Eurasian Dialogue is pleased to introduce issue four of “Perspectives on Central Asia.” This issue contains five fascinating articles on an array of topics related to Central Asia. In keeping with our mission to facilitate dialogue between Europe and Central Asia, the first article gives voice to the Almaz Khamzayev, Ambassador of the Republic of Kazakhstan to the European Union and NATO. Mr Khamzayev, in an exclusive interview with Eurasian Dialogue, maps the progress that the EU and Kazakhstan have made in strengthening common ties. He also highlights the plentiful opportunities for further development in the future as part of Kazakhstan's plan to join the top thirty global economies, “Kazakhstan 2050.”

From the intricacies of diplomatic relations to the complexity of producing the perfect pelmeni (dumpling), our second article, written by anthropologist Helen Fuller, offers a vivid account of field work in Tatarstan. Fuller's account speaks to the warmth and hospitality with which guests are welcomed in Eurasia. She also develops the tale of an oil-rich, Muslim majority republic pushing for greater autonomy within the Russian Federation.

Eurasian Dialogue takes a keen interest in fostering ties between young people in Europe and Central Asia. Emma Sabzalieva, a university administrator, examines the experience of and opportunities for co-operation between universities in the UK and Central Asia. In her article Sabzalieva focuses on the University of Nottingham, a university that has engaged extensively in Asia.

Corruption remains a lived reality for all Central Asians. The shadow economy in Central Asia constricts the public spending capacity of all the region's states. The final two articles shed light on this phenomenon. Kemel Toktomushev, who is currently completing his PhD at the University of Exeter, explores the complex transnational linkages through which Central Asian corruption exists. Offshoring, for example, resulted in the largest case in British legal history featuring two Tajik organisations struggling over control of the lucrative Taleo aluminium smelter.

In recent years a number of international donors have funded projects to reduce corruption in Central Asia. Our final article, written by Neesh Chand from SIA, focuses on the opportunities to fight corruption in Kyrgyzstan. Chand argues that developing complex business laws is often counterproductive, creating the incentive for businesses to adopt corrupt practices.

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How important is the EU as an external partner for Kazakhstan?

In 2013 Kazakhstan and the EU marked the twentieth anniversary of the establishment of diplomatic relations. During this period we have established a strong foundation for political, economic and cultural cooperation based on trust, equal and mutually beneficial partnership. Today Kazakhstan is the biggest trade and investment partner for the European Union in Central Asia.

Meanwhile, our relations are not limited to trade. We cooperate in many other important spheres, including energy, transport, justice, human rights, regional, international security and other issues of common concern. Through political dialogue, the relationship between Kazakhstan and the European Union has intensified in recent years. The importance of relations with the European Union was reiterated by President Nursultan Nazarbayev in his address to the nation – “Strategy “Kazakhstan 2050”: New Political Course of the Established State”, of 14 December 2012.

In June 2013 Mr. José Manuel Barroso, President of the European Commission paid an official visit to Kazakhstan. This was the first visit of the EC President to our country. It gave a new impetus to further cooperation between Kazakhstan and the European Union, including the drafting and conclusion of a new “EU-Kazakhstan Enhanced Partnership and Cooperation Agreement,” which we started to negotiate three years ago. Last year Mr. Erlan Idrissov, Minister of Foreign Affairs of Kazakhstan visited Brussels twice to discuss issues of bilateral and multilateral cooperation with key EU politicians. The high level of mutual cooperation can also be highlighted by the fact that Almaty hosted two rounds of the EU-led negotiations on Iran’s nuclear program in February and April 2013.

“Almaty hosted two rounds of the EU-led negotiations on Iran’s nuclear program”

“Our overall aim is to broaden the scope of cooperation in all areas of mutual interest”

Interview with Almaz Khamzayev, Ambassador of Kazakhstan to the European Union

In the previous two issues of Perspectives on Central Asia we talked with EU Special Representative to Central Asia Patricia Flor and Member of the European Parliament Katarina Nevedalova about the EU’s relationship with Central Asia. In this issue Ambassador Almaz Khamzayev presents Kazakhstan’s perspective on its economic and political ties with the EU.

