threatening the region? / *la-centr.ru*, February 1, 2023, <https://ia-centr.ru/experts/kirill-semenov/terroristy-vozvrashchayutsya-v-tsentralnuyu-aziyu-kto-ugrozhaet-regionu/>

¹⁷⁹ TrendEconomy. Annual international merchandise trade statistics (HS) / <https://trendeconomy.ru/data/h2/Afghanistan/TOTAL>

¹⁸⁰ United Nations Office on Drugs and Crime (UNODC). The global Afghan opium trade A Threat Assessment, Vienna. 2011. Pp. 21-22.

Indicatively, according to the United Nations Office on Drugs and Crime, opium poppy crops in Afghanistan increased by 32% in 2022, compared to the previous year, amounting to 233 thousand hectares. According to the report, opium prices have increased significantly. Farmers' income from its sale has more than tripled, i.e. from \$425 million in 2021 to \$1.4 billion in 2022.¹⁸¹

The illicit trafficking of Afghan opiates accounts for about 80% of the total criminal drug market in the world.¹⁸² In this regard, a number of experts have linked the destabilization of the situation on the Kyrgyz-Tajik border with the interests of international drug gangs.¹⁸³

The lack of international legitimation of the new Afghan government creates great difficulties in establishing financial, trade, and economic relations. The new government's assets of almost \$7 billion are frozen in the United States. In recent years, there has been a "personnel drain" from the country. The Taliban who replaced the "drain" still need time to gain the necessary experience in governing the country and its regions, organizing the work of ministries and departments, and managing health, education, and social support.

Regional and global players assume that ignoring the difficult situation is fraught with serious consequences. Left to themselves, the Afghan crisis may pose the massive threat of international terrorism again. In this regard, presuming that Afghanistan becomes a pariah state for a long time, the costs for the whole world will be much more tangible.

¹⁸¹ UN: Opium poppy crops in Afghanistan increased by a third under the Taliban /Tajik Service of Radio Liberty (Radio Ozodi), N^o 3, 2022

¹⁸² Despite the strictest prohibitions, opium poppy cultivation in Afghanistan has increased dramatically / UN News. A global view Human Destinies, N^o 1, 2022, <https://news.un.org/ru/story/2022/11/1434177>

¹⁸³ Look for benefits: why Tajikistan and Kyrgyzstan cannot divide the borders / Zakon.kz, September 20, 2022, <https://mail.kz/ru/news/world-news/ishchite-vygodu-pochemu-tadzhikistan-i-kyrgyzstan-ne-mogut-podelit-granicu>

With that in mind, the Central Asian countries provide humanitarian support for the Afghan population, and are looking for ways out of the current stalemate. The Central Asian countries are connected with Afghanistan by many ties, including the distribution of water resources, the use of transit transport and energy routes to South Asia, investment in mining production, and exports of goods and agricultural products to the national market. But the international primary trend of non-recognition of the Taliban movement as a legitimate force, as well as the aforementioned challenges, significantly hampers their activities.

This trend probably continues in the next decade. The Taliban authorities are also not interested in a systemic confrontation with the geopolitical environment as they lack sufficient resources for such a stance, they are more inclined to engage in dialogue with neighboring countries. However, no one is yet willing to fully embrace yesterday's antagonists.

As a result, challenging geopolitical conditions are emerging for Central Asia. The circumstances are fundamentally different from previous years with events around the region unfolding in a more intense and dramatic form than before. Global turbulence is getting stronger, and the world as a whole is looking to the future with anxiety. The withdrawal of the international coalition from Afghanistan has led to several circumstances: a decrease of the Western influence in the region; the disillusionment among the local population in the United States and NATO, including the "soft power" of Western democracies.

2) Central Asian prospects: risks and opportunities

In the coming decade, the region will face a number of challenges connected with both emerging global negative trends and geopolitical risks, as well as internal factors. Nevertheless, the countries of Central Asia are adapting to the new reality quite quickly.

For more than thirty years, the states have traversed a difficult and eventful path together. Despite border disputes, issues of distribution of water and energy resources, economic imbalances, and national protectionism, the situation in the region has remained stable. The joint efforts and balanced approach of the Central Asian countries themselves have played a significant role in this regard.

Throughout this time, the development of regional relations has been a priority in Kazakhstan's foreign policy. Astana has demonstrated flexibility in its approaches, i.e. sometimes insisting on joint solutions to regional problems, and other times maintaining a pause. The Consultative Meetings of the Heads of States of Central Asia in a five-sided format marked the beginning of the newest stage of activated regional cooperation.

The strong commitment of political leaders to close cooperation and the positive response from the public give hope that the countries of the region will be able to jointly overcome not only the present and upcoming challenges, but also better their relationships.

