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# 2019: NEW DYNAMICS OF CENTRAL ASIAN COUNTRIES COOPERATION

**Sanat Kushkumbayev**

Deputy Director of the Kazakhstan Institute for Strategic Studies under the President of the Republic of Kazakhstan,  
Doctor of Political Science

**Abstract.** The Central Asian region has historically been united. History records several stages when this vast region was part of one state and/or empire. These are the various states of the nomads, the period of the Russian Empire, then the Soviet Union. Notably, the influence and mass inertia of the latter had a very significantly impact on the modern structure of the Central Asia states.

The countries of the region therefore have common historical destinies and obviously have significant potential for creating a mutually beneficial common economic, cultural and political space. It is just as important that, since independence in 1993, the identification of intraregional and external geopolitical identification has come about, when the contours of international political Central Asia came to be based on the modern borders of five regional countries.

**Key words:** *Central Asia, Cooperation, Transport, Trade, Regionalization*

## 2019: ОРТАЛЫҚ АЗИЯ ЕЛДЕРІ ҰНТЫМАҚТАСТЫҒЫНЫҢ ЖАҢА ҚАРҚЫНЫ

**Санат Көшкімбаев**

**Аңдатпа.** Орталық Азия тарихи біртұтас аймақ. Аталынған аймақ тарихында бір мемлекеттің және/немесе империяның бөлігі болған бірнеше кезең бар. Көшпенділердің түрлі империялары, Ресей империясының және содан кейінгі Кеңес Одағының билігі кезеңі. Осы, соңғы билік кезеңінің инерциясының әсері мен ықпалы Орталық Азия мемлекеттерінің қазіргі заманғы құрылымына айтарлықтай әсер еткені айқын.

Осылайша, аймақ елдерінің тарихи тағдыры ортақ және бұл өзара тиімді экономикалық, мәдени және саяси кеңістікті құру үшін елеулі әлеуетке алып келеді. 1993 жылдан басталған тәуелсіздік кезеңінде аймақтық және сыртқы геосаяси сәйкестендірудің жүруі, Орта Азияның халықаралық-саяси контурлары бес аймақтық мемлекеттің қазіргі шекаралары бойынша негізделі бастауы маңызды болды.

**Түйін сөздер:** *Орталық Азия, ынтымақтастық, көлік, сауда, аймақтандыру*

## 2019: НОВАЯ ДИНАМИКА СОТРУДНИЧЕСТВА СТРАН ЦЕНТРАЛЬНОЙ АЗИИ

Санат Кушкумбаев

**Аннотация.** Центральноеазиатский регион исторически был объединен. Было несколько этапов в истории, когда этот обширный регион было частью одного государства и/или империи. Различные державы кочевников, период Российской империи, затем существования Советского Союза. Причем, вполне очевидно, что влияние и сила инерции последнего, очень существенно повлияли на современное устройство государств Центральной Азии.

Таким образом, страны региона имеют общие исторические судьбы и очевидно имеют значительный потенциал для создания взаимовыгодного общего экономического, культурного и политического пространства. Важное значение имеет тот факт, что в период независимости в 1993 г. произошло отождествление внутрирегиональной и внешней геополитической идентификации, когда контуры международно-политической Центральной Азии стали базироваться исходя из современных границ пяти региональных стран.

**Ключевые слова:** Центральная Азия, кооперация, транспорт, торговля, регионализация

In 2019, the leaders of the Central Asian countries will hold a second consultative meeting in Tashkent. The agenda includes a set of topical issues of interstate cooperation. One might recall that at the first meeting, on March 15, 2018, in Astana, the First President of Kazakhstan, N.A. Nazarbayev, emphasized that the main goal of the high-level meetings is «to solve our problems, create conditions for our peoples, relations. These are economics, trade, infrastructure, logistics and other issues» [1].

Indeed, Astana aimed to maximize the use of negotiation mechanisms based on dialogue. Kazakhstan proposes to intensify regional multilateral cooperation to address water and energy and many other economic issues in Central Asia. A package of Astana proposals includes creating sectoral consortia: water and energy, transport and food; special border areas; joint-investment structures and some others. These initiatives are certainly open for discussion and new proposals from the Central Asian neighbors.

Earlier, Kazakhstan announced a desire for closer cooperation and intends to consolidate positive trends both politically (bilateral and multilateral dialogue) and economically (investments in energy, transport, etc.). These efforts are based

on the state of bilateral and multilateral relations of the countries of the region; the need to ensure stability and security in the region; and to create a favorable external economic and foreign policy environment.

Thus, Astana offers its Central Asian partners the opportunity to consistently move towards close regional cooperation on a pragmatic basis, taking into account the characteristics of each country.

Effective inter-country cooperation in Central Asia can be carried out within the framework of solving topical issues related to the energy complex, with the issue of water distribution and border delimitation. The vital problems include transport transit, border issues and labor migration. Having achieved effective solutions to key problems in these areas, creating a stable mechanism for solving them, it will be possible to consistently develop mutually beneficial regional cooperation.

Further development and expansion of mutually beneficial trade and economic relations between the Central Asian states should be considered primarily through the willingness to create a real free-trade zone; development of entrepreneurship and investment cooperation;



the implementation of coordinated customs, tax and tariff policies by the Central Asian states and their harmonization of monetary and currency relations; and the adoption of active measures to unify national legislations to implement a free-trade regime.

In addition, no less important factors in the development of mutual trade between the Central Asian states are the harmonization of the macroeconomic policies of these countries and the synchronization of economic reforms, which will facilitate creating the conditions for the formation of a transparent common goods and services market.

### *Towards the common transport space*

The Central Asia region, due to its geopolitical position, has historically been a transit link in the system of various interconnections of the Eurasian countries. Partially, this situation remained in the initial period of independence, but due to a number of international economic, internal and foreign policy reasons, the pace of entry of Central Asian countries into the global economic and political space slowed down. It is common knowledge that the underdevelopment of the transport and communication infrastructure, both at the national and regional levels is a major deterrent here. As is commonly known, transport costs seriously affect the competitiveness of products and our economies in general.

It is logical that the development of transport infrastructure is a priority for cooperation among the Central Asian countries.

The Central Asian region demonstrates significant transport and transit potential, which is confirmed both by the scale of modernization and construction, and by the interest of foreign investors in cooperation with the countries of the region. Moreover, the transport infrastructure in the form of transport and economic corridors is the core of the further implementation of the PRC Belt and Road Initiative. The development of transport corridors is expected to have a posi-

tive impact on the solution of common regional issues and national objectives.

However, the countries of the region will have to focus on the fundamental problems of the quality of railways and motorways to unlock the potential of transport systems. At the same time, in Kazakhstan, for instance, the railway is the most preferred method of goods transportation. The various railway standards of countries along the Belt and Road Initiative, as well as the heterogeneous landscape and climatic conditions, are considered by many researchers to be the obstacles to the further integration of transport hubs and the transportation of over-sized and heavy goods.

It should be recalled that in at the end of 2015, Kazakhstan and China signed an agreement on the conjunction of the Silk Road Economic Belt and the New Economic Policy «Nurly Zhol» program adopted by the Government of Kazakhstan in 2014. The program is aimed at a comprehensive continuation of the course of reforms in the country's economy. To this end, Kazakhstan has a large-scale transport assets modernization program, which covers all types of transport, one of the tasks of which is to connect the capital city of Astana by the «ray principle» with the main large regions. Up to 2020, it is planned to implement projects with a total investment of about 40 billion dollars.

In the summer of 2016, the parties signed a detailed cooperation plan, highlighting three priorities: transport infrastructure, trade, and industry.

The plan provides for the construction of several transport corridors (China-Kazakhstan-Western Asia, China-Kazakhstan-Russia-Western Europe and China-Kazakhstan-South Caucasus-Turkey-Europe) and logistics terminals in Kazakhstan, China and third countries.

Thus, the government of Kazakhstan, supporting the Chinese initiative, intends to make maximum use of it to protect and promote national economic interests. In 2017, Astana adopted an investment strategy that is designed to

increase the effectiveness of cooperation between Kazakhstan and China within the framework of the EEU, the SCO and the Industrial Production Index and contribute to the development of the city of Astana as a regional financial center as part of the project to create the International Financial Center (AIFC), which was launched on July 5, 2018.

A significant platform for cooperation among Central Asian countries in the modernization of transport infrastructure is promoting interests in the CAREC program<sup>1</sup>. This program is also considered by the eastern neighbor of the Central Asian countries as a mechanism for cooperation in the joint implementation of the Belt and Road Initiative. These efforts are aimed at modernizing transport infrastructure, including transport and transit corridors in the countries of the region [2].

The countries of the region, implementing their own state programs for the modernization of transport infrastructure, generally have similar interests in reducing transport costs and attracting transit flows through their territories. Thus, the launch of the new railway route «China - Kazakhstan - Turkmenistan - Iran» allowed to halve travel time compared with maritime transport.

It should be noted that the Central Asian states are seeking to diversify transport routes, mainly from China. So, for instance, the «China-Europe» route («New Eurasian Continental Bridge») launched by Kazakhstan and China in 2017 made it possible to reduce the travel time of trains from 20 days to 14 days.<sup>2</sup>

The measures taken to find and develop alternative transport corridors are an indicator of the desire for lower transport costs. However, in case of Central Asian countries, it is important to maintain a balance between the existing structural opportunities for regional cooperation. For instance, the creation of new routes in Turkmenistan, Turkmenbashi through Garabogaz to the border of Kazakhstan, Turkmenabat - Gazachak

- Dashoguz, Mary - Serkhetabat will allow diversifying the automobile network [3].

In addition, in Turkmenistan, work is underway to modernize the Ashgabat-Turkmenbashi and Ashgabat-Mary highways, as well as to reconstruct the Turkmenbashi-Bekdash-Kazakhstan border [4]. Other countries in Central Asia are also working on upgrading existing automotive networks.

Uzbekistan reconstructed many transport arteries, for instance, «Tashkent-Osh», «Tashkent-Termez», «Samarkand-Bukhara-Alat», «Guzar-Bukhara-Nukus-Beyneu». The following ways are also being reconstructed and modernized: «Beineu-Kungrad-Bukhara-Samarkand-Tashkent-Andijan» and «Bukhara-Alat» [5].

Tajikistan: reconstruction of the «Kulob-Kalai-Khumb-Kulma, Shkev-Kalai-Khumb», «Dushanbe-Kurgan-Tube» and Kulob-Darvaz roads.

The Kyrgyz Republic is reconstructing the roads «Bishkek-Osh», «Kazarman-Jalalabad».

The modernized transport system will allow the countries of Central Asia to have their competitive advantages, for instance, in comparison with the sea routes of the Belt and Road Initiative and, accordingly, to increase the trade turnover between countries and international trade indicators [6].

### *Towards deepening regional trade*

In this regard, the countries of Central Asia must proceed looking for points of mutual cooperation. The Central Asian countries have significant potential for increasing trade and economic cooperation both based on bilateral relations with major partners, and within as part of participation in international organizations - CIS, EEU and SCO. In this respect, the harmonization and conjugation of projects of the EEU, SCO and Silk Road Economic Belt will create a more significant synergistic effect for the economic development of the entire region.

<sup>1</sup>Central Asian Regional Economic Cooperation.

[http://russian.china.org.cn/exclusive/txt/2017-09/30/content\\_41669275.htm](http://russian.china.org.cn/exclusive/txt/2017-09/30/content_41669275.htm)

<sup>2</sup><http://caa-network.org/archives/9015>

States understand the benefits of cooperation in the field of transport infrastructure, due to the increase in transit freight traffic and intraregional and international trade<sup>3</sup>. As is well known, based on the results of the CAREC ministerial meeting in Dushanbe in October 2017, the CAREC strategy until 2030 on further sustainable development in the region was signed. The strategy provides for a «cluster» development approach and is designed to create an «open and inclusive regional cooperation platform». At the same time, the creation of a «unified railway operator of CAREC» and an «open sky» was discussed [7].

According to the CAREC 2020 strategy, coupled with national development plans, until 2020, the total investment in the promotion of transport and trade will amount to 39 billion US dollars<sup>4</sup>. This will significantly strengthen the base of the regional transport infrastructure network to reveal the economic potential and improve the overall condition of transport routes [8].

To our opinion, effective cooperation requires developing a strategy to respond to the volatility of trade indicators, as well as taking measures to prevent conflicts arising from international trade relations.

Different customs duties and tariffs can become a cornerstone in the development of regional cooperation. Kyrgyzstan and Kazakhstan being bound by WTO obligations will have to keep their export rates at a low level due to their parallel participation in the EEU, which may cause concern to neighboring states. National economic priorities will be determined by different views and approaches; there may be some questions about different commodity groups, in particular, on food products.

According to the President of Uzbekistan Mirziyoyev at the opening of the international conference on the development of transport communications in the region in September 2018 in Tashkent, «transit costs of Central Asian countries that do not have direct access to the sea reach

70-80% of the value of exports of products, and carriers lose 40% of the time due to the lack of unified customs procedures». Indeed, Kazakhstan understands such costs. As mentioned before, the share of Kazakhstan in the railways of the entire region is 2/3, or about 66%.

In our view, the President of Uzbekistan had a very relevant address about «the expediency of creating a regional transport communications council of the Central Asian countries, which will become the coordinating structure in solving problems in the transport and logistics sphere»<sup>4</sup>.

In the context of strengthening this idea, it is obvious that it is also time to discuss the possibility of creating a permanent working structure or platform for the effective implementation of subsequent decisions of the heads of state and proposals of our governments. Such an informal institution may be created at the intergovernmental level (authorized or special representatives). The main goal is not to create any interstate structures, but an effective and mutually beneficial solution of topical regional issues.

### ***From external region-building to the internal one***

Central Asia does not have a simple surrounding environment. Against the background of its neighbors - Russia, China, Iran and several other countries of the Islamic world - the position of each country individually and even of the region does not look comparable. Individual countries are more exposed to external impacts. That entails the economic and political potential, cultural and civilizational vector. Strengthening the regional subjectivity of the community of countries where their potential is commensurate, and there is a cultural, historical and geographical contiguity, is in fact a way to strengthen the subjectivity of each country individually.

The regional cooperation paradigm is way way to solve common issues based on consensus

<sup>3</sup> <https://www.zakon.kz/4621549-do-2020-goda-carjes-investiruet-v.html>

<sup>4</sup> *Uzbekistan predlozhl sozdat' transportnyu strategiyu Tsentral'noi Azii (Uzbekistan proposed to create a transport strategy for Central Asia)* // <https://www.gazeta.uz/ru/2018/09/20/transport/>

and dialogue, such as managing transboundary rivers, common borders, development of transport transit, trade, energy and agriculture, jointly solving security issues and some others. Thus, the country benefits from the strengthening of the region.

The regional relations of the Central Asian countries, i.e. what can be called domestic region-building, were specifically perceived by global and regional powers. The external views/strategies, which construct the region, are based not only on its geographical perception, but on the plans and interests of external powers on the geopolitical reformation of these territories. In turn, the principles of external or internal design of Central Asia influence the formation of regional development models.

As is clear, the leading world and regional powers began to officially proclaim and implement their so-called Central Asian strategies. These documents demonstrate the concentrated attention of these powers to Central Asia caused by their special interests in the region and put forward the grounds for a more active and long-term policy in this part of the world. Such strategies were put forward by the United States, the European Union, Russia, China, Turkey, Japan, India, and South Korea [9].

The ways of implementing the strategies of external forces in Central Asia often turned out to be contradictory. This intensified the rivalry between them for the region. It is notable that the conceptual ideas about Central Asia as a special geographical space and its prospects vary in the approaches of external powers. This prompted the Central Asian states to look for a more adequate response to the growing and diverse types of external exposures.

Analyzing the strategies and concepts of non-regional powers in Central Asia, it is equally important to understand how they perceive and evaluate the interests of each other in the region. These evaluations often contain not only elements of cooperation, but also rivalry [9].

It is remarkable that geographically distant countries, support politically, diplomatically, and in other ways the regional «5+» format. This is evident in relations with the EU, the United States, India, Japan and South Korea. We believe that experience of the EU is in demand for all countries seeking to create effective regional cooperation platforms. In Central Asia, the basic principles of the European experience are fully applicable, if not now, then in perspective. The well-known postulate of the EU «unity in diversity» does not lose its relevance and fully corresponds to the conditions of our region.

All the mechanisms of dialogue and diplomacy developed in the EU in the areas of trade and the economy, politics and the law, as well as other areas, are the subject of study by experts and politicians. We suppose that the adaptation and development of many elements of this huge background (such as the Visegrad Group, the Nordic Council, and others) will play a potentially positive role in Central Asia. The new EU Strategy, announced in 2019, reflects many of these approaches.

The format of cooperation of the countries of Central Asia with the USA C5+1 is of significant political importance. The United States needs this format to have a formal and institutional opportunity to influence the regional situation in the future. The United States is aware that it does not have geographical advantages, such as those of China and Russia. Washington cannot be at the forefront of security and the economy. But at the same time, the United States considers it extremely important to maintain its active political presence in the region, which is important for Russia and China.

Given the remoteness of Central Asia and the limited resources of the United States, Washington is transforming its strategy and, along with bilateral ties, is also willing to use a multilateral format in the region, which could influence the formation of a regional agenda. American politicians believe that Russia has several instruments

- the EEU, the Collective Security Treaty Organization; China has the SCO and the Belt and Road Initiative.

At the same time, Washington is interested in the stability of regimes in Central Asia in the context of the situation in Afghanistan. It means that the United States does not intend to strictly connect the question of domestic political reforms and cooperation with the states of the region.

The allies of the United States - Japan and South Korea also have their platforms, in particular, «Japan + Central Asia» and «South Korea + Central Asia». Another advantage of these formats for Central Asian countries is that these countries do not interfere in internal affairs. The United States may have considered the experience of Japan and South Korea. At least, externally, the C5+1 format resembles the Japanese approach. But at the same time, the United States seeks to retain the role of one of the three leading external partners (along with China and Russia) for the Central Asian states.

The essence of the American C5+1 approach is the «strategy of balancing from a distance». The United States believes that their global economic and political-diplomatic influence and security opportunities balance the geopolitical weight of their neighbors in Central Asia - China and Russia. This strategy does not require major financial expenditures or security obligations. The United States can selectively act as a partner in Central Asia using diplomatic tools. While responsibility for security, stability and economic development can be delegated to neighboring powers.

The C5+1 platform is implemented as part of three working groups: «Economy and regional relations» (under the leadership of Kyrgyzstan, Turkmenistan and the United States), «Environment and Climate Change» (under the leadership of Kazakhstan and the United States) and «Security» (under the leadership of Tajikistan, Uzbekistan and the United States), which includes representatives of foreign ministries, specialized

state bodies and analytical structures of the participating states [10].