H.E. Almaz Khamzayev credit: Embassy of Kazakhstan in Brussels

Perspectives on Central Asia No. 4, April 2014
Kazakhstan's economy has developed greatly since 1991. The EU is Kazakhstan's main trading partner. How would you see economic relations developing in the future?

As I have already noted the EU is Kazakhstan's largest trading partner. Indeed, almost half of Kazakhstan's foreign trade is with the EU. Forty seven per cent of the total Foreign Direct Investments (FDI) in 2012 came from the EU. This stands testament to the strong mutual interests that exist between Astana and Brussels. It also highlights new opportunities that have not yet been fully explored.

I would also like to note that is the Kazakhstani government implements a State Program of Forced Industrial-Innovative Development for 2010-2014 in Kazakhstan. This program creates attractive conditions for foreign investors. In total, ten free economic zones (FEZ) have been established in different regions of Kazakhstan. Over the past five years, $2.8 billion has been invested in these zones, including $774.2 million in 2012 alone. The government has invested $580 million in order to build the necessary infrastructure for the FEZs. I would like to invite businesses of the European Union to engage more actively in Kazakhstan, including investing in the FEZs and other priority sectors of the economy.

Despite being a major oil and gas producer, Kazakhstan pays great attention to the development of new energy saving technologies and the "green economy." There is a great potential to develop "green technologies' in Kazakhstan. Some large financial institutions, including the European Investment Bank are interested in financing these projects. In 2017 Astana will be hosting "EXPO 2017". The topic of the exhibition is "Energy of the Future". The most advanced "green economic" projects from all around the world are going to be presented at the exhibition. I would like to take this opportunity and invite European business to actively cooperate in this project.

There is a great potential to develop "green technologies' in Kazakhstan"

At present only a small proportion of EU trade is with Kazakhstan. What are you doing to increase investment and trade from the EU?

In the Address to the nation of 17 January, 2014, "Kazakhstan 2050: Common Aim, Common Interests, Common Future", President Nazarbayev set out the next steps in Kazakhstan's pursuit the goal of joining by 2050 the world's 30 most developed nations. President Nazarbayev underlined the ways in which Kazakhstan will address the new challenges caused by changes in the world economy. The creation of a favorable investment climate, development of public-private partnerships, the attraction of expertise and modern technologies into the mining and processing sectors, and the promotion of an export-led economy should be a priority for the state's economic policy.

The Law of Kazakhstan "On Investments" guarantees the protection of investors' rights. There are several dialogue platforms for discussing the FDI issues: Foreign Investors Council chaired by the President of the Republic of Kazakhstan, the Council of improvement of investment climate chaired by the Prime Minister. Additionally, there is the "National Agency on an Export and Investments "KAZNEX INVEST", which deals
with FDI in priority sectors. Additional information is available on its website: www.invest.gov.kz

I would like to note, that in Kazakhstan the corporate income tax is 20% and the value-added tax - 12%, which is one of the lowest in the world. The social tax is 11%, and electricity tariffs in Kazakhstan are eight times below than in Europe. The mentioned policies demonstrate that Kazakhstan is taking the necessary measures to improve the investment climate and create favorable conditions for foreign investors.

**Kazakhstan has developed extensively over the past years - this is usually also followed by democratization efforts. Is this something to expect in the future?**

Kazakhstan continues to be an active voice in the global dialogue on human rights. The election of Kazakhstan to the UN Human Rights Council for 2013-2015 demonstrates our commitment to ensuring that economic development goes hand in hand with the promotion of human rights. As a member of the Human Rights Council, Kazakhstan is focused on promoting and protecting human rights, contributing to the development of global responses to human rights issues, as well as assisting and enhancing the effectiveness and authority of the UN human rights protection mechanisms.

