

Kazakhstan, unlike Georgia, is in crisis, which it has successfully overcome some time ago. However, according to the studies, mere repetition of some reforms won't fit the Central Asian states.

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** This publication was prepared as part of the summer training programme for journalists of CABAR.asia in Georgia.*

Kazakhstan is facing serious difficulties. In the global [corruption perceptions index](#) 2018 issued by Transparency International, it ranks 124th out of 180. In 2017-2018, the country was shocked by high-profile corruption scandals involving the akims of regions, ministers and representatives of the presidential administration.

In a long row of post-soviet candidates for the failed state status, only one country has succeeded in the fight against corruption – Georgia.

According to recent ranking of the Transparency International, Georgia ranks 41st out of 180 – 83 positions higher than Kazakhstan. This is the best ranking in the region.

Moreover, just 15 years ago Georgia was one of the most corrupt countries in the former Soviet Union. For example, in the 2003 [ranking](#) by Transparency International, Georgia ranked 124th out of 133 and was at the same level as Angola, Azerbaijan, Cameroon and Tajikistan. Kazakhstan ranked then 24 scores higher, but the positions have changed significantly with time.

Back in 2004, after the Rose Revolution, Mikhail Saakashvili came to power and launched large-scale reforms in the country.

At the origins of the “Georgian miracle”

One of his first steps was the invitation of the major Russian businessman Kakha Bendukidze to the Georgian government.

However, what was more important was that he was not related to local Georgian clans, had

a significant private fortune and did not see his participation in the government of Georgia as a tool of wealth accumulation.

The president of the Centre for Economic Transformation, **Ramaz Gerliani**, said Kakha Bendukidze succeeded because he had a strong political support.

“Figures demonstrate the success of reforms. In 2007, the number of direct foreign investments doubled, the economy expanded by 12 per cent. It was a good indicator for a country that was undergoing post-socialistic transformation. Legislative amendments contributed to this a lot. Dead and poorly working laws were revoked. Many things affected the shadow economy – the majority preferred to work legally,” the economist said.



Ramaz Gerliani. Photo: geworld.ge

When Bendukidze became the minister of economy, he immediately started planning and implementing rather radical economic reforms, including:

- arrests of high-ranking officials (later on, some arrested officials were released, and some were found guilty);
- seizure of property if an official couldn't explain how it was acquired;
- reforms of the interior ministry, traffic police, education and healthcare spheres (popular fact: 15 thousand traffic police officers were fired all at once);
- fight against thieves in law, eradication of the “honour among thieves” concept;
- adherence to the one-stop-shop principle – state services could be obtained at one place and promptly;
- downsizing of the state apparatus (liquidation of many agencies);
- privatisation;
- tax reforms: tax burden reduction, bringing business out of the shadows, staff cleansing of the tax service.

The Georgian society still takes both reforms and individuals behind those reforms with a mixed response. However, according to the experts, the measures taken have given good result in general.

Eradication of corruption “from below”

On the one hand, the government of Kazakhstan makes no secret it has studied the experience of Georgia and even attempted to apply it. For example, the ex-minister of the interior ministry of the Republic of Kazakhstan, Kalmukhanbet Kasymov [said](#) in 2018:

“Georgian experience in law enforcement reforms doesn’t fit Kazakhstan. We are not against the experience of Georgia. We have studied it, travelled there and watched it. We applied everything we could in our country.”

Let’s see into it.



Photo: CABAR.asia

Police reform in Georgia has significantly changed the lives of citizens. Almost all law enforcement officers were fired and the police were rebranded: the image of a friendly and supportive police officer was created.

The expert in government procurements in Georgia **Giorgi Lomtadze** thinks the traffic police reform has significantly contributed to the eradication of corruption “from below”.

“Generally speaking, there is no grassroots corruption; once it emerges, it is dealt with by the state security service, which is responsible for corruption fight and prioritises petty corruption,” Lomtadze said.

The approach per se – change of behaviour of public servants – has influenced other spheres of life in Georgia. For example, the life of the non-governmental sector and journalists. One of the indicators is the access to information, which is the most important tool to fight against corruption.

“The majority of the anti-corruption strategy is transparency. This is what Kazakhstan, where it’s hard to get information from public authorities, lacks. It’s quite different in Georgia – we request a lot of information from all public authorities – about administrative expenses, fuel expenditures, premiums, bonuses. If we are interested in any infrastructure projects, we request information about the amount of expenditures, contract awardees, etc.

If in 2011, we received only 30 per cent of information requested, in 2018 we received about 92 per cent. After all, it depends on the authority. Sometimes they don't provide information to us, and we go to court. And we win in almost 100 per cent of cases," the expert said.