Although the formal results of the C5+1 platform are not major, it is significant in terms of supporting regional subjectivity. It indicates the projects on economic cooperation, in particular, the expansion of export potential, as well as the creation of conditions for freer trade. For the time being, the environmental, clean energy and trade projects are still background for a dialog of the US with the countries of Central Asia [11].

\* \* \*

In this context, the Central Asian countries must be interested in greater cohesion and thereby in minimizing the costs of rivalry and competition of their external partners. It should be noted that regional cooperation in Central Asia cannot and must not be directed against someone, or against someone's interests. First, this is a process of promoting and protecting one's interests and it is possible only with the mutual respect of sovereignty and should be based on the principle of equality, voluntary participation, consensus and dialog, diplomatic resolution of issues. This process can cause opposition only to those participants who have sovereign ambitions, who seek unilateral advantages and/or zones of privileged geopolitical interests and, accordingly, who see risks for their geopolitical goals in regional cooperation in Central Asia.

At this stage, it is important for the states of the region to move from meetings at the political level, concluding large-scale agreements to the practical implementation of the reached agreements.

In this regard, it will be efficient to create a platform that effectively addresses issues of cooperation among the Central Asian countries, which will allow for establishing a productive mechanism for multilateral dialog and serve to consolidate the efforts of states at the regional level.

It is necessary to focus on resolving non-contradictory trade and economic issues of coop-



eration, maximize the potential of our economies, and finalize the solution of border, water and energy issues.

At the same time, the settlement of a set of regional problems in the fields of energy, transport, environment, water scarcity and visa regime issues

require a coordinated pragmatic approach and closer cooperation of the Central Asian countries at the multilateral level. In turn, the joint measures taken in this direction by the Central Asian countries will make it possible to bring regional cooperation to a qualitatively new level.

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# CENTRAL ASIA IN TEN YEARS PERIOD: SCENARIOS AND RECOMMENDATIONS

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**Abstract.** This year Central Asia's countries will celebrate 28<sup>th</sup> anniversary of their independence since the collapse of the Soviet Union. Central Asia is made up from five culturally and ethnically diverse states, which went through the different trajectories of development in terms of economic and political aspects. Kazakhstan and Kyrgyzstan made relative progress in implementation of market-oriented reforms, while the rest of the countries are still undergoing the process of moving from the central-planning economy to the market one. The decline in the world prices for hydro-carbon commodities presents challenge for the Central Asia's states, whereas the recent political changes in the region raise the question whether Central Asia's nations would be able to gradually embrace the democratization process. This paper aims to predict: what will happen in the Central Asia's region in the next ten years? Also, consider the key challenges and prospects for the Central Asia's states as well as provide some recommendations in terms of tackling states' problems and strengthening cooperation in the region.

**Key words:** *Central Asia, Ten Years, Threats, Cooperation, Political Transformation, Economic Liberalization*

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## ОНЖЫЛДЫҚ КЕЗЕҢДЕГІ ОРТАЛЫҚ АЗИЯ: СЦЕНАРИЙЛЕР ЖӘНЕ ҰСЫНЫСТАР

**Сламжар Ахметжаров**

**Аңдатпа.** Биылғы жылы Орталық Азия елдері Кеңес Одағы құлағаннан кейінгі тәуелсіздігінің 28 жылдығын атап өтеді. Орталық Азия экономикалық және саяси аспектілер бойынша әртүрлі даму траекториясына таңдаған бес мәдени және этникалық әр түрлі мемлекеттерден тұрады. Қазақстан мен Қырғызстан нарықтық реформаларды жүзеге асыруда салыстырмалы прогреске

қол жеткізді, ал басқа елдерде орталықтандырылған жоспарланған экономикадан нарықтық экономикаға өту процесі әлі де жалғасуда. Көмірсутек өнімдеріне әлемдік бағалардың төмендеуі Орталық Азия мемлекеттері үшін өзекті мәселе болып табылады, ал соңғы уақытта аймақтағы саяси өзгерістер Орталық Азия елдерінің демократияландыру үдерісін қабылдай ма деген мәселені көтереді. Осы құжаттың мақсаты - алдағы он жылда Орталық Азия аймағында не болатындығын болжау. Сонымен қатар, мақалада Орталық Азия мемлекеттерінің негізгі проблемалары мен перспективалары талқыланып, мемлекеттердің проблемаларын шешу және аймақтағы ынтымақтастықты нығайту мәселелері бойынша бірқатар ұсыныстар бар.

**Түйін сөздер:** *Орталық Азия, он жыл, қауіп, ынтымақтастық, саяси трансформация, экономикалық ырықтандыру.*

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## ЦЕНТРАЛЬНАЯ АЗИЯ В ДЕСЯТИЛЕТНИЙ ПЕРИОД: СЦЕНАРИИ И РЕКОМЕНДАЦИИ

**Сламжар Ахметжаров**

**Аннотация.** В этом году страны Центральной Азии будут отмечать 28-ю годовщину своей независимости после распада Советского Союза. Центральная Азия состоит из пяти культурно и этнически разнообразных государств, которые прошли различные траектории развития с точки зрения экономических и политических аспектов. Казахстан и Кыргызстан достигли относительного прогресса в реализации рыночных реформ, в то время как в остальных странах процесс перехода от централизованной плановой экономики к рыночной экономике все еще продолжается. Снижение мировых цен на углеводородные товары представляет собой проблему для государств Центральной Азии, в то время как недавние политические изменения в регионе ставят вопрос о том, смогут ли страны Центральной Азии постепенно принять процесс демократизации. Цель этого документа - предсказать: что произойдет в регионе Центральной Азии в ближайшие десять лет. Кроме того, в статье рассмотрены ключевые проблемы и перспективы для государств Центральной Азии, а также представлены некоторые рекомендации в отношении решения проблем государств и укрепления сотрудничества в регионе.

**Ключевые слова:** *Центральная Азия, десять лет, угрозы, сотрудничество, политические преобразования, экономическая либерализация.*

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Forecast and prediction of future events are difficult tasks. In order to theorize about future events one should take into consideration the current issues and problems in Central Asia. Various scenarios could be applied in the context of Central Asia. Generally, the possible scenarios could be divided into the three dimensions.

### **Scenario 1: Status-quo**

The status-quo scenario implies that the Central Asian countries in the next ten years will not

experience any radical changes in the political, economic and social dimensions of their developments. In this regard, only Kyrgyzstan will go through the path of further political and economic reforms, while Kazakhstan, Uzbekistan, Tajikistan and Turkmenistan will pay attention for economic growth without any attempt of political liberalization. Thus the centralized political systems with top-down approach of administration are expected to persist in these countries.

The relationship between the countries in the region will have the bilateral character instead



## Water surplus states



☐ Kyrgyzstan

☐ Tajikistan

## Water deficit states



☐ Kazakhstan

☐ Uzbekistan

☐ Turkmeistan

**Picture 1. The distribution of water in Central Asia**

of multilateral cooperation. The countries will struggle to find the common ground in order to build the effective economic market in the region. The failure to maintain effective modernization would held the Central Asian countries in the outskirts of global politics and economy.

### **Scenario 2: Deterioration of existing issues**

This scenario implies that the Central Asian current problems and issues will experience further deterioration. The tensions and disputes between the countries may transform into the real conflicts. At the same time the influence of external factors may weaken the capacities of the states in the region.

#### ***Water issue as the source of conflict***

Central Asian states are interconnected into one transboundary water system through two prominent rivers: Amu Darya and Syr Darya. The change in water use in one of the countries inevitably affects the interests of other countries. Kyrgyzstan and Tajikistan, where respectively Amu Darya and Syr Darya originate, are interested in using the available water resources to generate hydropower. On the contrary, the lower reaches countries - Kazakhstan, Turkmenistan and Uzbekistan, intend to continue to use these same resources for irrigation (Picture 1). Currently, vast proportion of water resources of Kazakhstan (42%), Uzbekistan (77%) and Turkmenistan (94%) comes from Amu Darya and Syr Darya [1]. Furthermore, the upper countries are interested in the maximum discharge of water in

the energy deficient winter-time, and the lower reaches countries need the maximum flow of water in the summer period for irrigation of land [2].

Currently the tensions between the countries could be traced regarding the Rogun hydroelectric power plant (HPP), which is under construction in the Tajikistan. Tajikistan is planning to complete the HPP by 2024 in order to increase the supply of the electricity in the domestic market as well as export the electricity abroad [3]. Uzbekistan opposes the construction of Rogun HPP, since it undermines the water reserves of Uzbeks. In the similar vein, the Kambarata HPP and Toktogul HPP in Kyrgyzstan hinder the water capacity of Uzbekistan, Kazakhstan and Turkmenistan [4]. These very contradictions between two groups of countries accompanied by limited cooperation increase the probability of future conflicts.

#### ***Ethnic tensions as the source of internal and external conflict***

Another possible reason for the future conflicts in Central Asia arise from the ethnic tensions. An American diplomat Z.Brzezinski characterized the Central Asia as «Eurasian Balkans» [5]. From the Z.Brzezinski's perspective the Central Asia's ethnical diversity resembles those of former Yugoslavia states, which were engaged in heavy clashes in Balkans. The worldwide tendency of strengthening the nationalistic sentiments is also can be traced in Central Asian context. Thus, on many occasions the ordinary crimes with the involvement of representatives of

titular nation and minority ethnic group transform into the interethnic conflicts [6].

In Kazakhstan despite the government policy of promoting the multinational image of the society characterized by tolerance, often times interethnic conflicts take place. In particular interethnic clashes occur between the Kazakhs and representatives of Uzbek, Tajik, Chechen and other ethnicities mostly in Turkestan as well as Almaty region. Similarly, interethnic conflicts arise in Kyrgyzstan, predominantly between the Kyrgyz and Uzbeks; in Tajikistan between Tajiks and Uzbeks; in Uzbekistan between Uzbeks and Tajiks.

These interethnic conflicts can not only destabilize the situation within the countries, but also have the potential to deteriorate the relationships between the Central Asian states. Since, suppression of minority groups in one state may lead to backlash from neighboring countries with the purpose of protecting their compatriots.

### ***Radicalization as the security threat***

An increase of income inequality in the Central Asian region along with deterioration of socio-economic conditions provide the platform for the expansion of radical ideas and extremist thoughts among the disadvantaged group of population. The widespread cases of recruitment of Central Asian citizens as foreign terrorist fighters demonstrate the ineffectiveness of Preventing Violent Extremism programs in Central Asia [7].

Thus, in the next ten years period, the economic recession accompanied by the penetration of the region with fundamental Islamic thoughts present the high risk of radicalization of certain groups of population and possible initiation of terrorist attacks. In this regard, the Fergana valley in Uzbekistan has high potential of becoming the regional center of terrorists.

### ***Interference of third parties as the threat to independence***

The Central Asia traditionally has been within the domain of interest of hegemon powers, namely Russia, China and USA. After the collapse of Soviet

Union, Central Asian states have to maintain the multivector policy in order to keep balance between the hegemon powers [8]. The current trends suggest that control over the region in near future could shift towards China. On the one hand, this is explained by possible withdrawal of American forces from Afghanistan and recent closure of their military base in Manas, Kyrgyzstan. On the other hand, the western sanctions on Russia accompanied with its negative demographic growth rate may lead to the stagnation of Russian economy and consequent failure of Eurasian integration processes.

Thus, in the next ten years period the Chinese «positions» in the region can be expanded and strengthened. The development of further economic and political integration between the China and Central Asian states, threatens the independence and sovereignty of Central Asian countries in terms of making decisions on their domestic and foreign affairs.

### **Scenario 3: Economic cooperation and political liberalization**

This scenario implies that Central Asian states will find the way to overcome the current problems, develop the cooperation and effectively proceed through the modernization process (Picture 2).

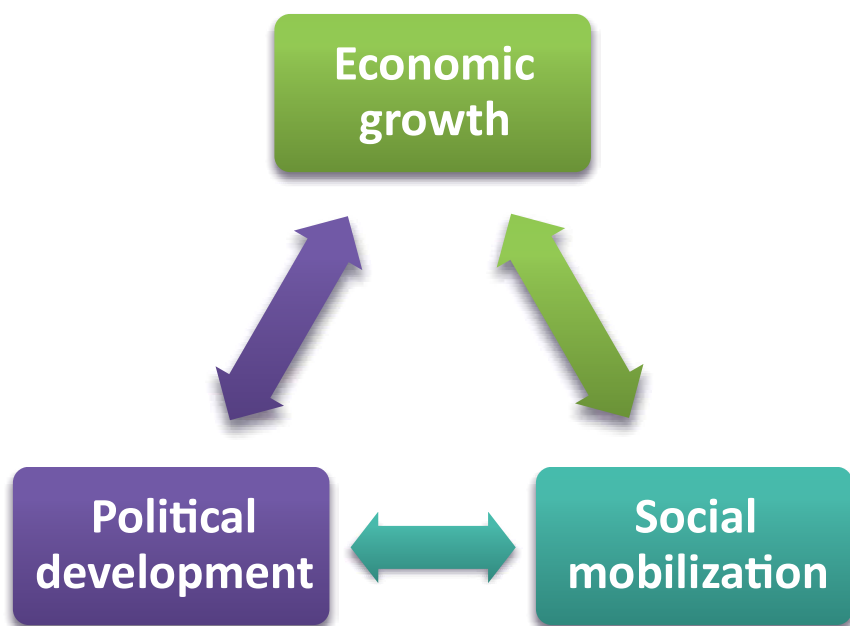
#### ***One Belt One Road initiative***

In the next ten years period the Central Asian economic growth is likely to be stimulated by the One Belt One Road initiative as well as increased economic cooperation and integration between the states. The proposed in 2013 One Belt One Road (OBOR) initiative plays essential role in the development of Central Asian countries. As two out of three economic corridors of OBOR directly cross the territories of Central Asian states [9]:

China→Central Asia→Russia→Europe

China→Central Asia→Persian Gulf→Mediterranean sea

In this regard, the Central Asia has great opportunity to revitalize the ancient Silk Road and become the «bridge» between the East and



**Picture 2. The dimensions of modernization**

West. There are common concerns that Chinese loans to Central Asian states under the OBOR initiative represent the risks for the countries in the region due to possible problems with future repayments of the credits. However, the potential benefits from the OBOR initiative outweigh the risks for Central Asian states.

In ten years' time, the Central Asian states could well become the large logistic and transport hub between the Europe and Eastern Asia. In other words, the OBOR initiative provides the chance for Central Asian states to overcome the problem of landlocked area that is characterized by absence of access to the oceans. Most importantly, the OBOR initiative stimulates the economies of the Central Asian states. The construction of necessary infrastructure along the transnational corridors creates the new workplaces and stimulates the trading activities in the region.

#### ***Economic cooperation and integration***

There have been made some steps toward regional cooperation between the Central Asian states. Last year the presidents of Central Asia participated in the consultative meeting in Astana [10]. This year the consultative meeting is

expected to take place in Tashkent. The official meetings between state leaders are accompanied by so-called «second track». As conferences and roundtables organized where representatives of expert communities of Central Asia discuss the possibilities for further economic cooperation between the regional states.

In ten years period the regular meetings and discussions are expected to institutionalize the regional cooperation and transform into the beneficial economic trade. In this regard, Kazakhstan and Turkmenistan's comparative advantage in natural resources could be well complemented by the agricultural products of other regional states. The OBOR initiative would only strengthen the trade between the countries. The further implementation of joint projects, elimination of trade barriers, harmonization of legal frameworks and liberalization of money exchange operations are expected to provide a platform for the appearance of kind of Central Asian economic union. Free movement of labor and capital would boost the economic growth in the region. The competition on the joint market will make products for consumers cheaper, while qualifications of employees would increase.

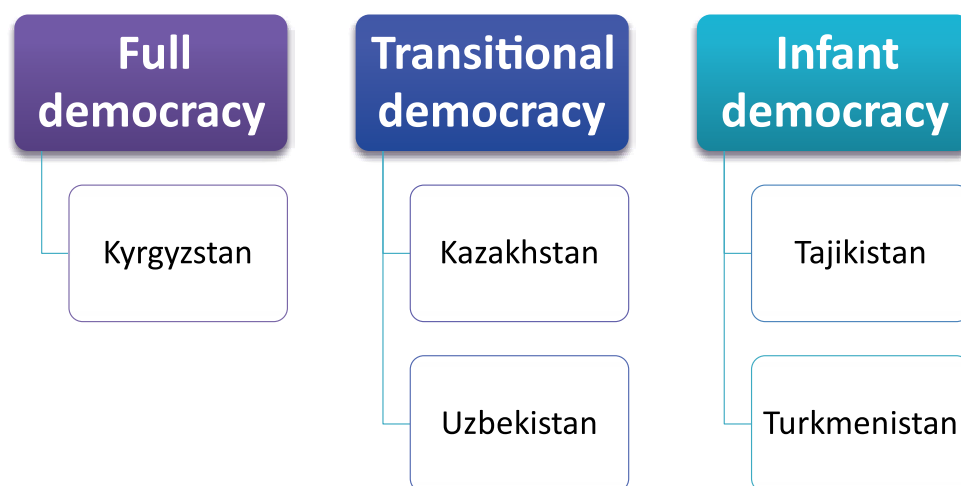
## Social mobilization and political liberalization

Recent resignation of President Nazarbayev provoked the media discourse about the transition of power in Kazakhstan. It is widely expected that the next elected President of the Kazakhstan is going to be from the close circle of the Leader of the Nation, so that the smooth transition of power is guaranteed and stability of government policy is ensured [11]. Nevertheless, the very fact that Nazarbayev stepped down sets precedence in Central Asia and gives a hope of the beginning of «political spring» in the region.

The peaceful transition of power in Kazakhstan replicates the Chinese and Singaporean experiences. Although, Nazarbayev will remain as the leader of the ruling Nur Otan party and chairman of the Security Council of Kazakhstan, the next President of the state will not enjoy the «same level» of power as Nazarbayev previously exercised. Consequently, the Kazakhstan political structure may transform into the one that is characterized by the well-functioning system of checks and balances. The «absolute power» can be diffused into the legislative, executive and judicial branches of government. Consequently, such vital institutions as rule of law and state accountability can be strengthened in Kazakhstan.

The political transformation in Kazakhstan is expected to trigger the demands of citizens of other Central Asian states toward their authorities regarding the political liberalization. Primarily this is relevant for Tajikistan and Turkmenistan, where current presidents are highly authoritarian and exercise the absolute power. The widespread poverty in these countries undermines the legitimacy of power of both S.Niyazov and G.Berdymuhamedov. So, Tajikistan and Turkmenistan are reaching their critical juncture, where radical political changes are expected to be made.