In “Kazakhstan-2050” President Nursultan Nazarbayev underlined the country's determination to continue strengthening statehood, democracy and unity. In particular, the government focuses on enhancing the role of the Parliament, modernizing the legal system, strengthening the independence of the judiciary and improving the way in which law enforcement bodies operate.

In line with these goals important progress has been recently made regarding the delegation of power to local authorities. In August 2013, for the first time, over 2,400 regional governors, town and village mayors were elected rather than appointed. The President has noted that equality before the law should become the real basis for the law and order. As such, it is necessary to increase the quality of the entire law enforcement system. The judicial system should become more transparent and accessible in order to resolve all disputes in a simple and rapid manner.

How can Central Asia and the EU develop further their common goals in the future, in terms of security?

We actively cooperate with the European Union on issues of regional and international security. In 2012 after the Council of the European Union revised the “Strategy for a New Partnership with Central Asia” it was recognized that the region is facing increasing security challenges, notably with regards to developments in Afghanistan, and that security issues have become very important in relations with the EU.

The cooperation between Kazakhstan and the EU is aimed at preventing the spread of threats of terrorism, religious extremism and illegal drug trafficking from Afghanistan. In this context I would like to
mention the initiative “The EU-Central Asia High Level Security Dialogue”, which is fully supported by Kazakhstan. Security cooperation between Kazakhstan and the EU is evidenced through such programs as BOMCA (Border Management in Central Asia), CADAP (Central Asia Drug Action Program), CABSI (Central Asia Border Security Initiative), which are aimed at improving cross-border trade and border control in the region.

Another EU initiative aimed at establishing an extensive network of centers of excellence in chemical, biological, radiological and nuclear materials (CBRN). Kazakhstan has already expressed its readiness to participate in this program.

The EU and Kazakhstan recently held negotiations about a new Partnership for Cooperation on October 9-10 2013 in Astana. What form will this new partnership take?

The second-generation agreement, which is aimed to replace the current Partnership and Cooperation Agreement (PCA) of 1995, will undoubtedly expand the horizon of our partnership and determine the trajectory of our cooperation in the medium-term.

The negotiation of an enhanced PCA testifies to the importance of EU-Kazakhstan relations. This international treaty will be the first of a new generation of Partnership and Cooperation Agreements that the EU concludes with the Central Asian states and it reflects the very special position that Kazakhstan occupies within EU policy toward the region. In this vein, Astana is interested in the prompt finalization of this process reflecting the mutual interest in the convergence of states, businesses and citizens. This will create new mutually beneficial conditions for the development of multifaceted contacts.

The agreement should be comprehensive in scope, ambitious and forward looking and provide an updated legal framework for our relations and a framework commensurate to the privileged partnership that we aim to develop. Our overall aim is to broaden the scope of cooperation in all areas of mutual interest, and to support Kazakhstan's modernisation efforts.

H.E. Almaz Khamzayev is Ambassador Extraordinary and Plenipotentiary of the Republic of Kazakhstan to the Kingdom of Belgium and the Grand Duchy of Luxembourg, as well as Head of the Mission of the Republic of Kazakhstan to the European Union and NATO since 2012. He undertook his diplomatic career with the Ministry of Foreign Affairs of the Kazakh SSR in 1978 and carried on in the diplomatic service of the Republic of Kazakhstan. He served as a Deputy Minister of Foreign Affairs in 1997-1998 before being appointed Ambassador in Spain, Italy, Greece, Malta and San Marino between 1998 and 2012. He is married and has three children.
When I was much younger, I spent a year living in Kazan. Located in central Russia, the capital of the Tatarstan Republic, Kazan is most famous as the place where Vladimir Lenin, the USSR’s first leader, became a revolutionary after moving there with his family in 1887. More recently, while the Soviet Union unraveled, Tatarstan was at the forefront of a movement to throw off Russian rule. The Tatarstani authorities invested oil and gas revenues in local infrastructure and education, rather than passing on all the money to Moscow. Tatarstan painted roadside fences, built mosques and brought natural gas to isolated villages. And that’s why I was in Kazan. I was researching Tatarstan sovereignty.