Therefore, addressing the critical factors that hinder the effective integration of Central Asian countries into global economic relations is of high significance.

Difficult access to sea lines of communications. All Central Asian countries are landlocked and more than 80% of the total volume of world trade passes through the sea routes. While the region pays considerable attention to initiatives from external players to implement Eurasian land corridors, there is no unified and integral transcontinental infrastructure. Logistics remain mainly localized and fragmented by country.

In this regard, the region faces a number of obstacles. The Central Asian states are the least interconnected. This affects the level of their mutual trade exchange, which ranges from 3 to 7% of their total trade with non-regional partners. Railway

communications between the countries are limited and consist of only 5 routes.

In general, the transport infrastructure in most of the region is characterized by low traffic capacity. The facilities of the roadside service are developed insufficiently. Most of them fail to meet the current requirements for the quality of service and are not able to fully provide both international and domestic transit traffic.

Effective exploitation of the region's transport and communication potential is expected in the future. It is likely to be achieved through developing joint transport and logistics projects that consider the interests of all states and adhere to high technical standards in the service sector.

To derive real benefits from international transportation and transit, coordinated and long-term work is essential. The work has to focus on expanding the system of roads, railways, and airways; construction of logistics and transport hubs or dry ports at key points, followed by the creation of efficient and improved transport corridors.

Following the cooperation of government agencies specializing in the development of transport communications, it is necessary to project a "roadmap" for the development and expansion of cross-border transport infrastructure. This should be followed by integrating the activities of sorting centers, exploring multimodal transportation possibilities, and establishing efficient supply chains.

In this context, rivalry and isolationism are counterproductive. Conversely, participating in projects as an investor during the construction phase of new alternative routes can significantly transform the industry throughout the region. For example, Kazakhstan, Tajikistan, or Turkmenistan could participate as joint shareholders in the development and implementation of the China-Kyrgyzstan-Uzbekistan railway project.

In turn, it is advisable to attract investments from neighboring countries for the development of large sea and

land ports. This principle would strengthen the positions of all participants as coordinators and co-owners of connecting international transport hubs.

It is also imperative to solve the difficulty of goods passage across state borders. In the future, the elimination of congestion at border crossings should be achieved through close cooperation between relevant structures and adoption of innovative technologies. This includes the digitalization of control and inspection measures.

The signing of the Agreement on Interconnectivity of the Land Transport in Central Asia lays the foundation for expanding cooperation between the countries of the region at the multilateral level in the field of transport. The Agreement was signed during the Fifth Consultative Meeting of the Heads of State of Central Asia, held in Dushanbe on September 14-15, 2023.

Unstable geopolitical environment. Central Asia is surrounded by competing global projects and is at the focus of the policies of Russia, China and the United States. The countries of the EU and the Muslim world, South and East Asia are showing interest in the region. In many ways, different geopolitical approaches can provoke different conflict situations.

Under these conditions, the sovereignty and security of Central Asian countries are ensured by a multi-vector policy, equidistance from world centers of power, and by geopolitical neutrality. Currently, all countries of the region adhere to this principle which ensures the political viability of the governments in various crisis situations.

It is obvious that in the ten-year perspective, various demands and claims may be made on the countries of Central Asia if international tension is to increase. External partners will call not only for the observance of geopolitical loyalty, but also for the demonstration of support in exchange for economic opportunities or security guarantees.

It is also possible that individual actors will actively use the pressure points of the region (border problems, contradictions among the ruling elites, rising social tensions, etc.) to their advantage. The continuation of independent interaction tactics with external major partners by Central Asian countries may contribute to strengthening the multifaceted pressure on the region.

However, if the countries of the region can develop common approaches on key international issues and adhere to the principle of coordination in decision-making, then the diplomatic positions of each state will noticeably strengthen. In order to maintain the geopolitical balance over the next ten years, renewed security guarantees from the world community and major powers are needed. Such guarantees can only be obtained through a consolidated approach.

This is the only way to form a land bridge connecting world centers and show the conflicting interests of large states in favor of the economic prosperity of the region, as it already is in the focus of the increased attention of key geopolitical actors. This is evidenced by the noticeable activation of “CA plus” formats.

Central Asian countries can form and jointly promote their interests at such multilateral consultative meetings. Regional economic projects, combined with shared market opportunities will lead to more effective interaction in the region through the distribution of production chains in all countries.

Proximity to troubled areas. The leadership and societies of the Central Asian countries need to realize that in the modern world, every state risks facing threats such as interstate conflicts, internal political destabilization, outbreaks of separatism, inter-ethnic clashes, and infiltration of armed militants in case of emergency. The situations in Afghanistan, Iraq, Syria, and Libya serve as stark examples.