Kyrgyzstan as the champion of democratic reforms in the region will continue its journey toward liberalization. Uzbekistan with the arrival of Mirziyoev has already demonstrated its intention to loosen the state control. While, recent protests of multichildren mothers in Kazakhstan as well as social media discourse put the pressure on Kazakhstani authorities for greater involvement of citizen in the decision-making process. Thus, in the next ten years period the Kyrgyzstan is likely to transform into the full democracy, Kazakhstan and Uzbekistan are expected to enter the league of transitional democracies (Picture 3). The absence of political reforms may trigger the revolutionary processes in Tajikistan and Turkmenistan. Thus, these states are expected to make some steps toward liberalization either through the revolution or own intentions of their presidents.



Picture 3. The political liberalization of Central Asian states in the next 10 years.

## **The policy recommendations**

The structural reforms are needed in Central Asia. Here the primary focus should be on three pillars: economic, social and political modernization. The gradual and uniform development of these dimensions would ensure the prosperity of Central Asian states. The following recommendations are appropriate for each Central Asian country:

### ***Stimulation of good governance***

- Decentralization of power. The Central Asian countries need to provide greater autonomy for local administrations. The weakening of hierarchical governance and central planning should be accompanied with the provision of greater decision-making to local authorities. This can be implemented through provision of autonomy to local authorities over the tax collections, budgets and financial resources. Consequently it would boost the overall capacity of government as well as increase the effectiveness of public service.

- Direct elections of local mayors. The appointment of local mayors by presidential administrations undermines the accountability of public servants in front of the citizens. Thus, mayors at all levels should be elected by local population. Consequently, it would significantly increase the accountability of local mayors and their responsiveness to citizens' demands. More broadly, this measure would serve as an effective instrument against the protest actions. Since, it would shift the public pressure from central government to local authorities.

- Enhancement of Rule of law. The Central Asian states need to enhance the accountability of public and private actors in front of the law. The laws should be applied evenly, regardless of the position or status of individuals. The judges in courts should be independent from any influence in order to maintain fair trials. Consequently these measures would boost the legitimacy of Central Asian leaders over the power.

### ***Building of competitive economy***

- Privatization. The state «abundance» in the economies of Central Asian states should

be reduced. The citizens of the countries should have the opportunity to buy-out the shares of the national companies. This in turn would lead to better management of companies and larger profits.

- Support and assistance to SME. In order to develop the entrepreneurship the necessary legislative and financial assistance frameworks should be established. Business entry & exit restrictions should be eliminated. The possible creations of special funds to provide low interest loans would boost the capacities of small and medium enterprises, consequently it will bring higher volume of taxes to the budget.

- Research and development. The Central Asian states need to find ways of moving from export of «ordinary» commodities toward production of «high value added» innovative products. In order to do that, governments should spend higher amount of their GDPs to R&D sector. The creation of R&D labs on the platform of universities and possible attraction of foreign specialists to conduct the necessary researches would enable to transform the economies of the countries from «simple» to «innovative».

### ***Fostering social capital***

- Strengthening the university education. The Central Asian states need to develop their university education systems. In this regard, the experience of Nazarbayev University would be applicable for other countries in the region. The preparation of high-qualified specialists in various fields would increase the capacities of employees in the market.

- Stimulation of life-long learning. The Central Asian countries need to develop the policies, which encourage the individuals to develop their knowledge and skills. The special qualification upgrade courses should be developed within the frameworks of special government program. Consequently, it will lead to an increase of human capital and better productivity in the economy.

- Ensuring the gender equality. The Central Asian countries need to develop the policies in order to shift from traditionally masculine values toward the greater gender parity. This is espe-



cially relevant for countries such as Uzbekistan, Tajikistan and Turkmenistan. The greater involvement of women into the education process and labor market would not only strengthen the economies of the countries but also positively effect on their image in the international arena.

## Conclusion

The best course of action for Kazakhstan in the next ten years is to keep balance between the political, economic and social modernizations.

The achievement of this objective would allow the Kazakhstan to stay in the position of the regional leader. The other Central Asian countries should be considered as allies for Kazakhstan. The common history, traditions and future goals provide the platform for beneficial cooperation. In the long-run, the strengthened multilateral relationships between the countries accompanied by joint projects as well as markets for goods and services will enhance the capacities of Central Asian states to withstand the global storms and resist against the interests of hegemon powers.

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# FORMS AND METHODS OF WORK WITH CONVICTS OF VARIOUS CATEGORIES FOR THE PURPOSE OF PREVENTION OF IDEOLOGY OF EXTREMISM AND TERRORISM\*

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Vice-president of the Ural Association "Center for Ethno-confessional Studies, Prevention of Extremism and Counteraction to the Ideology of Terrorism", PhD in History

**Abstract.** The article describes the activities of the public organization "Urals Association" Center for Ethno-Confessional Studies, Prevention of Extremism and Counteraction to the Ideology of Terrorism "in Yekaterinburg for work by juveniles at risk and convicted serving sentences in places of deprivation of liberty in the Sverdlovsk Region for the purpose of prevention ideology of extremism and terrorism.

**Keywords:** *Terrorism, Islamism, Places of Imprisonment, Imam, Teenagers, Youth, Convicts*

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\* The article was first published in the proceedings of the International scientific-practical conference "Prevention of extremism. Successes and difficulties». - KazISS under the President of RK, 2019, pp. 148-161

## ЭКСТРЕМИЗМ МЕН ТЕРРОРИЗМ ИДЕОЛОГИЯСЫН БОЛДЫРМАУ МАҚСАТЫНДА ӘРТҮРЛІ КАТЕГОРИЯ БОЙЫНША СОТТАЛҒАНДАРМЕН ЖҰМЫС ІСТЕУДІҢ ТҮРЛЕРІ МЕН ӘДІСТЕРІ

Алексей Старостин

**Аңдатпа.** Мақала Екатеринбургтегі «Этникалық және конфессиялық зерттеулер орталығы, экстремизмнің алдын алу және терроризм идеологиясына қарсы тұру» атты Орал қауымдастығының экстремизм мен терроризм идеологиясының алдын алуға қатысты Свердлов облысындағы түрмелерде жазасын өтеп жүрген сотталғандар мен тәуекел тобына жататын жасөспірімдермен жұмыс істеу тәжірибесіне арналған.

**Түйін сөздер:** терроризм, исламизм, ұстау орындары, имам, жасөспірімдер, жастар, сотталғандар

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## ФОРМЫ И МЕТОДЫ РАБОТЫ С ОСУЖДЕННЫМИ РАЗЛИЧНЫХ КАТЕГОРИЙ С ЦЕЛЬЮ ПРОФИЛАКТИКИ ИДЕОЛОГИИ ЭКСТРЕМИЗМА И ТЕРРОРИЗМА

Алексей Старостин

**Аннотация.** В статье рассказывается об опыте общественной организации Уральская ассоциация «Центр этноконфессиональных исследований, профилактики экстремизма и противодействия идеологии терроризма» г. Екатеринбурга по работе с подростками, входящими в группу риска и осужденными, отбывающими наказание в местах лишения свободы в Свердловской области, с целью профилактики идеологии экстремизма и терроризма.

**Ключевые слова:** терроризм, исламизм, места лишения свободы, имам, подростки, молодежь, осужденные

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According to the Legal Statistics Portal <http://crimestat.ru>, the Russian Federation has seen a gradual decrease in crimes, although their number remains significant: in 2010, 2,628,799 crimes were registered; and in 2018 the number had decreased to 1,991,532. This number includes 112,201 of the most serious crimes; and 200,306 drug trafficking crimes, etc. In addition, in 2018, 1,679 crimes of terrorism and 1,265 crimes of extremism were recorded. The number of extremism and terrorism crimes is smaller compared to crimes of a general criminal nature, but, as you know, these crimes have a high degree of public danger [1].

Modern definitions of extremism explain this phenomenon as a set of destructive pseudo-his-

torical ideas implemented in the form of radical public appeals and practical actions, often of a violent nature and aimed at splitting society and destroying the state.

In Russia, at the legislative level, priority is given to measures aimed at preventing extremist activities, as well as the importance of the interaction of state bodies with the institutions of civil society (confessions, national-cultural associations and other public associations) in activating responsible citizens to help counter extremism.

Thus, the current Strategy for Countering Extremism in the Russian Federation until 2025 [2] conceptually prioritizes the prevention of extremism in relation to criminal law methods.



Article 2 of the Federal Law dated July 25, 2002 No. 114-ФЗ «On Countering Extremist Activities» among the basic principles of countering extremist activities indicates the priority of measures aimed at preventing extremist activities, as well as the need for state cooperation with public and religious associations, other organizations, citizens in countering extremist activities [3].

Terrorism is an extreme form of extremism, which is understood as a criminal public use of violence to destabilize state authorities or international organizations or influence their decision-making. At the same time, the Federal Law «On Countering Terrorism» is not only about the violence itself, but also about the threat of the use of this violence [4].

Terrorist crimes include not only and not so much terrorist acts themselves, but rather involvement and recruitment into terrorist organizations, participation in them, their financing, distribution of materials of terrorist organizations, etc.

However, according to international and domestic experience in countering terrorism, the use of force can only prevent a specific threat of a terrorist act. To radically reduce the threat of terrorism, it is necessary to destroy the very system of its reproduction, which is based on the

ideology of terrorism, its carriers, as well as its distribution channels.

That is, of paramount importance is a preventive work which mainly aims to reduce the level of radicalization of various groups of the population, especially youth, and to prevent their involvement in terrorist activities.

Since persons who commit extremism and terrorism crimes are promptly identified by law enforcement agencies and, after being convicted, are placed in a penitentiary system to serve their sentences, there is a serious risk of spreading of a destructive ideology of a various nature in prisons. Moreover, this can be facilitated by an increase in the number of foreign citizens who fall into prison for general crimes, since they are a risk group, among which ideologists of extremist and terrorist organizations may find supporters, especially when it comes to radical Islamist movements<sup>1</sup>.

The problem is that the number of migrants in Russia averages about 10 million people. At the same time, according to various estimates, about a quarter of them (about 2 million people in 2018, 2.6 million people in 2017) are illegal migrants. Foreign citizens commit offences, including criminal ones, and end up in detention

<sup>1</sup> Wahhabization of the criminal environment has been started after the militants who participated in the second Chechen war and members of the organized criminal group were sent to prison where they accepted Islam. Until 2011, there were cases in the colonies of the Republic of Tatarstan when religious extremists beat believers only for their belonging to traditional Islam, demanding to renounce the ancestral faith and recognize the truth of Wahhabism. In the colony No. 18 of Kazan, they even beat an imam, who preached on the need to follow the traditional Tatars Islam of the Hanafi madhhab, going to prison jihad. There are numerous examples of recruitment in detention facilities. For example, Y. Bitsuyev from Kabardino-Balkaria, the future terrorist of the Islamic State, was recruited by the Russian Wahhabi E. Mironov, convicted of the attack on Nalchik in 2005. Being free, Mironov specialized in recruiting people in terrorist groups. He continued this in prison, where he became a "criminal authority". The terrorist S. Mishurinsky from the Vologda region had close contact with the well-known terrorist R. Gochiyayev, who turned him into his faith and persuaded to start terrorist attacks after his release. A similar situation was with a resident of the Irkutsk region, S. Katuntsev, who, serving a sentence for robbery, got under the influence of one of the Dagestan Wahhabis. - R.A. Silantyev, V.V. Noskov, A.V. Savvin *K probleme verbovochnoi deyatel'nosti terroristicheskikh i ekstremistskikh organizatsii v mestakh lisheniya svobody* (Towards the problem of recruiting activities of terrorist and extremist organizations in prisons) // Man: Crime and Punishment. V.25, No. 1. 2017. Pp. 113-117.

<sup>2</sup> According to official statistics, at the end of 2017, the total number of convicts held in institutions of the Federal Penitentiary Service of Russia amounted to 630.1 thousand people. Of these, 14% at the age of 18-25 years, 81% at the age of 26-55 years, 3% at the age of 56-60 years, 2% - over 60 years. Moreover, 38% are first imprisoned, 23% - second time and 39% - third time or more. See: Prisoners in the Russian Federation. Statistics. URL: [https://pikabu.ru/story/zaklyuchennyye\\_v\\_rf\\_statistika\\_5959823](https://pikabu.ru/story/zaklyuchennyye_v_rf_statistika_5959823) [Access date: April 04, 2019]. According to expert estimates, convicts from among the peoples who traditionally practice Islam, constitute about 6% of the total number of persons in prison. In some regions, for instance in the Samara region, their number is about 20% of the total number of persons serving sentences in correctional institutions. According to official statistics of the Federal Penitentiary Service, 61 mosques and more than 230 prayer rooms function in the colonies and insulation facilities of the Russian Federation. Islamic communities in penitentiary institutions amount to over 950. - A. Boyko *A na spine sineyut kupola i minarety* (Blue domes and minarets on the back) ... URL: <https://www.ufa.kp.ru/daily/26489.4/3358033/> [Access date: April 04, 2019]. For instance, the colonies of the Republic of Tatarstan counts 7 mosques and 7 prayer rooms, which are visited by more than 600 prisoners, the Sverdlovsk region has 7 mosques and 7 prayer rooms, which are visited by about 500 convicts, the Kemerovo region - 3 prayer rooms, which are visited by about 250 people.

facilities. The most common offences include drug trafficking, crimes against the person, theft, use of forged documents and other<sup>2</sup>.

The «Comprehensive Plan for Countering the Ideology of Terrorism in the Russian Federation for 2019 - 2023», approved by the President of the Russian Federation V.V. Putin on December 28, 2018 [5], pays much attention to preventive work in prisons. In particular:

- Implementation of socio-economic measures stipulated by the legislation of the Russian Federation in respect of persons serving their sentences for terrorist crimes aimed at their re-socialization.

- Information campaigns with persons serving sentences in the penitentiary system to explain the criminal nature and social danger of terrorism with the involvement of representatives of religious and public organizations, psychologists.

- Involving persons serving sentences for terrorist crimes, including non-custodial offenses, in preventive measures provided for by the legislation of the Russian Federation in the form of individual preventive conversations involving representatives of religious and public organizations, psychologists, explaining to persons their moral and legal responsibility towards society, the state, social and legal consequences of terrorist activities.

The spread of the terrorism ideology among convicts is a serious problem since a great many convicts are opposed to the state system; many have the skills for handling weapons; and the promise of protection «in prison camp» and forgiveness of all sins by Islamist terrorist groups may be an attractive incentive to join such organizations.

The Comprehensive Plan for Countering the Ideology of Terrorism in the Russian Federation indicates public organizations for some reason. One of these organizations is the Ural Association Center for Ethnic and Confessional Studies, Prevention of Extremism and Countering the Ideology of Terrorism - a non-profit organization established in Yekaterinburg in January 2017. The public organization unites veterans of anti-

terrorist divisions, scientists and other specialists with a wealth of theoretical and practical experience in anti-extremist and anti-terrorist work.

The purpose of the Center for Ethnic and Confessional Studies... is to assist state authorities at various levels in the study of ethno-confessional processes, harmonization of inter-ethnic and inter-religious relations, countering the ideology of extremism and terrorism, and patriotic education of citizens. As well as facilitating to strengthen peace and harmony between representatives of various nations and followers of various faiths.

The main forms of activity are:

- Conducting analytical and scientific research in the field of inter-ethnic and inter-confession relations, migration processes.

- Organizing and holding lectures, round tables and conferences on ethno-confessional topics, anti-extremist and anti-terrorist, patriotic orientation.

- Assistance and support to law enforcement agencies and veterans of divisions involved in the fight against terrorism.

These activities are carried out both with the help of experts from the Sverdlovsk region, and with the involvement of the best specialists from various regions of the Russian Federation. The Center for Ethnic and Confessional Studies... developed 10 awareness-raising programs aimed at various categories of the population.

In particular, the workers of the Center for Ethnic and Confessional Studies... pay serious attention to the prevention of the extremism and terrorism ideology in detention facilities.

Our public organization has the concept of «working with those who have taken a false step». It comes down to the idea that each person may get in a difficult life situation: in particular, children from dysfunctional families or those who have no parents and are raised in orphanages. Initially, they fall into the risk zone and if they do not find understanding or support, they may choose the wrong path and got involved in illegal activities. They can also be involved in various kinds of extremist and terrorist organizations. To prevent this, we hold meetings with

children from fostering institution who have lost their parents or left without their care, as well as children who need help and protection of the state. Such a meeting, for instance, was held in the Nевyansk district of the Sverdlovsk region in February 2018. Meetings are also held with adolescents who are under preventive control in the juvenile affairs offices. Such a meeting, for instance, was held at the police office No. 14 of Yekaterinburg. Over the past two years, regular educational work has been carried out with a group of «difficult teenagers» from some schools in Nizhny Tagil, the second largest city of the Sverdlovsk region. The first meeting with them was held in May 2018. The President of the Center for Ethnic and Confessional Studies..., a member of the International Veterans Association of Counter-Terrorism Special Forces «ALFA», Sergey Aleksandrovich Pavlenko, and a colonel of the internal service in reserve, the former head of Medical and Correctional Institution No. 51 of Nizhny Tagil Yuri Evgen'evich Kasimov talked with students about life, its difficulties and joys. During the conversation, it was revealed that the guys potter away, do not play sports, have learning and behavior problems, they are aware of the events occurring in the criminal circles of the city, they know criminal authorities, but they are not aware of the history of the country and its heroes. Sergey Pavlenko told the children about his childhood in Nizhny Tagil, that many of his friends of youth had chosen the wrong path, and as a result, their life ended very dramatically. «I made a decision to serve in special forces when I was a kid, I took a lot of sports, and in the end my dream came true, the main thing is to set a goal and pursue it». Then they talked a lot about the Russian army, about various types of troops, the latest weapons and training of military servicemen. «There, in the army, in the special forces, we had and have a real fraternity, which is still preserved», said Sergey Aleksandrovich, «we always came and come to each other's help in difficult times, support the families of the dead soldiers, commemorate them, and what you are being told about the «thieving fraternity» is a

myth. I have devoted many years of my life to the fight against crime and terror, and I am aware of the structure of the criminal world, they have their own laws, they use young people for their own selfish interests».

The former head of the Medical and Correctional Institution No. 51 of Nizhny Tagil Yuri Kasimov addressed the guys: «Guys, believe me, prison is not a good place, it's not a resort or a sanatorium, you don't need to romanticize the criminal world, it's not so beautiful as they say. Young or middle-aged people get to detention facilities, that is, they spend the best years of their lives serving sentences for their crimes, and when they are released they cannot get a normal job. Over the years spent in prison «a person breaks contact with former friends, children who have not seen their fathers grow up, many become sick, do we need to aim for this?» The meeting had an impact on teenagers and similar meetings are held regularly. At least once every two months, various meetings are arranged for the children: meetings with veterans who show them elements of close-handed fight, trips to theater and other cultural institutions, work on future career guidance, etc. Some positive changes have already been notable: the interest towards the subculture of AUE (Convict's/Prisoner's Practice) passes away, their behavior has changed for the better, their academic performance and interest in learning has increased.