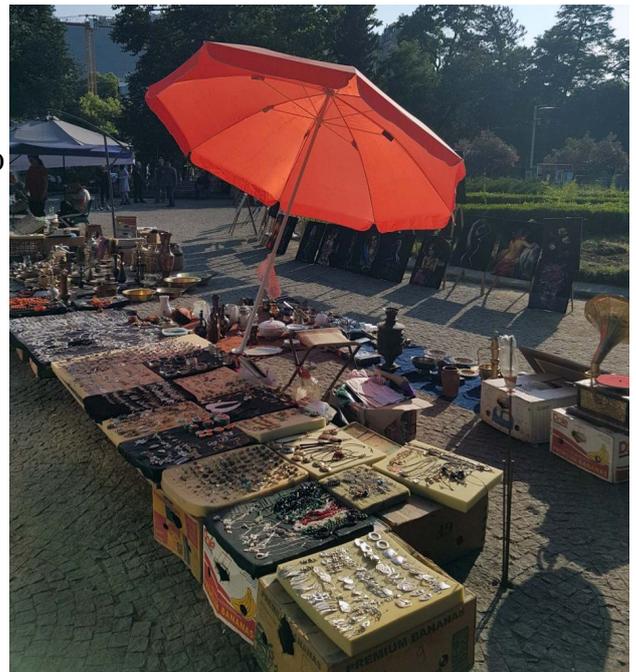
However strange it may seem, many of these reforms have been and are being held in Kazakhstan. For example, contacts with public servants have been reduced, some amendments to the tax policy are being initiated, attempts are being made to amend the tax law. However, the rate of corruption at all levels remains the same.

The author of the study of the second wave of privatisation in Kazakhstan, **Ilya Barokhovskiy**, thinks the government of Kazakhstan tackles the problem "from the wrong end". The reason is a class of rich officials, which must be taken into account by any reformer who has managed to blend in the "elite crowd".

The expert mentions privatisation as an example of how the proper process can go wrong once it doesn't have an independent manager. According to him, in Georgia government property was sold to major foreign investors in order to attract foreign capital to the country. In Kazakhstan, state enterprises are being sold to officials and affiliated persons.

"They are sold for a song - sometimes 5-10 per cent of their real price. This is not a mere assertion. We have monitored the effectiveness of privatisation of tendered facilities in all the regions of Kazakhstan as part of the second wave of privatisation. We have found numerous cases of very doubtful and low-gain deals. Very often new owners don't raise foreign capital in the country but, on the contrary, wonder how they can get additional funding from the national budget," Barokhovskiy said.

Furthermore, expert Ramaz Gerliani doesn't think Bendukidze has carried out privatisation properly. According to him, in Georgia the property in the amount of 1.5 trillion dollars still belongs to the government. Therefore, the country de jure has market economy, but in fact



Тбилиси. Photo: CABAR.asia

it doesn't because the main economic assets still belong to the state.

"The most correct process of privatisation for us is a voucher privatisation, when state-owned assets are transferred into private hands for a while. Otherwise, privatisation comes to a standstill because two other directions do not fit us due to low paying capacity of people," Gerliani said.

Corruption at the "highest level"

Giorgi Lomtadze said corruption in Georgia is existing in the top echelons of power, whose representatives try to use the state procurement system in their schemes.

"If any official has some power and influence, they can order the bidding and award the contract to a company, which is owned by an affiliated person. The second point is that bidding documentation can be made up for a certain company. However, it is a rare phenomenon because non-governmental organisations monitor tenders, especially big ones," Lomtadze said.

According to him, one can apply to the complaint review board and can even win. The board consists of three representatives of the government procurement system and three representatives of non-governmental organisations. However, if the votes are equal, the agency for government procurements makes a decision.

In Kazakhstan, corruption schemes in the government procurement system are used more often. For example, on March 19, prejudicial inquiry was launched against the head of the Energy Department of Eastern Kazakhstan region. He was detained on suspicion of getting a tender kickback in the amount of 40 million tenges (100 thousand dollars). As the anti-corruption agency suspects, the lot was awarded to a company selected by the official personally.

"In Kazakhstan, a special culture of corrupt relations has been shaped for two decades, when high officials are large businessmen at the same time. Large yet inefficient. They earn their capitals not because of their business acumen, but because they have access to the national budget and they buy state-owned facilities with the money they have earned from large orders awarded by the state," Ilya Barokhovskiy shared his opinion.

Repetition won't do

In the fourth round of 2016 [monitoring](#), the Organisation for Economic Co-operation and Development (OECD) noted that Georgia encounters issues related to low integrity of

politicians and judges.

The discontent with the imperfect government this June turned into mass protests. People talked mainly about economic issues - unemployment and low income.

However, Kazakhstan, unlike Georgia, is in crisis, which it has successfully overcome some time ago. According to the studies by Ilya Barokhovskiy, mere repetition of some reforms won't fit Kazakhstan.

According to him, they should start with people first and then continue with privatisation, tax reforms, interior ministry reform and other measures, which have been improperly implemented.

"We should carefully study the sources of income of the majority of officials. That's why we need to establish new investigative authorities independent from the old system, i.e. investigative authorities should be started afresh. But at this point of time this is a utopia," Barokhovskiy said.

According to experts, the way chosen by Kazakhstan depends on numerous factors: whether Kazakhstan will carry out bold or moderate reforms, whether the country will encounter disturbances or will manage to avoid them.



Protest in Tbilisi, June 2019. Photo: CABAR.asia

This article was prepared as part of the Giving Voice, Driving Change - from the Borderland to the Steppes Project implemented with the financial support of the Foreign Ministry of Norway. The opinions expressed in the article do not reflect the position of the editorial or donor.

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