Currently, the geopolitical environment of Central Asia is unable to provide prompt assistance to the states of the region in emergency events. In such cases, the existing international security structures demonstrate low effectiveness. Therefore, Central Asian countries can only rely on themselves and the effective participation of their close neighbors.

As the humanitarian situation in Afghanistan remains difficult, with the aggravation of the geopolitical situation and significant risks within the region itself, coordination and cooperation in the field of defense policy and security are important. If the tensions on the southern borders escalate in the next ten years, it is possible that the Central Asian countries will establish their own regional collective rapid reaction forces. Intensifying cooperation in this area will improve interoperability and communication between national armies and security forces.

Today, it is vital to promote the dialogue among the regional countries to identify all the “pressure points” within Central Asia. Another aim is to specify conflict issues between neighboring countries to form a regional “roadmap” and a pre-arranged resolution to regional problems by joint efforts.

It is essential to understand that the organization of the co-operative security system is the responsibility of the Central Asian countries themselves, within their capabilities. In the current geopolitical realities, the region should focus on managing all possible threat sources based on collective decisions.

The presence of conflict areas within the region. One of the serious challenges to regional security is the unresolved border issues between individual countries, as well as the presence of enclaves in the Fergana Valley. These problems become pronounced as situations in certain disputed territories escalate. In the next decade, disputes over borders may grow into serious disagreements if their resolution is not given close attention.

For example, the Kyrgyz-Tajik clashes on the border almost turned into a full-scale armed conflict, accompanied by all the attendant consequences, such as the flow of refugees, general destabilization in the region, and the clash of interests of geopolitical actors.

Tensions in the region also lead to reputational losses, which result in a decrease in the investment attractiveness of the economies of the Central Asian countries. Along with this, it brings on the quick radicalization of public opinion and the rise of nationalist sentiments, regardless of the causes and the real beneficiaries of organized clashes.

To preserve stability in the region, neighboring countries should take an active part in resolving issues related to the settlement of border problems, delimitation, and demarcation of the borders between adjacent states. At the same time, it is crucial to make an effective contribution to organizing and conducting negotiations, providing dialogue platforms, and offering certain financial and technical support for border demarcation.

The prospect of peaceful development of the region should permanently be in the view of the Central Asian states. In this regard, the promotion of the settlement of border disputes becomes a matter of the interests not only of the parties directly involved, but also of all states in the region.

In particular, prevention and resolution of possible interstate conflicts should take a priority place on the agenda of the upcoming meetings of the Central Asian leaders. Central Asia is able to build its reliable security architecture based on both international law and regional agreements.

High dependence on external factors. The situation in a number of countries in the region periodically becomes more complicated. Several states purchase a significant amount of fuel at Russian oil refineries, and many households rely on money transfers from migrant workers. There is a noticeable

increase in the Chinese economy's influence in the trade, economic, credit, and financial spheres.

The countries of the region are still not self-sufficient in the military-defense field, and the raw material focus of production occupies a large segment of their economies. At the same time, cooperation between regional countries is characterized by a lower intensity compared to non-regional partners. In this regard, the main task of the next decade should be to overcome external dependence.

The region possesses significant untapped capacity, allowing for the prediction of further intensive growth of cooperation in most spheres. Multilateral participation can be effectively combined in areas with increased demand for various goods and services. In particular, joint projects can be implemented in the fields of energy, light industry, agro-industrial complexes, and in the areas with deficit and a noticeable price imbalance between countries.

The Central Asian states are expected to gradually move away from external influence in important system-forming spheres. A gradual transition to regional economic consolidation can be achieved through the improvement of mechanisms in various fields.

Interstate cooperation will be more active in the areas where investment projects yield expected commercial profit, contain a long-term image effect, and have the potential to switch to more complex technological structures.

However, it is quite difficult to model and create a multilateral balance of economic interests. A policy of differentiated cooperation is needed. It is advantageous to make efforts to implement projects on a bilateral or trilateral basis with the further prospect of their expansion to other countries in the region.

The productive implementation of such mechanisms is possible under the political and legal conditions created by the governments of the regional countries and through the

engagement of various economic entities. The purpose of such decisions should be economic diversification and self-sufficient development of the Central Asian states.

Lack of investment in human capital and a low level of scientific and technical base. The region as a whole is deficient in new technological solutions, large investments, and qualified personnel. This is evident in both the scientific and industrial spheres, as well as in the implementation of innovative and green technologies.

Central Asia should reconsider its role as a supplier of cheap labor in the next decade. Overcoming this trend is a very difficult, systematic, and lengthy process.

The development of the regional educational and scientific space should be simultaneously accompanied by the activation of information and cultural interaction.

Consolidation the inter-country scientific community and strengthening its ties with government agencies will provide a clearer and more informed picture of the situation in the region, it will also help to find common interests and common ground for interaction, giving a positive impetus to further strengthen the atmosphere of trust.