Preventive work with juvenile offenders is carried out. Despite the truth of folk saying «there is no fence against ill fortune», and there are some teenagers who have chosen the wrong way, it is also important to convey to them that there are crimes whose public danger is not comparable to the terrorism crimes. On November 18, 2017, a meeting was held in the Kirovgrad juvenile correctional facility to discuss this. Boarder were told about the tragedy in the city of Beslan in September 2004, were showed video clips, the purpose of which is to protect children from the impact of extremist and terrorist organizations.

Separately, preventive work is carried out with adult convicts:

The most extensive anti-terrorism project Center for Ethnic and Confessional Studies... was the photo exhibition «Eternal memory to you, Beslan!» The exposition was based on photographic materials provided to the Center for Ethnic and Confessional Studies... by the museum of the school-gymnasium No. 1 named after the heroes of the Russian special forces in the city of Beslan, as well as freely available on the Internet. In August, our organization launched an initiative to use this photo exhibition and a video based on it in events dedicated to the Day of Solidarity in the Fight against Terrorism. Our initiative was supported by the Ministry of General and Professional Education of the Sverdlovsk region, the Department of Youth Policy of the Sverdlovsk region, several universities of Yekaterinburg, the administration of 12 municipalities of the Sverdlovsk region and Main Department of the Federal Penitentiary Service of Russia in the Sverdlovsk region. The photo exhibition got wide media coverage. Thus, thousands of residents of the Sverdlovsk region could see the photo exhibition designed to form a rejection of the terrorism ideology.

A separate category is convicts who practice Islam. Under certain circumstances, convicts who practice Islam, serving sentences in the colonies of the Sverdlovsk region, have not had the opportunity to meet with Islamic imams since 2016.

To help address this issue, in May 2017, correctional institutions of the Sverdlovsk region (CI-2, CI-10 in Yekaterinburg, CI-13 in Nizhny Tagil, CI-46 in Nevyansk) at the invitation of the Center for Ethnic and Confessional Studies... and the Main Directorate of the Federal Penitentiary Service of Russia in the Sverdlovsk region were visited by a member of the PMC of the Kemerovo region, the first deputy chairman of the Central Regional Institution Central Muslim Spiritual Board of Russia of the Kemerovo region, the imam khatib of the Munir Cathedral Mosque Rubin Munirov to conduct conversations with convicts professing the Islamic faith on spiritual and moral topics, and on the prevention of extremist and terrorist attitudes. During conversations with convicts, the imam focused on the inadmissibil-

ity of violence, theologically argued the need to comply with internal regulations in detention facilities, answered questions of concern from convicted Muslims. More than 150 convicts took part in the meetings with the imam.

To systematize the work with convicts professing Islam, the Regional Muslim Spiritual Administration of the Sverdlovsk region under the jurisdiction of the Central Muslim Spiritual Administration of Russia signed a cooperation agreement with the Center for Ethnic and Confessional Studies... and the Main Directorate of the Federal Penitentiary Service of Russia for the Sverdlovsk region.

As part of the implementation of these Agreements, on February 26, 2018, a methodical seminar was held for imams of the Sverdlovsk region to train them to work with convicts professing Islam with the participation of the administration of the regional governor and the Main Directorate of the Federal Penitentiary Service.

The next day, a methodical seminar was held with the participation of the imam akhoond of the Sverdlovsk region Radifullah Gindullin and the imam khatib of the Munir Mosque Rubin Munirov with the deputy heads of the colonies of the Sverdlovsk region. The meeting was attended by more than 50 employees of the Federal Penitentiary Service of Russia.

Within these seminars, Rubin Munirov also visited the colony of Ivdel, located 500 km from Ekaterinburg. More than 100 convicts from 4 colonies took part in the meetings with the imam.

The Center for Ethnic and Confessional Studies... is looking for new forms of work with convicts. Thus, on April 27-28, 2018, the head of the Museum of the School No. 1 named after the Heroes of the Special Forces of Russia Nadezhda Il'nichna Guriyeva and her daughter Irina, who were hostages at the school in 2004, visited the Sverdlovsk region at the invitation of the Center for Ethnic and Confessional Studies... to hold meetings on the anti-terrorist topic with the public, with students of higher educational institutions of Yekaterinburg, journalists, as well as convicts from the detention facilities and em-

employees of institutions of the Federal Penitentiary Service of Russia. A meeting with more than 200 convicts took place in the Correctional Colony No. 10 of Yekaterinburg (strict regimen). The story of this heroic woman, who lost two children during the terrorist attack, stabbed convicts to the heart and had a strong educational effect. On September 3, 2018 on the Day of Solidarity in the Fight against Terrorism, the President of the Center for Ethnic and Confessional Studies... S. Pavlenko visited Correctional Colony No. 2 of Yekaterinburg for a meeting with convicts. The meeting was attended by 600 people. He was speaking about the grief caused by terrorism on the example of Beslan and other terrorist acts committed in recent years in the Russian Federation. This performance was videotaped and shown in other colonies of the Sverdlovsk region.

Experts of the Center for Ethnic and Confessional Studies... regularly hold seminars for employees of the Federal Penitentiary Service to inform them about the activities of various extremist and terrorist ideologies, forms and

methods of disseminating their views, in particular, in detention facilities. So, in February - March 2019, with the participation of experts of the Academy of Sciences of the Republic of Tatarstan and experts of the Center for Ethnic and Confessional Studies... several meetings were held with the heads of correctional institutions and personnel to give lectures on countering the ideology of radical subcultures and countering the spread of ideas of religious extremism in subordinate institutions.

These are just some of the most interesting examples of systematic work carried out by the Center for Ethnic and Confessional Studies... together with the Russian Federal Penitentiary Service for the Sverdlovsk region aimed at preventing the ideology of terrorism, which was presented in Novosibirsk at an expanded meeting of the Scientific Council of the CIS Anti-Terrorism Center in April 2018 and obtained a positive assessment of experts of this international organization as a good model that can be applied in other countries and regions.

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# CLASSIFICATION OF PRISONERS FOR TERRORISM AND EXTREMISM (ON MATERIALS OF FIELD RESEARCH CONDUCTED IN PRISON IN 2017)\*

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**Abstract.** One of the most pressing problems for countries faced with radicalization is the de-radicalization of those convicted of terrorism and extremism (TaE). The need for classification by category is justified by the fact that those convicted of TaE are heterogeneous and monolithic (different ideology, organization, level of religious knowledge, etc.); usually distinguished by aggression; leaders and ordinary people. In different countries there are different classifications; and in accordance with this work is carried out in different ways. Classification of convicts for terrorism and extremism allows targeted work to carry out on de-radicalization and risks, to track changes in the behavior and worldview of individuals convicted of TaE.

**Keywords:** *Classification, Extremism, Terrorism, Deradicalization, Convicts.*

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## ТЕРРОРИЗМ ЖӘНЕ ЭКСТРЕМИЗМ БОЙЫНША СОТТАЛҒАНДАРДЫ КЛАССИФИКАЦИЯЛАУ (2017 ЖЫЛЫ БОСТАНДЫҚТЫ ШЕКТЕУ ОРЫНДАРЫНДА ӨТКІЗІЛГЕН ЗЕРТТЕУ ЖҰМЫСТАРЫНЫҢ МАТЕРИАЛДАРЫ БОЙЫНША)

Нүргүл Есенаманова

**Андатпа.** Радикализацияға ұшыраған елдер үшін ең өзекті мәселелердің бірі - терроризм мен экстремизмге қатысы бар адамдардың радикалды ұстанымынан қайтару. Санат бойынша жіктеу қажеттілігі терроризм және экстремизм бойынша сотталғандар біртекті, монолитті болмауы (түрлі идеология, ұйым, діни білім деңгейлері және т.б.), яғни агрессивті, көшбасшыларды, қарапайым өкілдері әртүрлі елдерде әртүрлі жіктеледі және бұл олармен жұмыс әртүрлі тәсілдермен жүзеге асырылады. Сотталғандардың терроризм мен экстремизмге қатысты жіктелуі де радикалдандыру мен тәуекелдер бойынша мақсатты жұмысты жүргізуге, ТжЭ бойынша сотталған тұлғалардың мінез-құлқындағы өзгерістер мен дүниетанымдық өзгерістерді бақылауға мүмкіндік береді.

**Түйін сөздер:** жіктеу, экстремизм, терроризм, радикализация, сотталғандар.

## КЛАССИФИКАЦИЯ ОСУЖДЕННЫХ ЗА ТЕРРОРИЗМ И ЭКСТРЕМИЗМ (ПО МАТЕРИАЛАМ ПОЛЕВОГО ИССЛЕДОВАНИЯ ПРОВЕДЕННОГО В МЕСТАХ ЛИШЕНИЯ СВОБОДЫ В 2017 Г.)

Нургуль Эсенаманова

**Аннотация.** Одним из наиболее актуальных проблем для стран, столкнувшихся с вопросами радикализации, является дерадикализация осужденных за терроризм и экстремизм (ТиЭ). Необходимость классификации по категориям обоснована тем, что осужденные за ТиЭ являются неоднородными, монолитными (разная идеология, организация, уровень религиозных знаний и т.д.), обычно, выделяют агрессивных, лидеров, рядовых, в разных странах существуют разные классификации и в соответствии с этим с ними работа ведется по-разному. Классифицирование осужденных за терроризм и экстремизм позволит вести адресную работу по дерадикализации и рисками, отслеживать изменения в поведении, мировоззрении лиц осужденных за ТиЭ.

**Ключевые слова:** классификация, экстремизм, терроризм, дерадикализация, осужденные

One of the challenges for modern Kyrgyzstan has been the situation in places of detention among those convicted of terrorist and extremist activities. The increase in the number of this contingent, most of whom have served their sentences without changing their beliefs, is a cause for concern. Deradicalization activities in places of detention are extremely difficult and the measures taken are not systematic. Moreover, large-scale studies of the state and changes in the situation among those

convicted of terrorism and extremism have not been undertaken before and the study was mostly fragmented[1] due to the relative novelty of the problem. Increased attention to the problems of de-radicalization was manifested and is associated with the departure and return of Kyrgyz citizens from the war zones in Syria and Iraq. Measures in this direction began to be taken almost only in 2017 with the advent of the State system of execution of punishment (SSEP), Active attempts are

being made to conduct a systematic assessment of the existing problems, to develop priority and strategic steps to work with this category of prisoners.

In these circumstances, the assistance provided by the relevant international organizations to the SSEP for the introduction of foreign experience in Kyrgyzstan and training of employees of the penal system of the country in international standards for the provision of material and technical assistance is very useful.

At the same time, it seems essential to properly adapt international experience to local conditions. To this end, it is advisable to conduct a number of studies and a comprehensive analysis of the situation among those convicted of terrorism and extremism. In our opinion, along with the efforts of international organizations in this direction, it is extremely important to carry out such work by our own national experts, who have access to confidential information.

In particular, international experience shows the need to classify convicts for a differentiated approach in the organization of measures for deradicalization, as well as the development of methodology and organizational mechanisms for the deradicalization of radicals in Kyrgyzstan. This field study<sup>1</sup> was aimed at a comprehensive study, analysis of the situation and changes in the situation with convicted terrorists and extremists for the application of the classification. The main focus was on the classification of this category of convicts in closed institutions. It should be noted that this first attempt at classification was with the use of five tools [2] [3], i.e. theological survey (questioning); interviews with convicts; interviews with employees (their observation of changes); psychological technique;s and in some cases the analysis of documents (court decisions). An integrated approach to classification improves the reliability of information and the efficiency of deradicalization activities. In addition, despite its complexity, the tools of classification require

systematic improvement; and this cannot be static itself, since convicts in closed and open institutions differ and the use of the same classification because of their heterogeneity is sometimes not permissible for them. This in turn suggests that the classification should be flexible, expanded, systematically updated as the contingent of convicts is updated and classified and can move from one category to another, etc.

The total number of respondents convicted of terrorism and extremism in the institutions of the SSEP was 276 respondents. Of these:

- closed institutions (reformatory colony, pre-trial detention center) – 160,
- criminal inspections – 60,
- on colonies-settlements – 56.

In addition, 37 prisoners convicted under other articles, as well as 31 employees of SSEP institutions were interviewed.

At the same time, surveys, theological questionnaires and psychological testing were conducted by members of the working group with the entire contingent of convicts under the relevant articles on a voluntary and confidential, anonymous basis.

Based on the objectives of the study, the following methodology and research tools were used.

In particular, various factors (biographical, psychological, religious, political, etc.) affecting this work have been studied to develop a basic classification for the organization of work in the penitentiary system with convicts for tie, and appropriate tools have been developed in the form of:

- questionnaire-interview with several blocks of questions, providing for the reconstruction of the life of the convict, identification of religious identity, motives and circumstances of involvement in TaE, stay in prison and General political knowledge;
- In particular, to develop a basic classification for organizing work in the penitentiary system

<sup>1</sup> This field analytical study "Organization of work of employees of the penitentiary system with a contingent of convicts for extremist and terrorist crimes" was conducted by a team of authors of the state interdepartmental group with the technical support of the Fund for the development of spiritual culture "Yyman". The article is based on the analytical report "Organization of work of employees of the penitentiary system with a contingent of convicts for extremist and terrorist crimes". Bishkek, 2018 and is intended for employees of the State system of execution of punishment of the Kyrgyz REPUBLIC as assistance in carrying out de-radicalization, rehabilitation works.



with convicts for TaE, various factors (biographical, psychological, religious, political, etc.) that affect this work were investigated, and corresponding tools were developed as: theological questionnaire, in order to test the method of determining with its help the level and direction of religious knowledge, the degree of radicality of religious and political views and the possible risks of continuing TaE activities;

- psychological tests, to study the current state of the convict and his General personal characteristics, for possible use of the results in the work on deradicalization;

- questionnaire-interviews for the staff of the institutions, in order to obtain additional information on the contingent of interest and to improve work with them.

In addition, the study aimed to examine the current state of the SSEP system, related to factors and risks of negative trends in detention facilities, including the possibility of merging or closing terrorist, extremist and criminal elements, as well as the possibility of a negative impact on the staff of institutions of convicted extremists.

In order to study the category of convicts we are interested in, taking into account the experience of other countries, we propose the following classification according to the degree of ideologization that encourages violence:

- Militant extremists.
- Ideological extremists.
- Accessory after the fact.
- Repentant.

Currently not able to be defined accurately.

As noted above, the classification is based on the analysis of the materials of interviews with convicts and staff of institutions, theological questionnaires, psychological testing, as well as information from the place of serving the sentence of the convict and taking into account the nature of the crimes committed (articles, type and term of punishment, relapse).

The classification methodology was developed by the working group on the basis of the qualifications and experience of each expert and the collective discussion. At the same time, no claim is made as to the absolute reliability of the

results, as it is based on the subjective nature of the researcher and the subjective features of the prisoner's personality. However, quite correct and no doubt necessary to the operation and performance of units of the SSEP, as only judicial materials shall not encompass personality traits, including ideological, political beliefs and religious knowledge, history and psychological state, attitude to the conditions of confinement.

First of all, in the development of the classification and its criteria, the task was to identify the most dangerous part from the whole category under study, in terms of the recurrence of their criminal, violent activities directly in places of detention and after their possible release. This category of convicts we called "Militant extremists".

Among the characteristic features of the selected:

Recognition in interviews and theological survey by the convict of the possibility of violence (armed Jihad) against the state, society, law enforcement agencies, Shia, Jews, the accusation of unbelief, Muslims are not observant party etc.

The fact that the convicted person used armed violence in the past, his participation in terrorist attacks, murders, robbery, armed conflicts abroad, etc. for ideological reasons. It was established by us from our own confessions of respondents, and information from other friends with him convicted, as well as articles on which he was convicted (article 226, 375...).

Disobedience and lack of respect for the laws and prison rules combined with a strong desire to dominate and manipulate other prisoners. It was established taking into consideration:

Answers to certain questions of the interview concerning the relation of the prisoner to the state, power structures, SSEP at the time of poll.

Committing recidivism of crimes and other offenses during the period of punishment.

Characteristics of the prisoner on the part of the administration and employees of the institutions where he stays.

Information of operatives about the Respondent's active terrorist activity in the past or attempts to continue it in places of detention.

A striking example of a representative of this category has been sentenced to life imprisonment (LI) S. K., who in an interview directly voiced the need for "Jihad" in relation to all those who do not adhere to radical religious and political ideology.

It must be recognized that, with regard to individuals, it is difficult to uncover their belligerent aspirations. During the study we were faced with cases where the respondents answered the interview questions and questionnaires consistently, consistent, and psychologically convincingly, proving his innocence in relation to terrorism and extremism. However, additional information received from operatives testified to the contrary. More often, such individuals are the most dangerous and intelligent terrorist leaders.

For example, sentenced to LI K. I. interviews showed the maximum consistency of the allegations of his innocence of the crimes of a terrorist nature, as well containing no contradictions; and was convincing. In addition, his personal history, level of education and intellectual level correspond to a person from the intelligentsia. At the same time, the articles under which he was convicted twice, and the comments of the operatives of the pre-trial detention center of SSEP and SCNS against him indicate that this person is a very dangerous recidivist who managed to play an important role in the attempt to organize terrorist activities outside the zone. An indirect sign indicating K. I.'s involvement in terrorist activities is the result of psychological examination, according to which he, despite the long term of serving his sentence and the disappointment he demonstrates with life, is a strong personality with leadership qualities.

The next category of convicts – "Ideological extremists", was proposed on the basis of the presence among them of persons who are clearly less dangerous, namely, reluctant to commit violent acts, but at the same time have strong extremist beliefs.

In particular, this category includes a significant part of the members of the religious extremist organization (REO) "Hizbut-Tahrir" who do not support violent methods of achieving religious and political goals until the "world

Islamic state" (Caliphate) is created. However, its adherents in closed institutions usually openly acknowledged their participation in a proscribed organization and hostility towards a secular state.

In addition, this category includes some other persons who adhere to and spread the ideology of radical Islamism (the establishment of the Caliphate, the introduction of Sharia, hostility and rejection of secular norms of social life, other religions and madhhabs). For example, the convicted T.K. in his interview said *"...to avoid terrorist acts in the Kyrgyz REPUBLIC, the religious authorities of Kyrgyzstan need to turn to the leadership of ISIS and Al-Nusra (as a Caliph) that in Kyrgyzstan there is no harassment of Muslims"*. Thus, it actually justifies the objectives (establishment of a Caliphate) and activities of the listed terrorist organizations, calling for their recognition.

The analysis of the materials obtained shows that there is another category of prisoners, which we call "Accomplices indirectly involved". The main feature of belonging to it is the lack of radical ideologization of the convict and his lack of intentions to continue terrorist or extremist activities in the future. At the same time, such a person could previously take part in terrorist and extremist activities. For example, he went out or had the intention to go to a war zone, but did not have time to do it, provided aiding and abetting assistance to terrorists, etc.

The absence of radical ideologization will be determined by our answers during the interview and to the questions of the theological questionnaire.

An example is M. U. According to his recognition: *"... went to daavat for 3 days in Aravan... charge me from daavat was enough for 1 month, but after 15 days the charge fell... because I gamble in cards, I know how to cheat... in prison life is interesting, here make fair decisions... I want to Europe in Germany, I want to learn English"*.

The majority of those convicted of attempting to enter combat zones abroad are young people, and the fact that they did not have time to commit terrorist acts and do not have strong radical ideological convictions makes it possible to identify this group and apply certain methods of deradicalization to them. At the same time, there

are reports that some persons who returned from Syria, consciously surrendered to the authorities and went to cooperate, disbelieving in the jihadist ideology and not wanting to continue to participate in terrorist activities, while fearing for their safety in the face of possible threats of former associates.

Another typical example of a convict of this category is Sh. M. Analysis of the data obtained in relation to him suggests that he is close to the criminal world in nature, preferences and behavior, but previously assisted a group of terrorists by providing them with housing. In places of detention openly, actively conflicted with the administration of institutions and convicted of terrorism and extremism, but, in the close environment of the latter, gradually began to get closer to them. It seems that such persons should not be treated as "militant or ideological extremists" and kept in the same cells.

The main goal of preventive work with convicts for TaE is their deradicalization. Sometimes, as a result of the purposeful work of the administration and under the influence of internal motives (fatigue from prison life), some people depart from extremist ideology. This category we called "Repentant". Criteria for attribution to it are:

Recognition of their crimes in the past and an open rejection of ideology and organization,

Willingness to cooperate with law enforcement agencies,

Correspondence of other external manifestations of behavior and beliefs to sincere repentance.

An example of such a convict is T. V RC-27, who spent two months in Syria as part of the international terrorist organization (ITO) "Jabhat al-Nusra", detained and sentenced to four years in prison. During the interview, he spoke in detail about his involvement in terrorist activities, admits his guilt and repents. The motives of departure and the behavior of this person also testify in favor of his sincere repentance.

It is important to work with this category of persons in a timely and effective manner in order to consolidate their correction and, possibly, to use them in the deradicalization of other convicts,

as well as in preventive activities outside the places of detention (for example, by involving them in video interviews).

The latter category of prisoners is "Not able to be defined accurately." The criteria for assignment of convicts are:

– Full or pre-emptive denial of participation in Tie activities, while the court's verdict indicates the opposite, and during the interviews elements of radical religious and political beliefs are revealed,

– The absence in the results of surveys of manifestations of obvious extremism in the presence of signs of conscious concealment of radical ideology,

– Refusal to participate in the study.

In the course of the study, respondents often refused to face charges against them and court-proven charges of involvement in terrorist crimes. While it is impossible to exclude the possibility of investigative or judicial error in relation to them, we proceeded from the assumption that it is no more than the average for all categories of crimes. In most cases, convicts try to justify themselves consciously or unconsciously.

Thus, among those who did not recognize their participation in the tie Were persons convicted under "heavy" articles and sentenced to long terms.

In addition, in the responses received from representatives of this category, quite often there is a contradiction, a deliberate refusal to answer many questions related to the identification of radical political and religious beliefs, the presence of certain radical statements. Some refused to participate in the study at all. All this may indicate attempts to conceal their true views.

There is an assumption that a number of representatives of the studied contingent have unstable views, since they poorly represent radical ideology. They received almost no General education, as many of them did not even finish primary school or did not study well at all.

At the same time other clarifying information (from the administration, employees of institutions) in respect of such persons could not be obtained.

Accordingly, it has been difficult to draw conclusions about their true ideological commitment and the level of risk they pose, and therefore they fall into this category.

At the same time, it cannot be excluded that some of them had an indirect relation to terrorist activities, without being ideologized and without realizing all the consequences, and are now trying to deny their involvement completely. That is, in further study it is possible to distinguish among them "accomplices indirectly involved".

Also to "not amenable to definition at the moment" we carried a number of persons who were earlier obviously from among militant, but at the moment for various reasons lost open aggression to what interview and psychological examination testifies. Among them, for example, B.A. in PTSD-1. Results of the test: *regression, inhibition. Possible auditory hallucinations or sensitive about criticism of others about themselves. Bad orientation in space. Focus on the goal, taking some order. Rejection of reality. Search for self-affirmation and contacts. Anxiety associated with thinking or imagination. Tendency to impulsive behavior. Volatility in behavior. Lack of resilience, perseverance, perseverance. The feeling of lack of psychological warmth at home. Primitive*

*aggression. The possibilities of a bad personal organization. Refusal to really look at things. Fear. Inherent verbal aggression. Most verbal activity (loquacity).*

Systematic work should be carried out with this category of convicts, aimed at further separating representatives of the above categories from it, in order to more accurately determine approaches to working with them.

At the same time to "Not be currently accurate enough definition," extremists need the most attention due to the presence hidden among them "Violent extremists", which can carry threat of terrorist intentions. On the other hand, some of them may refer to "Complicit, indirect complicit" extremists and easier to perceive the impact in terms of their deradicalization.

It is necessary to emphasize once again that the definition of convicts in a particular category is not infallible and unchanged and can change over time. There is a need to systematically and in different ways to clarify, recheck and correct the information and conclusions concerning the contingent under study. At the same time, the use of this classification can serve as one of the rather useful evaluation tools, within the framework of the methodology of work on the deradicalization of convicted extremists.

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# MECHANISM OF INTEGRATION OF EDUCATION, SCIENCE AND PRODUCTION WITH THE APPLICATION OF THE NETWORK APPROACH

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**Abstract.** The study examines the scientific, educational and production network, which is a systematic activity for the development of innovative educational programs as a kind of joint capital of industrial enterprises, scientific organizations and educational institutions, which is the basis for the development of all own capital of participants of such network interaction.

Mechanism of network interaction within the framework of scientific, educational and production network on the basis of the paradigm of "open" innovations is associated with the creation of conditions for the development of innovative capital of the network entities, training of highly qualified personnel of General and vocational education with the necessary competencies in the field of generation and dissemination of new knowledge, as well as improving the effectiveness and efficiency of the entities in the course of the scientific, educational and production network. Research was composed to measure variation in the economic development and innovation in Kazakhstan required in times of increasing global competition.

**Keywords:** *Innovations, Innovative Activities, Integration, Science, Education, Production, Republic of Kazakhstan.*



## ЖЕЛІЛІК ТӘСІЛДІ ҚОЛДАНА ОТЫРЫП, БІЛІМ, ҒЫЛЫМ ЖӘНЕ ӨНДІРІСТІ ИНТЕГРАЦИЯЛАУ ТЕТІГІ

Ерлан Арын, Гүлнур Әмірова

**Аңдатпа.** Мақалада ғылыми-білім беру-өндірістік желісі қарастырылады, онда осындай ұқсас желілік өзара әрекеттесуге қатысушылардың барлық меншікті капиталдарын дамытуға негіз болып табылатын өнеркәсіптік кәсіпорындардың, ғылыми ұйымдар мен білім беру мекемелерінің бірлескен капиталы ретінде инновациялық білім беру мекемелерінің бағдарламаларын әзірлеу бойынша жүйелі қызмет жүргізіледі. Зерттеу жаһандық бәсекелестік артуына байланысты түзетуді талап ететін Қазақстандағы экономика мен инновацияларды дамытудың сәйкессіздігін анықтауға бағытталған.

«Ашық» инновациялардың парадигмасы негізінде ғылыми-білім беру-өндірістік желі шеңберінде желілік өзараәрекет ету тетігі желі субъектілерінің инновациялық капиталын дамыту үшін жағдай жасауға, жаңа білімді қалыптастыру және тарату саласында қажетті құзыреттілікке ие кәсіптік білім берудің жоғары кәсіби кадрларын даярлауға, сондай-ақ ғылыми-білім беру-өндірістік желі жұмысы барысында субъектілер қызметінің нәтижелілігі мен тиімділігін арттыруға байланысты.

**Түйін сөздер:** инновация, инновациялық қызмет, интеграция, ғылым, білім беру, өндіріс, Қазақстан Республикасы.

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## МЕХАНИЗМ ИНТЕГРАЦИИ ОБРАЗОВАНИЯ, НАУКИ И ПРОИЗВОДСТВА С ПРИМЕНЕНИЕМ СЕТЕВОГО ПОДХОДА

Ерлан Арын, Гульнур Амирова

**Аннотация.** В статье рассматривается научно-образовательно-производственная сеть, в которой ведется системная деятельность по разработке инновационных образовательных программ как своего рода совместного капитала промышленных предприятий, научных организаций и образовательных учреждений, являющегося основанием для развития всех собственных капиталов участников подобного сетевого взаимодействия. Исследование построено на выявлении диспропорций развития экономики и инноваций в Казахстане, требующих корректировки в условиях усиливающейся глобальной конкуренции.

Механизм сетевого взаимодействия в рамках научно-образовательно-производственной сети на основе парадигмы «открытых» инноваций связан с созданием условий для развития инновационного капитала субъектов сети, подготовки высокопрофессиональных кадров общего и профессионального образования, обладающих необходимыми компетенциями в области генерации и распространения новых знаний, а также с повышением результативности и эффективности деятельности субъектов в ходе работы научно-образовательно-производственной сети.

**Ключевые слова:** инновации, инновационная деятельность, интеграция, наука, образование, производство, Республика Казахстан

## Introduction

In modern conditions, the integration of education, science and production should be considered as a top priority aimed at training highly qualified specialists who meet the needs of the labor market in the development of an innovative economy.

Effective interaction of universities with the labor market and individual employers as a whole requires the development of a comprehensive strategic partnership of all stakeholders, the purpose of which is to combine human, financial, material, technical and other resources for mutually beneficial cooperation.

In recent years, there has been a tendency on the part of the state to seek to establish interaction between enterprises and educational institutions. This interaction, as a rule, should include:

- involvement of enterprises in the formation of educational programs of universities, participation in training and organization of professional practices, development of professional competencies of students in demand in the modern labor market;
- implementation of joint research activities in various innovative areas;
- employment of University graduates;
- additional grants and scholarships for students and teachers;
- financing of targeted training of students;
- creation of material and social conditions for the adaptation and consolidation of young professionals in enterprises.

Partnership of companies with universities – is, on the one hand, staffing of the real sector of the economy, taking into account the selected promising areas of its development, and on the other – it is expressed in a special form of business, when there is a pool of resources of several subjects, in the framework of research projects.

Thus, the creation of a system of training for enterprises can be considered in two directions.

The first direction – universities carry out educational activities in cooperation with enterprises. The employer takes an active part in the formation of professional standards and professional competences of future specialists, innovative educational programs, systems of mentoring of graduates and professional adaptation are developed together with enterprises.

It should also be noted that the specifics of this trajectory is the practical content of the educational process, its organization on the basis of "centers for collective use", the introduction of the project method of training in the educational process, the organization of students' practices, internships at enterprises, the implementation of project, diploma works on the order of enterprises, corporate competitions, etc.

The second direction is the training of specialists not only for specific enterprises, but also capable of independently organizing their own enterprise. This is the creation of "new employers". In the implementation of this direction it is necessary to note the significant role of business incubators, allowing students to form a special entrepreneurial competence.

As follows from the above, the main result of the activities of the University of a new research type in the field of training is a creative person who is capable of self-development during life, to research, creative approach to all phenomena and processes of our time.

## Literature review

The rapid development of high-tech industries, the acceleration of the introduction of innovative scientific developments in mass production, the reduction of cycles of renewal of industrial equipment, the processes of Informatization of the economy, changing the requirements of employers to the system of training and retraining of specialists in content and structure, impose new requirements for education, science and business. Under these conditions, the triad "education-science-production" is no longer able to effectively adapt and develop to changes in isolation, independently of each other. Domestic and foreign researchers [1-3] noted that in the innovation economy, the efficiency and effectiveness of the interaction of economic activities is significantly increased by the organization of integration processes in a network structure as a more perfect modification of the adaptive structures of the management system of complex social and economic systems.

The advantages of using network structures in different economic systems are:

- concentration of network members' activities on their key unique processes and competencies;

- high adaptability to changing external conditions, quick response to changes in market conditions;
- elimination of duplication of a number of functions performed by network members;
- significant reduction of costs, their rational structure;
- replication of best practices, effective mechanism of information exchange between network participants;
- in the implementation of projects in the network to engage in joint activities of competent partners who have the necessary resource potential [4-5].

It should also be noted that the use of the network approach in the integration processes allows for the effective functioning of both the entire socio-economic system and each of its individual elements.

At the end of the XX century, abroad started to pay great attention to the study of the role of network structures in the economy. In this regard, the emphasis of economists has shifted from integration to the creation of economic innovation structures and institutions of the network type. Network forms of organization are widespread in various fields of activity.

Thus, at the beginning of the XXI century the use of network approach in the activities of leading Western universities became the dominant direction [6]. This was due to the following reasons:

- the growth of environmental variability, the need for rapid adaptation of universities to these changes;
- increased international competition;
- expansion of the international space of universities;
- low efficiency of common forms of cooperation of international scientific and educational cooperation in solving complex problems;
- striving for a more efficient and deeper division of labour;
- development of world communication networks and network computer technologies [7-9].

The transformations taking place in the system of higher education, associated with the transition of Kazakhstan to a new stage of socio-economic development of society, also identified the need

for the organization and development of network formations in the economy.

## Results and discussion

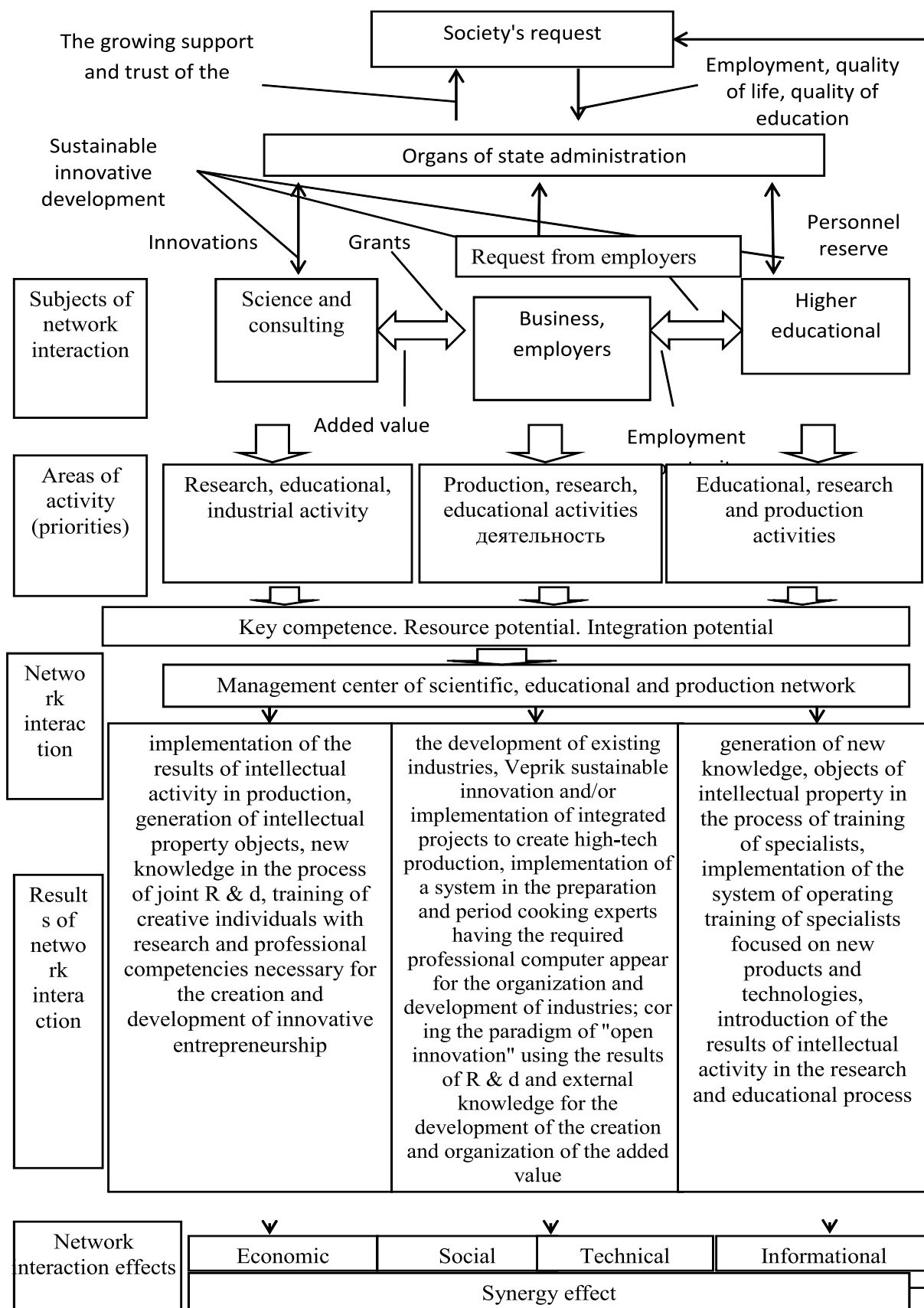
The study examines the scientific, educational and production network, which is a systematic activity for the development of innovative educational programs as a kind of joint capital of industrial enterprises, scientific organizations and educational institutions, which is the basis for the development of all own capital of participants of such network interaction.

In the process of formation of this joint capital there is a transfer of accumulated individual knowledge in the on-net knowledge, fixing them in the corporate database for wide use by all participants of the scientific, educational and production network. A key feature of corporate knowledge is the possibility of its further development in the "open source" mode, that is, knowledge from the network can always be taken, improved and returned back to the network. Therefore, knowledge is not just stored in the network, but also developed, leading to the emergence of completely new opportunities for the development of network interaction participants.

In General, the development of scientific, educational and production network (SEPN) is designed to solve the following main tasks:

- for subjects of educational activity: generation of new knowledge, intellectual property in the process of training, the implementation of advanced training of specialists focused on the latest products and technologies, the introduction of the results of intellectual activity in the research and educational process;
- for the subjects of scientific activity: implementation of the results of intellectual activity in production, generation of intellectual property, new knowledge in the process of joint R&D, training of creative individuals with research and professional competencies necessary for the creation and development of innovative entrepreneurship;
- for subjects of industrial activity: development of existing industries susceptible to innovation, and / or implementation of complex projects to create high-tech production, the implementation of training and retraining





**Figure 1-Diagram of network interaction participants**  
**Note-Compiled by the authors**

of specialists with the necessary professional competencies for the organization and development of production; according to the paradigm of "open innovation" the use of R & D results and external knowledge to create, organize and develop additional value [10].