An important task for the scientific and cultural community will be the formation of a Central Asian narrative. This could be implemented through the creation of an integrated common history, drawing mainly from Turkic, Persian, Arabic, Chinese, Russian, and Western European sources. Such research works and pieces of art will reveal both the unique historical and cultural phenomena of the region and its modern features.

At the same time, it is important to form regional identity not on an ethno-lingual basis, but on the principles of good neighborliness and common values. This approach does not exclude the Persian-speaking Tajikistan from the Central Asian cooperation. At the political level, it is pivotal to emphasize that the regional community is based on two pillars: the Turkic and the Iranian civilizations.

Overall, the above-mentioned aspects give serious grounds for the development of scientific, cultural, and humanitarian cooperation, as well as the formation of universities, joint research centers, projects, programs, and a regional media agency.

Youth policy is a separate important area of cooperation development. There is a need for coordinated work in the field of youth and educational policy.

In practical terms, the Central Asian states can gradually introduce programs for the recognition of combined diplomas. This can be implemented through the expansion of scientific and educational partnerships and the organization of horizontally integrated educational institutions.

3) Regional cooperation of countries as the main trend of the decade

It should be noted that despite the current positive attitude of the Central Asian countries towards cooperation, their population have not yet seen the positive effect that could be realized through close regional partnership. Cross-border problems are accumulating and cannot be solved solely at the national level.

This is causing tension not only in certain border areas, but also at the interstate level. The division between countries that has occurred over the past thirty years still has its ambiguous consequences. Attempts at integration remained paper declarations; in reality, however, the Central Asian public has faced congestion at the borders, shortages of energy and water, protectionism, incidents at the borders, and not necessarily accurate narratives of different media and officials.

One of the dangerous precedents is the radicalization of public opinion about neighboring states. Following the emotional side of a negative event, regardless of the actual reasons of the conflict and the real authors of organized provocations, makes the region vulnerable to external threats.

An increase in contradictions could have grave negative consequences. Signs of distrust and rivalry in Central Asia can also shape an additional negative backdrop and weaken all countries in the region. Yet, in the context of a difficult and protracted turbulent situation in the world, the issue of existential survival may become a reality for a number of states.

Thus, there is a new stage of convergence of positions between the five countries in key areas of cooperation. Bilateral ties are being strengthened, and consultative meetings of heads of state are being held on a regular basis. Taking into account the miscalculations of previous integration initiatives, the new regional agenda is based on pragmatic approaches and is aimed at specific results.

There is a growing awareness in the Central Asian countries that adverse circumstances arising in the world require the formation of a certain integrated approach, which in the future will enable the region to respond promptly to force-majeure situations and eliminate their consequences.

For the coming decade, the cooperation among the countries appears as the main trend in the region's development. The rapprochement and closer cooperation among the five states are seen as an improvement. Besides, there is a growing need for the formation of common and in-demand consolidating projects that serve the interests of all parties.

One of the most paramount unifying directions for further rapprochement of the countries is ensuring regional resilience in general, the stability of each state in the region individually, as well as providing support to each other without attracting external resources and forces.

In Kazakhstan's foreign policy, the idea of close political, economic, and cultural cooperation among the Central Asian countries remains a priority.

As early as 2020, during the general political debate of the 75th session of the UN General Assembly, Kassym-Jomart Tokayev stated that 'regional cooperation has always been our main focus. Central Asia is undergoing rapid transformation through significant expansion of regional cooperation in various fields. Undoubtedly, a prosperous, strong, and united Central Asia is beneficial both for regional and global stakeholders.'¹⁸⁴

In this regard, the region has great advantages. The territory of Central Asia is rich in natural resources and it offers geographical opportunities for the creation of mainline intercontinental transport corridors to connect the vast markets of the East and West. In addition to this, the region has great potential for the development of human capital. Moreover, the expert community, as a leader of public opinion, can also contribute to this process.

Besides, if the political will to cooperate in Central Asia persists, the strengthening of the independent role, i.e. the political subjectivity of the region, is expected. However, this is possible only if the political cooperation of the "Central Asian Five" is supported by concise economic integration, the formation of sustainable national economies and the development of a regional identity.

¹⁸⁴ Statement by President of Kazakhstan Kassym-Jomart Tokayev at the General Debate of the 75th session of the UNGA. The official website of the President of the Republic of Kazakhstan – September 23, 2020 / https://www.akorda.kz/ru/speeches/external_political_affairs/ext_speeches_and_addresses/vystuplenie-prezidenta-kazahstana-kasym-zhomarta-tokaeva-na-obshepoliticheskikh-debatah-75-i-sessii-generalnoi-assamblei-onn

KAZAKHSTAN-2023: TRENDS OF TODAY AND OUTLINES OF TOMORROW

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