The study of foreign and domestic experience in the development of integration processes of subjects of educational, scientific, production and research activities allowed us to offer a scheme of network interaction of education, science, production. This scheme will help to increase their dynamism, flexibility, openness, technical and information equipment in the orientation to the regional, national and global levels (figure 1).

Training of a modern specialist on the basis of integration of education, science and production is not only a scientific problem, but also a direction of state policy. Therefore, sustainable innovative development of the national economy requires achieving a balanced correspondence between the actual needs of science, the quality of training of University graduates and high-tech production. The external environment for the SEPN is made up of state education management bodies, industrial and educational organizations that are not part of the network interaction, but indirectly involved in creating conditions for the self-development of industrial enterprises, educational and scientific organizations within the network interaction, as well as the necessary information, technological and material resources.

Integration of science, education and production is a structural component of the national innovation system. The competence of a University graduate in these conditions is an integrative quality of personality, which is formed in the educational process through the acquisition of practical abilities to solve professional problems in the conditions of integration of science and education [11-14].

The synergetic effect of network interaction manifests itself in a fundamentally new quality of intellectual products that are created within each of the subsystems of the integrated system "science-education-production" and form a powerful potential for innovative development of all subjects of joint creative activity, a single educational space of science, University and

production, demonstrates the model of achieving the quality of training of modern specialists [15].

As you know, in the post-industrial economy, the free exchange of research results is the main factor in reducing the time of creation of innovative projects and increasing the competitiveness of innovative developments. Accordingly, it is legitimate to consider that the expanding scientific, educational and production network is the main source of synergetic rent for its members. The mentioned synergetic rent is created in the process of resource exchange, but it cannot be created by a separate organization. Therefore, in the methodology of formation of scientific-educational-production network synthesized competitive advantages, which are the result:

- organization of free exchange of information between its participants;
- creation of information environment for innovative projects;
- attraction of scientific competences and resources from outside;
- implementation of the strategy for the protection of intellectual property of all members of the network, which is a strict distribution of levels of access to the flow of information circulating in a multi-layer information space [16-18].

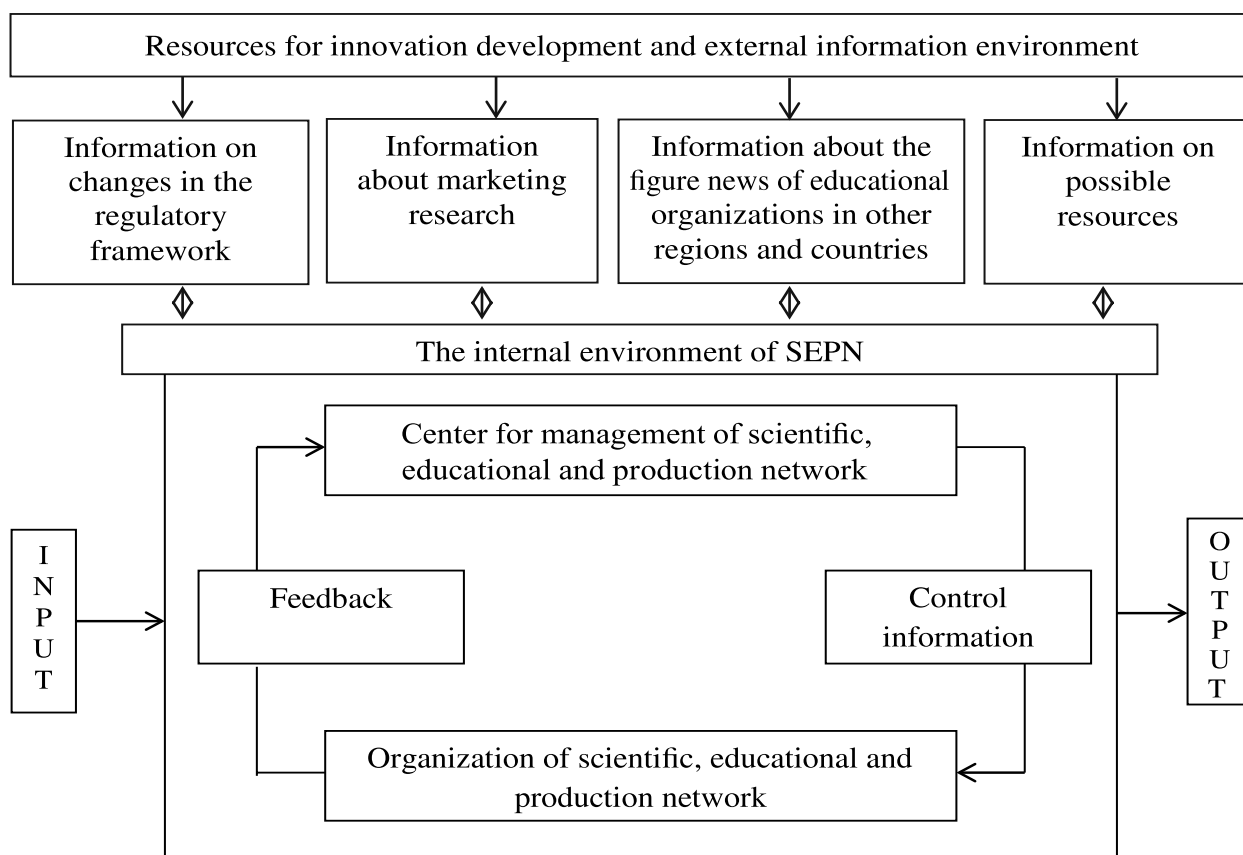
The structural and functional scheme of management of the scientific, educational and production network is shown in figure 2.

The development of the information environment of the scientific, educational and production network is based on the use of "cloud" strategy, where there are 3 types of distributed infrastructures:

- private (internal clouds);
- partnership (the clouds that belong to the interacting partners);
- public (own cloud of scientific, educational and production network).

Using the strategy described above, we distinguish in the internal information space of the scientific, educational and production network (SEPN) 3 levels:

- 1st - information environment of the network, allowing to keep the network open, thereby stimulating the development of both internal and external to the network competitive environment;
- 2nd-external environment of the project, which is available for passive network members;



**Figure 2-Structural and functional diagram of the control Center of the scientific, educational and production network**  
**Note-Compiled by the authors**

3rd-infoportal network with databases on projects of member organizations of the network, access to which is different for interested organizations.

Thus, the formed multilayered ordered network of information processes is a virtual information space (information "cloud") of the developing scientific, educational and production network.

The basis for the rational allocation of tasks SEP is the functional approach. Within the framework of the SEP, the system coordination of activities is carried out by the SEP activity management center, which is an integrated software and cybernetic system, which is the main integrator of all processes, formalized with the internal hierarchy of the integrated environment at certain levels of the scientific, educational and production network, as well as resources for innovative development and signals from the external information environment [19].

The need for the organization of the control center of scientific, educational and production network is determined by the following considerations.

1. Integration and unity of information processes imply common tools for managing these processes, which ultimately leads to a reduction in the cost of such management, including by combining scientific, innovative, educational processes in a single integrated information environment.

2. The progressive increase in the volume of information arrays and databases with different types of information requires the development of a management system for these arrays.

3. To manage the implementation of innovative projects in the network, the lack of a single information system reduces the efficiency of individual organizations due to the difficulties that arise when integrating participants into a single whole.

The activities of the SEPN control center are aimed at the implementation of the following important functions:

- marketing research;
- goal-setting;
- organization of innovation activities;
- planning (operational, tactical, strategic);
- motivation of network participants;
- analysis and regulation of ongoing processes;
- accounting and functional controlling.

It should be noted that such a center is a comprehensive tool to ensure self-management of the network as a whole, as well as the targeted development of its individual processes in accordance with the development strategy of the subjects of network interaction in the framework of innovative projects. Development and implementation of specific projects is associated with the processing and systematization of all information processes within the control center in accordance with the importance of each individual process in order to implement specific innovative projects. The structure of the control center assumes the presence of a creative team (group), consisting of the scientific Council, the Council of coordinators, scientific and educational network, business consultants, as well as a modern computer system in the form of an information portal.

Systematization and distribution of responsibilities of the members of the SEPN allow to determine the responsibilities of specific network participants in the process of activities and to identify a kind of responsibility centers, working within the framework of the Council of coordinators, whose functions are:

- monitoring of strategic guidelines for the development of network interaction;
- organization of work on the generation and selection of research and development;
- methodical management of project implementation;
- increase of creative and professional activity of network interaction participants;
- identification of negative and positive deviations from the approved development guidelines;
- consideration and preparation of the network of applications of potential participants.

Thus, the Council of coordinators is an important organizational and methodological body that

contributes to the implementation of coordinated and targeted actions, organization of interaction between all participants of the network on the basis of co-creation and cooperation.

In order to ensure the most effective operation of the SEPN, it is advisable to establish the following groups within the Council of coordinators:

- strategic innovation definition group responsible for the selection of scientific ideas; providing the formation of intellectual capital of the SEPN in the form of intangible assets; methodological support for the implementation of projects of the scientific and educational network; tracking the progress of projects; evaluation of innovative projects;

- human capital development group, responsible for ensuring the needs of qualified specialists, advanced training and improvement of their skills; generation of new knowledge, intellectual property in the process of training, the introduction of the results of intellectual activity in the research and educational process;

- group of development of existing industries susceptible to innovation, and / or the implementation of complex projects to create high-tech production; development of professional standards, the implementation of training and retraining of specialists with the necessary professional competencies for the organization and development of production; according to the paradigm of "open innovation" the use of R&D results and external knowledge to create, organize and develop additional value.

Thus, within the framework of the activities of the above-described working groups, which should be considered as the centers of responsibility of the scientific, educational and production network, organizational support for the development and implementation of processes of interest to each participant in the network interaction.

Management of the content part of the network development is carried out By the scientific Council of the SEPN, which includes representatives of higher education organizations, scientific organizations and business.

The scientific Council of the SEPN:

- prepares proposals for the development of the main activities of the network;

- monitors the compliance of the activities of its participants of interaction on the criteria of the effectiveness of projects;

- considers applications of teaching and research teams, individual authors of cultural, educational and socio-pedagogical initiatives to carry out innovative work;

- periodically hears reports on the results of the activities of the network participants;

- carries out monitoring, analysis and correction of activities in the network organizations;

- prepares proposals on the use of its results in practice.

The principal difference between the SEPN and other types of educational networks is that its architecture is designed in the direction of the ideas and concepts of development of specific industrial enterprises and educational organizations to the goals and further to a sustainable operating model of the actual scientific, educational and production network. This approach makes it possible to solve specific problems of development of enterprises and organizations, as well as a stable basis for the functioning of the network through the interaction of collective practices of various educational, scientific and industrial organizations.

Specific feature of the objectives of the development of the SEPN is the coordination of their interests and needs of subjects of research, education and production activities. The following conceptual statements serve as a synthesis for their harmonization:

- the SEPN-subject of own development;

- the basis of the integrity of the SEPN is a set of areas of their innovation activity agreed by all participants of interaction;

- development of SEPN is done in the framework of network interaction in the result of overcoming of contradictions through the active work of its participants;

- the SEPN is focused on the sustainable development of its industrial enterprises, educational and scientific organizations, providing satisfaction as the external environment-with respect to the effectiveness of its results and the quality of their educational activities, and subjects of interaction;

- design of development through the definition of strategic directions of activities of the SEPN

by the participants themselves with the building of promising guidelines for the success of both the network as a whole and specific participants in the interaction.

The relationships within the SEPN are based on the fact that the network develops within the idea of self-organization, self-realization and self-development of all its elements. All this allows for the development of the network mainly at the expense of its own resources, which gives an advantage for development with increased resistance to environmental influences.

In order to be effective, the infrastructure of the SEPN is essential. The infrastructure of the SEPN is an important means of ensuring the development of self-organization processes of industrial enterprises, educational and scientific organizations in the conditions of network interaction. In the dissertation research, the infrastructure is defined as a set of subjects (public associations, people and educational organizations) and organizational and content conditions (personnel, information and scientific), ensuring the implementation of innovative projects within the framework of the SEPN at a high level of integration of all types of resources and coordination of goals. Such a level becomes achievable due to the formation of the internal information space of the interaction network, resulting in the creation of collective intellectual property in higher education.

## Conclusions

The main structural components of the SEPN include:

- scientific component, which ensures the implementation of innovative projects of the SEPN with the participation of creative teams, uniting scientific, educational and industrial enterprises;

- an educational component that improves the quality of training and retraining of highly qualified personnel during training sessions; transfer of knowledge, skills and competencies obtained as a result of the development and implementation of specific projects into a single network space; the ability to use the production base of production enterprises – participants of interaction in network interaction projects;



- technical and implementation component, which provides the necessary conditions for the successful dissemination of research results in the educational practice of network participants.

The main result of the work of the SEPN is to ensure self-development and self-organization of the network, the creation of collective products of intellectual property.

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# THE ROLE OF DIGITAL AND SOCIAL MEDIA IN CUSTOMERS RELATIONSHIP MANAGEMENT AND CRISIS MANAGEMENT

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**Abstract.** The experience of foreign countries is vital for Kazakhstan when it comes to Crisis Management (hereafter CM) as well as Customer Relationship Management (hereafter CRM). The development of technology, rise of the Internet and, consequently, the digitalization of the everyday life lead to the fact that, nowadays, people's lives are centered around digital and social media. There are about 4 million active users of social media in Kazakhstan. The social media as well as the rise of mobile and various tablet devices made it much easier for people to stay connected with companies, each other and external world. Moreover it made the whole process of interaction with the businesses and customers simpler and easier, especially in terms of addressing customers' needs, complaints and questions towards a certain company or a brand anywhere, anytime. This shows that in the contemporary era of digitalization, interaction with customers is the central element of most of the business activities. There are certain expectations that customers have regarding companies. For example, every business is expected to be able to respond to a customer's query as soon as the query was posted on any social media platforms. Furthermore the CRM became a significant element of most of the companies. Hence Public Relations (hereafter PR) is an essential tool in supporting CRM and one of its responsibilities is to address customers' needs and maintain constant communication with customers anytime.

This writing will be based on the role of digital and social media in PR and the way it concerns customers. It will broadly consider the analysis of advantages and disadvantages of involving social and digital media in relation to PR activities, taking into account crisis management.

**Keywords:** *Digitalization, Digital and Social Media, Crisis Management, Strategic Marketing, Public Relations, Digital Technologies, Media.*

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## КЛИЕНТТЕРМЕН ҚАРЫМ-ҚАТЫНАСТЫ БАСҚАРУ ЖӘНЕ DAҒДАРЫСТЫ БАСҚАРУДАҒЫ САНДЫҚ ЖӘНЕ ӘЛЕУМЕТТІК МЕДИАНЫҢ РӨЛІ

**Әсем Нұрпейісова**

**Андатпа.** Кризисті басқару, сондай-ақ клиенттермен қарым-қатынасты басқару бойынша шетелдік тәжірибе Қазақстан үшін өте маңызды. Технологияның, Интернеттің дамуы, соған қатысты күнделікті өмірді сандандыру қазіргі уақытта адамдардың өмірін сандық және әлеуметтік желіде басым болуына алып келді. Қазақстандағы әлеуметтік медианың белсенді пайдаланушылары шамамен 4 млн. Әлеуметтік медиа, сондай-ақ ұялы және әртүрлі планшеттік құрылғылардың өсуі адамдарға бір-бірімен және сыртқы әлеммен байланыста болуды жеңілдетеді. Сонымен қатар, бизнес пен тұтынушылармен өзара іс-қимылдың барлық үрдісін қарапайым және ыңғайлы, әсіресе кез келген жерде, қандай да бір компанияға немесе брендке қатысты клиенттердің қажеттіліктерін, шағымдарын және сұрақтарын шешу тұрғысынан қарапайым болуына әкелді. Бұл қазіргі заманғы цифрландыру дәуірінде тұтынушылармен өзара іс-қимыл - бұл іскерлік қызметтің көпшілігінің басты элементі. Клиенттердің компанияларға қатысты белгілі бір үміттері бар. Мәселен, кез-келген кәсіпкерлік сұрау кез-келген әлеуметтік медиа платформасында орналастырылғаннан кейін клиенттің сұрауына жауап беруі мүмкін. Бұдан басқа, клиенттермен қарым-қатынасты басқару көптеген компаниялардың маңызды элементі болды. Сондықтан Қоғаммен байланыс клиенттермен қарым-қатынасты басқару қолдауға қажетті маңызды құрал болып табылады және оның міндеттерінің бірі - клиенттердің қажеттіліктерін қанағаттандыру және кез-келген уақытта клиенттермен тұрақты байланыс орнату.

Бұл жазба пиардағы цифрлық және әлеуметтік медианың рөліне және тұтынушыларға қалай ықпал ететініне арналған. Ол дағдарысты басқаруды ескере отырып, пиар-қызметіне қатысты әлеуметтік және сандық медиаларды тартудың артықшылықтары мен кемшіліктерін кеңінен қарастырады.

**Түйін сөздер:** *сандық және әлеуметтік медиа, дағдарысты басқару, стратегиялық маркетинг, қоғаммен байланыс, сандық технологиялар, медиа.*

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## РОЛЬ ЦИФРОВЫХ И СОЦИАЛЬНЫХ МЕДИА В УПРАВЛЕНИИ ВО ВЗАИМООТНОШЕНИЯХ С КЛИЕНТАМИ И В КРИЗИСНОМ УПРАВЛЕНИИ

**Асем Нурпеисова**

**Аннотация.** Опыт зарубежных стран жизненно важен для Казахстана, когда речь идет о кризисном управлении, а также об управлении взаимоотношениями с клиентами. Развитие технологий, развитие Интернета и, следовательно, цифровизация повседневной жизни приводят к тому, что в настоящее время жизнь людей сосредоточена вокруг цифровых и социальных сетей. В Казахстане около 4 миллионов активных пользователей социальных сетей. Благодаря социальным сетям, а также появлению мобильных и различных планшетных устройств людям

стало намного легче оставаться на связи с компаниями, друг с другом и внешним миром. Более того, это сделало весь процесс взаимодействия с предприятиями и клиентами более простым и легким, особенно с точки зрения удовлетворения потребностей, жалоб и вопросов клиентов в отношении определенной компании или бренда в любом месте и в любое время. Это показывает, что в современную эпоху цифровизации взаимодействие с клиентами является центральным элементом в бизнесе. Есть определенные ожидания, которые клиенты имеют в отношении компаний, например, ожидается, что каждый бизнес сможет ответить на запрос клиента, как только запрос будет опубликован на любых платформах социальных сетей. Кроме того, управление взаимоотношениями с клиентами стал важным элементом большинства компаний. Следовательно, пиар-деятельность является важным инструментом поддержки управления взаимоотношений с клиентами, и одна из его обязанностей - удовлетворять потребности клиентов и поддерживать постоянную связь с клиентами в любое время.

Данная работа основывается на изучении роли цифровых и социальных медиа в пиар и каким образом это касается клиентов. Также анализ преимуществ и недостатков вовлечения социальных и цифровых медиа в связи с пиар-деятельностью, базируясь на роль антикризисного управления.

**Ключевые слова:** Цифровизация, Цифровые и Социальные Медиа, Кризисное управление, Стратегический Маркетинг, Связи с Обществом, Цифровые технологии, Медиа.

## Introduction

Recent development of the Internet and communication technologies including the introduction and rise of computers, proliferation of smartphones has had a major influence on customers and the businesses themselves. Digital era has offered many opportunities and challenges to customers and companies. The rise of digital and social media created new platforms, where customers are able to post and share their comments about anything anytime and anywhere.

The digitalization process have entered Kazakhstan a while ago. To exemplify, the introduction of electronic government occurred in 2006. It can be stated that there are more than 6 million people used electronic government in 2018. There is the state portal Goszakup.gov.kz, which helps to perform all government purchases since 2010. The Goszakup.gov.kz portal creates a perfect foundation to ensure the transparency and effective use of budgetary funds.

For further digitalization of Kazakhstan the implementation of national program Digital Kazakhstan took place in 2018. There are five significant areas that government emphasis upon in this program.

Firstly, the digitalization of economic sectors. This step concerns the innovative technologies and opportunities that transforms the traditional sectors of Kazakhstan's economy. This may result on a higher labour productivity and the capitalization, which would be expected to increase.

Secondly, the transition to digital state, this step includes transparent and convenient opportunities that are planned to be available to citizens, businesses and enterprises at any time in online mode. This may lead to the fact that large Kazakhstan cities will transfer to the concept of Smart City by 2022.

Thirdly, the implementation of digital Silk Way. The focus will be on the development of a high-speed and secure access to Internet and high-quality coverage of mobile communications in Kazakhstan.

Fourthly, the development of human capital. This will concern the process of improvement of digital literacy of the population. The main focus is to develop creative and critical thinking in a contemporary educational process.

Fifthly, the creation of innovation ecosystem. The emphasis on the development of technological entrepreneurship with stable relations between business, science and the state. This indicates that innovations in production is a

significant step for Kazakhstan's further development and digitalization.

Rapid adoption of Social Media Marketing as a major communication integration medium has affected the communication process as a whole. The social network development pushes businesses to ensure they are able to respond to each enquiry as soon as it was posted live on social networks. There is a shift towards a two-way communication model, where both parties: customers and businesses are able to communicate to each other on 24/7 basis, unlike a decade ago when there was only a face-to-face communication available. Nowadays customers have an opportunity to give companies their feedback, complaints and queries on social media platforms. Companies address any customers' enquiries as soon as they are posted. In particular, social media integration can be regarded as an interactive process, which creates a same-level information exchange between the people and businesses or people and the state. Therefore this creates a long-lasting feedback communication process and giving to the government or the business a total engagement approach. This demonstrates a proper two-way communication model, where both parties are engaged equally in interaction. One might suggest that sometimes this may create a positive image of a brand and sometimes not.

The majority of industries had to adapt to and adopt new technological innovations in order to stay competitive and support CRM. CRM is a crucial strategy that every business activity now has in order to fully maximize their interaction with their customers and make sure customers receive a proper service they require. The aim is to satisfy customers because if customers are satisfied they would be willing to interact with a certain company more. This, consequently, will maximize companies' profits and make the brand image more positive.

Moreover around a decade ago most of the companies did not have their profiles on social media channels such as Facebook, Instagram or Twitter. Nowadays social networks were not a part of everyday life unlike. Technological development pushed businesses to develop new business models. This is mainly to maximize profit

and minimize cost through creating a positive brand image via social media channels.

Arguably, digitalization of everyday life has a controversial impact on the businesses. On one hand, seemingly new innovative technologies had brought threats to traditional businesses. Any crisis that may happen in the business needs to be reacted instantly because of the immediate spread on the news and social media, whereas before companies had time to investigate and discuss what they need and how much they need to communicate to the customers, nowadays businesses are expected to give a statement as soon as the crisis occurred.

Most of the times businesses apologies to the audience as soon as the crisis occurred to show sympathy and that company is dealing with it. The apology also important in order to maintain loyal relationship with customers. There are various examples, where different businesses reacted differently to the crisis through social media and having both negative and positive feedback. It is a matter of experience and the way company communicate with their customers, which is, arguably, the central element of crisis management.

## Methodology

This writing is mainly based upon the secondary research. As a part of the secondary data the EBSCO research database, articles were used in order to get up to date and reliable materials.

## Results

Further expansion of digital and social media in Kazakhstan, consequently, further use of these tools within various business activities requires companies to make sure they would always plan the crisis management strategies carefully and well in advance. Most of the contemporary businesses are expected to be able to deal with crisis anytime, anywhere, so the best way of preventing the crisis is to be ready to it. The analysis of the research for this writing concluded that there are still quite a lot of companies and enterprises that are not ready to strategically deal with the crisis in a short time period. So it was decided to divide the crisis management recommendations into the following three main steps:

### ***The apology is the must***

One of the valuable elements that every single business or enterprise needs to consider and take into account is the apology to public as soon as the crisis occurred. In order to demonstrate to their target group that the company cares about them and that the crisis is in the process of investigating, the first statement must include a sincere apology be it for the tragedy that occurred or the inconvenience that is disrupting the lives and business activity of the customers. Depending on the crisis and the role of social media it is also a part of the crisis management to explain the steps a certain company is planning to take in order to investigate what has happened. This indicates that it is crucial to the company to remember that the maintenance of customers' trust is the must.

### ***Public Relations planning and business monitoring***

Seemingly, the best way to prevent the crisis is an appropriate way of managing, planning and monitoring the activity around the company. Also building a loyal relationship with customers is highly advisable. In particular, an appropriate crisis management plan includes a well-structured PR plan, which includes the following steps:

Identifying a key communication group (hereafter KCG) or a key target market in order to understand what are the values of their key customers, and how they should communicate with this kind of audience in the case of the crisis. This illustrates the psychological influence and manipulation that companies use to keep the trust of their customers;

Measure customers attitude and perception about a certain business activity in order to understand how emotionally connected customers with a certain brand. Referring to the attachment theory to what extent customers connect themselves with a certain brand. In other words how they perceive brand and if they actually attached to it as this will help company to strategically plan the crisis management scheme.

Prepare a tested and well-managed crisis prevention solution and evaluate, monitor and measure results and benchmarking in order to avoid and limit the possibility of crisis.

### ***Always investigate and get facts before making serious statements regarding the crisis***

It is not always appropriate to communicate to customers as soon as the crisis occurred. When a crisis of a great scale occurs the first statement will, probably, shape the public's attitude towards the company. In that case a hastily drafted statement written without double and triple checks may bring even more damage, if the company stayed silent for a little longer. Sometimes it is worth taking a time off to carefully consider one's subsequent statements and actions. This though maybe creating a negative reaction at first will pay off in not damaging the company's image even further. Also to add to the point a carefully considered well-written first statement does help in saving the remains of the image. So it can be argued that it is important to start first with the investigation, especially in this particular case as any statements, post, comments made as soon as the crisis occurred may be used against the company and it may lead to serious consequences.

### ***Discussion***

This part of this writing brings together main theoretical models and arguments relevant to the research topic. Moreover this part discusses the critical evaluation of the role of digital and social media in PR and crisis management referring to Kazakhstan. It also highlights the advantages and disadvantages of using digital and social media in PR and crisis management.

### ***Digital and Social media in PR and crisis management***

PR is one of the most essential tools that helps increase the awareness and spread the reach. It can be argued that today PR is not just about using traditional media. In the contemporary time it is more about integrating both digital and traditional media for a greater reach of appropriate audience. In particular, PR is crucial in planning and monitoring companies' activities and how to maintain the relationship with customers. PR is significant in creating the perfect environment for new brand or product launches. This suggests that PR is important as a tool in creating awareness and promoting new products to an appropriate audience.



Social media enabled businesses and customers to interact with each other anywhere, anytime on a 24/7 basis. This shows modern companies shifting towards the digitalization and focusing on social media platforms more. It can be argued that the term of communitainment is the future of most of the businesses. This idea of the communitainment refers to the blending of the meanings community, communication, and entertainment into a new form of online activity driven by consumers. This implies that companies are expected to be present on all the social media channels that their target group is using, in order to share their videos and photos, their comments and activities with their customers. In other words this, arguably, shows that now social media platforms put additional pressure on companies to be more transparent, open and show more insights to the customers. Nevertheless even considering the possible era of communitainment it is not always the case that every single company is expected to react to the crisis instantly. Any particular brand is required to decide which of the following crisis management strategies to use: the inactive or reactive strategy. Following inactive strategy company does nothing and, certainly, does not react to the crisis immediately after it was announced in social media platforms. The reactive strategy requires the businesses to do something only if necessary. And the most appropriate for the secure businesses is the proactive strategy of doing everything to prevent the issue. Nevertheless it is not always possible to prevent the problem or to react appropriately to it. It can be argued that it is very hard to deal with any kind of crisis and more importantly to come out of it clean.

On the other hand it can be suggested that a raw, undiscussed statement will harm the company's image to the point of complete failure despite all the best efforts to improve the situation afterwards. The first statement must be carefully drafted internally with the help of PR advisors, especially if the company has a limited social media exposure.

### ***Disadvantages of digital and social media in PR crisis management***

The need of a prompt reaction from the company is one of the disadvantages of social media

presence in a crisis management. In other words using digital and social media platforms means that companies are expected to be available anytime anywhere. Thus if the audience is able to communicate through various platforms company required being able to respond immediately in order to save the brand image and show their sympathy.

One might argue that brand image is one of the most significant elements of every business activity, and any small negative comments may damage it. So one of the disadvantages of social media is that it can easily damage brand's image and reputation, which consequently will affect customers' attitude and the business itself. For example a comment can be posted on social media platforms and it can go viral, and damage companies' reputation or negatively affect employees.

Majority of the contemporary companies monitor the hashtags of their company's name and check the social network sites of their workers in order to understand the psychology of their customers and employees.

A small confusion on social media can lead to the big crisis, to the company with long lasting negative effect. It would, consequently, be very hard to recover from, bring back and increase customers' trust.

### ***Advantages of digital and social media in PR crisis management***

A proper well-planned, direct dialogue with a great number of customers at once is one of the main advantages that social and digital media offer to companies in crisis management.

The use of humor and a personalized touch is another advantage that social and digital media offers in dealing with crisis.

Therefore it can be argued that the best crisis management includes following steps:

Communicate appropriately with customer with regard to the situation that happened and future plan of actions.

Company's internal team members are a very important part of the businesses as they are the ones, who communicate with customers, so they are the key influencers of opinion.

Response needs to be immediate and the proactive actions are significant if a crisis occurred.



## Conclusion

To conclude, digitalization of everyday life allowed both customers and businesses to have a constant interaction with each other. The digitalization of people's lives lead to a certain expectations that customers have that brands are required to fulfill.

The Digital Kazakhstan is a long-term program, which is one of the most crucial and strategic areas of a state's development. Digitalization of everyday life is a global trend, it can be regarded as an opportunity and necessity to unite, develop and create a dialogue between state and people, state and businesses.

Companies are pushed to focus on using social media more. This, consequently, leads to a certain advantages and drawbacks of using social media when dealing with the crisis that were discussed in this writing. The main conclusions that came out of this writing, that may help companies to deal with the crisis successfully are as follows; firstly, one of the basics of every business activity is to maintain the relationship with their customers and to build trust and loyal relationship with them. So if the crisis occurred (not a very serious one that may harm brand's reputation) a company can just communicate to their custom-

ers, apologies and explain that the crisis is in the process of resolving. Secondly, the monitoring of what is happening with the company is crucial. Arguably, the monitoring may help a particular company to understand if there is a possibility of future crisis. This is mainly due to the fact that most of the times the disaster is not happening out of nowhere, quite often it is a time built problem. Thirdly, depending on the crisis the proper and immediate communication with customers is also very important. This is one of the expectations that society have regarding most of the businesses.

Nevertheless companies as well as customers need to remember that the instancy factor of social media may lead to the problems as well. As was discussed in this work a certain negative comment on social media can become viral immediately, which may lead to serious issues. This demonstrates that social and digital media are very powerful tools that open many opportunities for the businesses but at the same time it may create challenges. Therefore it is crucial to control the social media channels and plan in advance what is going to be posted on any social media platforms. A strategy of crisis management also need to be developed in advance as one must have a safety plan to be ready to deal with the crisis anytime.

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# THE PENSION SYSTEM AND DEMOGRAPHIC CHALLENGES IN KAZAKHSTAN

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**Abstract.** The main demographic challenges as the most important factor determining the stability of the pension system and the welfare of future generations in general. The author considers the main outstanding features of the current state of the pension system in Kazakhstan.

**Key words:** *Ageing of Population, Migration, Fertility, Natural Increase, Pension Savings, Pension Payments, Profitability*

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## ҚАЗАҚСТАНДАҒЫ ЗЕЙНЕТКЕРЛІК ЖҮЙЕ ЖӘНЕ ДЕМОГРАФИЯЛЫҚ ҚАТЕРЛЕР

**Анна Альшанская**

**Аңдатпа.** Мақалада демографиялық проблемалар зейнетақы жүйесінің тұрақтылығын және болашақ ұрпақтардың әл-ауқатын анықтайтын маңызды фактор ретінде қарастырылады. Сонымен қатар автор Қазақстанда зейнетақы жүйесінің ағымдағы жағдайының негізгі сипаттамаларын қарастырады.

**Түйін сөздер:** *халықтың қартаюы, көші-қон, құнарлылық, табиғи өсімдіктерді зейнетақы жинақтау, зейнетақы төлемдері, кірістілік*

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# ПЕНСИОННАЯ СИСТЕМА И ДЕМОГРАФИЧЕСКИЕ ВЫЗОВЫ В КАЗАХСТАНЕ

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**Аннотация.** В настоящей статье проводится анализ основных демографических вызовов как важнейшего фактора определяющего стабильность пенсионной системы и в целом благополучие будущих поколений. Также автором рассмотрены основные характерные черты текущего состояния пенсионной системы Казахстана.

**Ключевые слова:** старение населения, миграция, рождаемость, естественный прирост пенсионные накопления, пенсионные выплаты, доходность

## Introduction

Today, an ageing population is one of the most important challenges of our time, under the influence of which the social systems and institutions formed in a previous age must adapt to the new demographic realities. The impact of demographic challenges on the pension policy pursued in the country is determined both by the intensity of demographic changes and by the pension system initially adopted in the country. Moreover, the changes in the age structure of the population cause a problem for both the distributive and the cumulative pension system. However, it is important to understand that ageing - that is, increased life expectancy - is not the main problem. Factors influencing the pension policy include the fertility, mortality and migration pattern of the population.

### *Analysis of demographic changes in Kazakhstan*

In Kazakhstan, sustainable demographic processes are one of the key priorities in Kazakhstan's development. However, the current demographic situation is predetermined by what has happened before. According to the results of an analysis of the demographic situation in Kazakhstan, there have been three significant periods, each characterized by different trends in fertility, mortality, and migration.

Thus, during the first period (1991-1999), the population decreased by 1.3 million people, a process exacerbated by the migration process. Thus, at that stage, more than 2.6 million people

emigrated from the country (the total migration balance was 1.8 million people) (see table. 1). However, there was also an unfavorable trend in the processes of fertility and mortality. The decline in the birth rate by 38.5%, along with an increase in the death rate by 9.7%, led to a regression of the natural population growth by three times - from 218.8 thousand in 1991 to 72 thousand in 1999. Life expectancy declined by 3 years (in 1990 - 68.7; in 1999 - 65.7), in men by 3.3 years and by women 2.2 years. The gap in life expectancy between women and men increased from 9.2 to 10.3 years. This situation was compounded by the high number of divorces, the number of which for the period amounted to more than 360 thousand, while the number of marriages fell by 48% over the same period.

In the second period (2000-2013), there was a gradual change in the negative trend of population decline. Population growth was 13.5% (or more than two million people); and the population approached the 16.9 million mark.

By the end of this period, the birth rate exceeded the 1990 level and amounted to 387 thousand people (the mortality rate decreased by 9%). At the same time, there was an increase in the number of marriages by 61.9%. At this point, the life expectancy of the population increased by 5.17 years and amounted to 70.62 years (men - 65.9; women - 75.2).

There have also been major changes in the migration situation - the first recorded positive balance of migration in 2004. The trend was observed in the period from 2004-2011 with the

**Table 1. Demographic indicators for Kazakhstan for three time periods**

Name of indicator	period 1 (period of decline)		period 2 (critical period)		period 3 (deceleration period)	
	1991	1999	2000	2013	2014	2018
Population, thousand people (at the end of the period)	16 451	14 901	14 865	16 910	17 161	18 396
Number of births per 1000 people	21,5	14,57	14,9	22,73	23,10	21,77
Number of deaths per 1000 people	8,2	9,87	10,06	8,00	7,65	7,14
Natural population growth, thousand people	218	70	72	251	267	267
Number of marriages per 1000 persons	10,1	5,8	6,1	9,9	9,22	7,5
Number of divorces per 1000 people	3	1,71	1,84	3,02	3,05	3,00
Net internal migration, thousand people	-57,6	-123,6	-108,3	-0,28	-12,2	-29,1

*Source: compiled by a KAZISS specialist under the President of Kazakhstan according to the Statistics committee of the Ministry of National Economy.*

maximum value of the migration balance sitting at 33.1 thousand people in 2006.

The above-mentioned positive factors influenced an increase in natural population growth by 3.5 times to 251 thousand people.

During the third period (2014 – present) the population growth begins to slow down. The average population growth rate of 1.8% thus provides an increase in the country's population of 1.2 million people. This trend is based on weak values for natural population growth (the figure fluctuated between 261,000 and 269,000 people per year). Moreover, negative net internal migration for the period under study increased by a factor of 2.4. The number of births in 2018 amounted to 397.9 people per year, while the mortality rate was lower than in 1991.

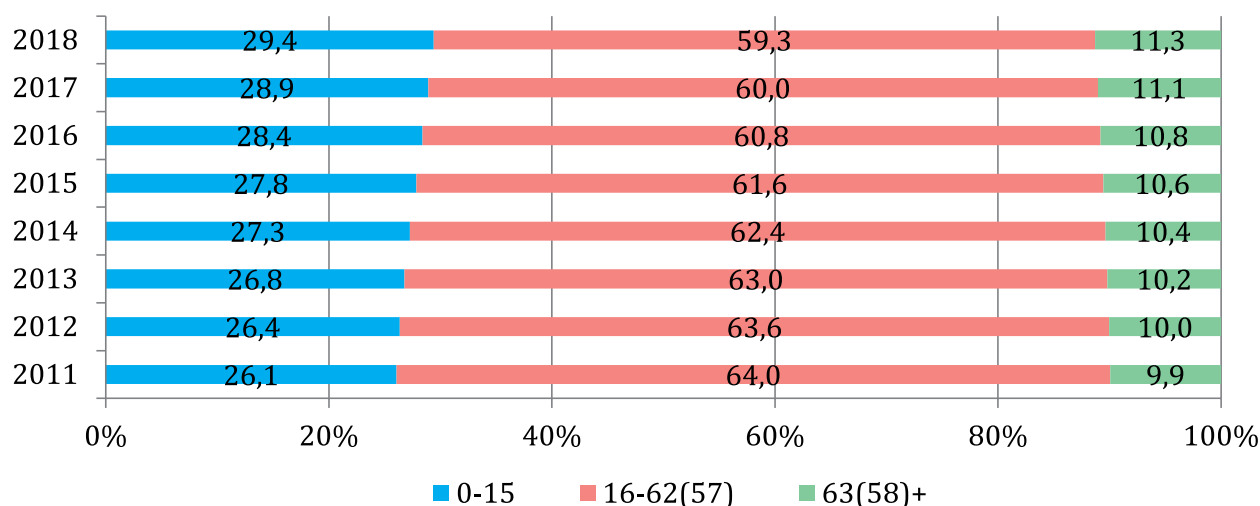
Life expectancy at birth has increased by 1.5 years since 2014, from 71.4 to 72.9 years. The highest life expectancy in the regional context is

observed in Almaty and Nur-Sultan cities (76.21 years and 76.01 years, respectively).

Therefore, for a long time, especially in the period from 2000-2013, the demographic situation was very favourable. The number and share of the population of working age has mainly increased. Currently, the population is increasing more due to the inertia accumulated in the age structure.

At the same time, we can emphasize the main demographic challenges faced by Kazakhstan at the present time.

**Firstly, the age structure of the population is changing.** Thus, since 2009 Kazakhstan has seen a decline in the growth rate of the working-age population, with a parallel process of an increase in the growth rate of those with disabilities (see Fig.1). Thus, the ratio between the three main population groups - below working age; working age; and above working age – changes in the direction of a reduction in the size of the working popula-



**Figure 1. Population structure of Kazakhstan by main age groups, %**

*Source: compiled according to the Statistics committee of the Ministry of national economy of RK*

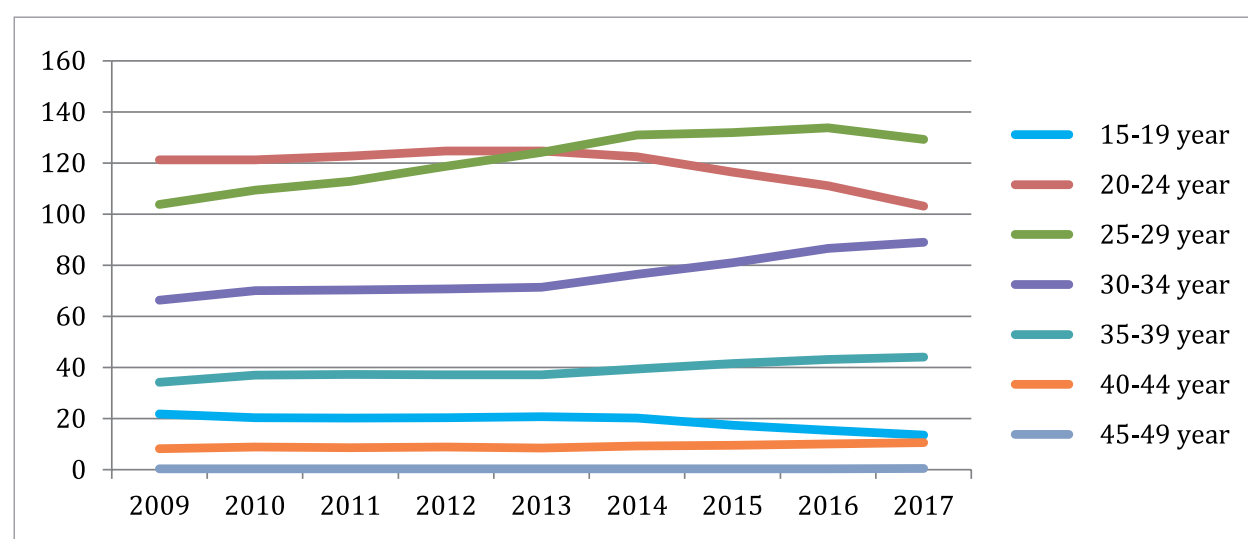
tion. This is due to an increase in the proportion of pensioners and children. The share of able-bodied citizens decreased in the period from 2011 to 2016, from 64.0% to 59.3%; the percentage of children increased from 26.1% to 29.4%; and the older generation increased from 9.9% to 11.3%. (see Fig.1).

However, the working-age population is under severe pressure as a result of the demographic collapse of the 1990s. Under these conditions, ageing of the population will only increase with the small generation of the early and mid-90s entering their reproductive years. According to

estimates by the Ministry of Labour and Social Protection of the Republic of Kazakhstan, 496 people per 1,000 will be of working age by 2030. As a result, Kazakhstan will by 2030 be experiencing a real problem of uneven drop-out and completion of the economically active population<sup>1</sup>.

**Secondly, the birth rate is slowing down, which is one of the barriers to natural population growth.**

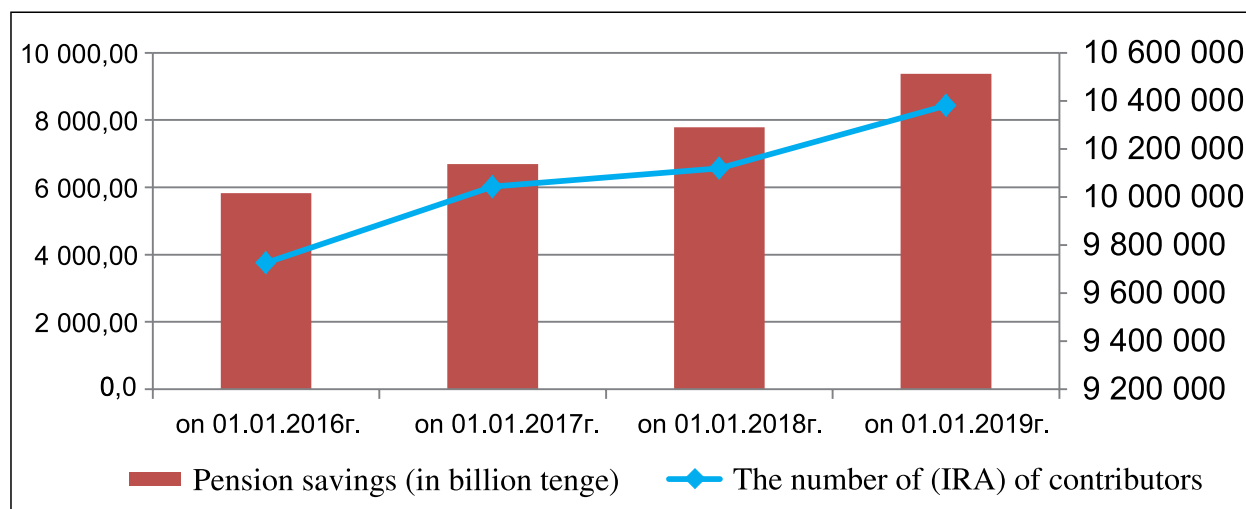
In 2018 the total fertility rate decreased to 21.77 per 1,000 people. If 409.9 thousand newborns were



**Figure 2. The number of births by age of the mother, in thousand.**

*Source: compiled according to the Statistics committee of the Ministry of national economy of RK.*

<sup>1</sup><http://egov.kz/cms/ru/law/list/P1300001593>.



**Figure 3. The number of depositors and the amount of pension savings at the beginning of the year (2016-2019)**

*Source: compiled according to SAPF*

born in 2016, then in 2018 the figure was 397.9 thousand. In the various regions of Kazakhstan, the highest birth rate is observed in the Mangystau and Turkestan regions and in the capital. Low birthrate has developed in the North Kazakhstan, Pavlodar and East Kazakhstan regions.

Moreover, the fundamental factor determining the dynamics of fertility rates in Kazakhstan which has been observed in recent years is the restructuring of the age model of fertility, i.e. the shift of fertility to older maternal ages. Thus, since 2014 there has been a shift in the number of births from younger to middle (25-29 and 30-34 years) maternal ages (see Fig. 2).

***Thirdly, internal migration contributes to the concentration of the population in a small number of regions, while in others it leads to a reduction in population.***

There are not many centers of attraction of the population in the country and migration flows are mainly directed only to three regions: Almaty, Shymkent and the capital. Rural areas and small and medium-sized cities continue to lose their population. Thus, net internal migration from rural areas in 2018 amounted to 58.6 thousand people. Young people are mainly involved in migration. On the one hand, the attraction of migrants to large economic centers to some extent resists ageing; and, on the other, migration

increases aging and depopulation in the areas which lose population. Thus, according to the age index, a high proportion of elderly citizens is observed in the North of the Republic: in North Kazakhstan (55.8), Kostanay (53.2) and East Kazakhstan (47.4). At the same time, in the southern and western regions, the number of elderly people is insignificant. Thus, the lowest aging index was recorded in Mangistau (11.9), South Kazakhstan (12.5) and Kyzylorda (15.4).

In this way, demographic changes can have an impact on the size of the labor force against a background of a declining birth rate and a growing number of pensioners.

#### ***Analysis of developments in the Kazakhstani pension system***

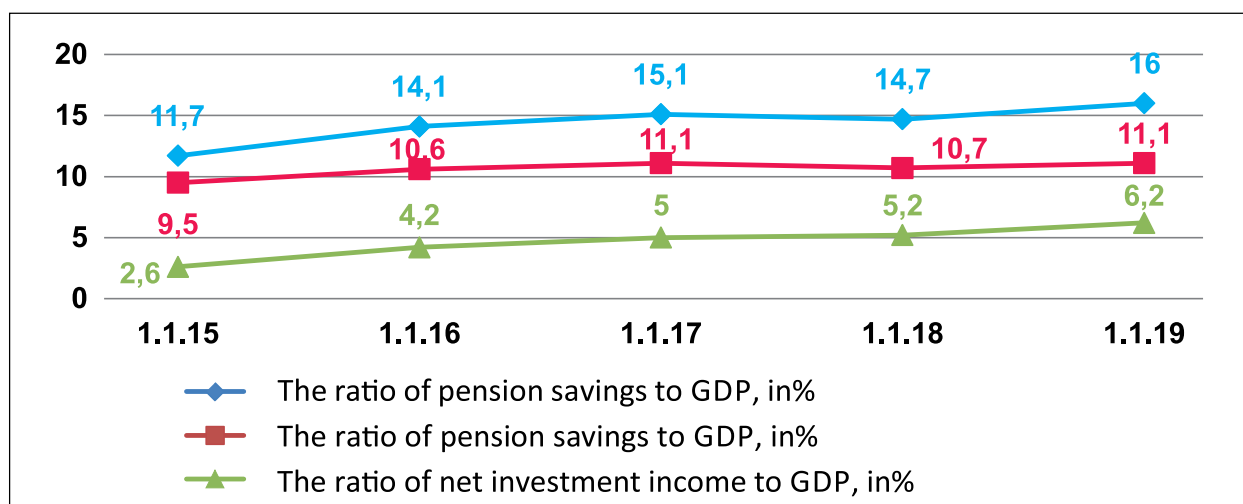
Kazakhstan has a multi-level pension system made up of basic, mandatory (solidary and accumulative) and voluntary levels. Moreover, the targets of the Unified Accumulative Pension Fund (UAPF) are inextricably linked with the demographic situation in the country in the long term.

In general we can distinguish the following trends in the development of the accumulative pension system in Kazakhstan:

#### **The growth of depositors and pension savings**

The number of depositors at the beginning of 2019 reached 10 380 thousand people. More than





**Figure 4. Dynamics of relative indicators characterizing the role of the pension sector in the economy of the Republic**

*Source: The National Bank of the Republic of Kazakhstan*

94% of the total number of individual pension accounts are accounts made up of mandatory pension contributions - 9,853 thousand (see Fig. 3).

According to SAPF, 6.4 million of the total number of open accounts is replenished at least once a year. At the same time, the total amount of pension savings amounted to 9 377.6 billion tenge, which is 21% more than in the previous period (1.6 trillion tenge).

#### **Gradual increase in the share of pension savings as part of the gross domestic product**

Taking into consideration the increase in pension savings, their role as a source of long-term financing in the country's economy is gradually growing: the amount of pension contributions amounted to 16% of GDP against 11.7% in 2014. The ratio of pension contributions of SAPF to GDP for the period under review increased by 1.6 percentage points and reached 11.1%. The ratio of "net" investment income to GDP increased by 2 times – from 2.6% to 6.2% (see Fig. 4).

#### **Increase in net investment income**

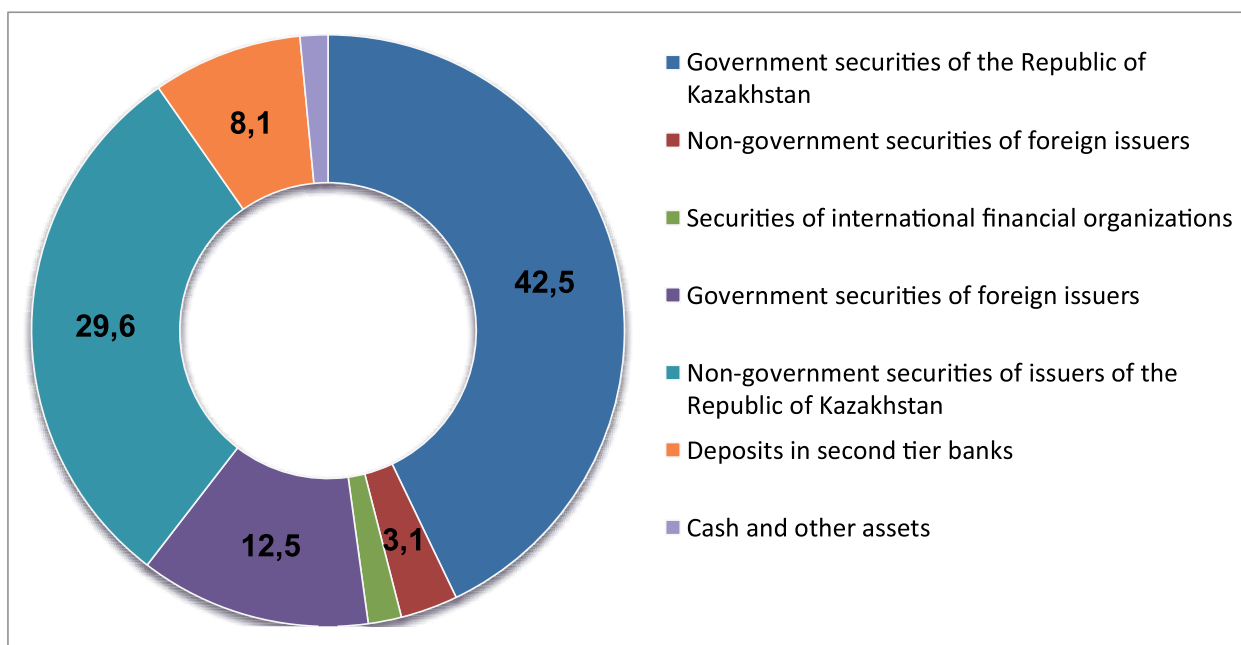
The increase in net investment income for 12 months of 2018 amounted to 917.1 billion tenge or 33.0%. In general, the yield of pension assets of SAPF for 2018 amounted to 11.27% with inflation equal to 5.3%. Consequently, the real return on pension assets in 2018 amounted to 5.97%. In general, it can be noted that the

volume of pension savings of a significant part of the population is currently growing. Growth was achieved both through contributions (52.9%) and earned investment income (57.1%).

However, despite all the positive development trends and the latest innovations in the pension system in Kazakhstan, there are problems that will have long-term consequences for society and the implementation of social-economic reforms.

Despite the involvement of the economically active population in the savings system, the informal sector of the economy still occupies a significant part of the population, which in the future may be in a risky social situation. For example, despite the fact that the share of informally employed youth (15-24 years) in the period from 2015 to 2017 decreased from 25.3% to 19.1% of the total number of employed youth in this age group (see Fig. 6), the level of informal youth employment remains above the national average (16.1% in 2017).

In addition, there is a significant differentiation of income of the population. Wages make up 65.7% of the monetary income of the population in Kazakhstan. Within this, however, the low level of wages of certain categories of workers persists. Thus, the highest levels of wages remain in the sectors covering Financial and Insurance Activities and Professional, Scientific and Techni-



**Figure 5. The Structure of pension assets portfolio by types of financial instruments as of January 1, 2019.**

*Source: The National Bank of the Republic of Kazakhstan*

cal Activities, where the indicators are about twice the average level in the economy. The lowest level of wages is observed in agriculture, forestry and fisheries. In addition, the education, health and arts sectors also suffer from low wages. Moreover, the gap between the average salary of an employee engaged in financial and insurance activities and their counterpart in agriculture has increased from a factor of 1.9 to 2.5 over the past five years.

The investment portfolio of SAPF is also characterized by insufficient diversification, which affects the rate of return on invested pension contribution. The main object of investment is government securities (43.2%). In addition, the main share of the total investment portfolio is still corporate securities of Kazakhstan (29.2% of total invested pension assets) and foreign issuers (3.1%). Moreover, the share of shares in the investment portfolio is low.

Among the reasons for the weak results of investment is often called the limited financial instruments in which the legislation allows to invest pension savings, as well as the low proportion of liquid instruments in the stock market of Kazakh-

stan due to insufficient inflow of financial resources.

Thus, the demographic situation has been very favourable for a long time. The number and share of the population in the working age has mainly increased. The demographic situation in Kazakhstan and, accordingly, the challenges posed by it are determined, on the one hand, by the trends in fertility, mortality and migration – and their interaction, on the other hand – by the current sex and age composition of the population. The ratio of the population and thus those who pay pension contributions and the recipients of pension payments, the possibility of reducing labour productivity and the profitability of pension savings, which is changing as a result of demographic structural changes, all create the risk of financial instability in the pension system as a whole. The pension system is, of course, in close relationship with the socio-economic and macroeconomic conditions; and therefore, the implementation of the pension policy should be primarily aimed at protecting the interests of the citizens, that is, the participants, who are within the country's pension system.