Winters in Kazan are harsh and long. Starting in September, the sky turns grey and cold rain fills endless, grimy puddles. The temperature soon dips below freezing. Around the New Year, the city is white, crisp and sparkling. Children sled down every available hill and midnight promenades crunching through fresh snow are a regular sight. By mid-May, all this is forgotten as damp flakes drift down onto haggard mud and sunshine’s bone-warming heat feels like a far off dream. In June, the trees bud and the grass grows again. By July, the long awaited, balmy summer is in full, glorious bloom.

That summer, my friend Amina Apakaeva, a schoolteacher and my research assistant, invited me to spend a few days visiting Bauly, the Tatarstani village where she had been born. An ethnic Tatar, Amina was six feet tall, with jet-black hair cut in a bob, olive skin, chiseled cheekbones and piercing grey eyes. She usually dressed in roomy blouses and black slacks that concealed her ample body. Unmarried in her mid-forties – Amina told me her fiancé had died in the USSR’s Afghanistan War – her mother repeatedly urged her to have a baby out of wedlock so that someone would look after her in old age.

The best dumplings I ever tasted, courtesy of the Great Soviet Book of Recipes by Helen Faller

Academics conducting research in Eurasia experience ups and downs. From the seemingly endless process of translating interview transcripts to the constant fear of deportation, research in the region can be a frustrating and stressful experience. But it is also incredibly rewarding. It can leave the researcher with life-long friends and memories. In the following article anthropologist Helen Fuller evocatively describes her experience drinking vodka and making dumplings in Tatarstan in 2000.

Old photo of a Tatar family
Credit: Helen Faller
In July, Amina and I boarded a ship. We sailed down the Volga River on a four-day Tatar cultural cruise that featured claustrophobic concerts in our ship's small hold, lively midnight feasts filled with long-winded, but sincere toasts and on deck disco dance parties that lasted till dawn. The ship was a magical space where Tatar men strode around spontaneously striking up songs on their accordions and everyone was full of camaraderie and joy.

The cruise ended in Ufa, the capital of Tatarstan’s neighbor to the east, Bashkortostan. Ufa was originally a fortress built in the 16th century on Ivan the Terrible’s orders and more recently the hometown of globally celebrated dancer Rudolf Nureyev, who, like Amina, wasa Tatar. Ufa is a sleepy, pleasant city.

After a few days, Amina and I were ready to move on. We boarded a rickety bus that headed towards Kazan, but stopped along the way in Bauly. As we barreled down a two-lane highway through verdant rolling plains, the graying paint on the roadside fences suddenly became fresh and bright. We had crossed the border into Tatarstan.

Shortly before our trip, Russian President Vladimir Putin had crushed Tatarstani sovereignty. Putin held a closed door meeting with Tatarstani President Shaimiev and Bashkortostani President Rakhimov. He threatened to find Muslim extremists in the region and turn it into another Chechnya if the presidents didn’t renounce their claims to self-rule. Neither leader wanted his land to become a warzone where towns resemble bulldozed parking lots, like Grozny has since Putin’s intervention, so they complied. Amina and I were blissfully unaware of these events until much later.

In the early afternoon, just as the air on the bus was getting uncomfortably sticky, we pulled up at a bus station with glass walls. Its design reminded me of vans lined with green shag carpet. Before I could ask, Amina proudly informed me that the bus station was brand new.

Set in a valley on the River Bauly and surrounded by gently rolling grassy hills, the village of Bauly was lush and green, tidy but teeming with gently pruned foliage and wild plant growth. The air was fresh and the sunshine bright and welcoming. Light, high, white clouds wisped across the deep opal sky.

Amina’s Uncle Fendas met us outside the station. His bushy white eyebrows stuck out over his bright blue eyes like wild grass. He wore a round black velvet cap on his grey head. When he greeted us warmly in his native Tatar language, the wrinkles on his leathery face cracked into a welcoming, gold-toothed smile. He gave Amina a warm bear hug, but waited until I held out my hand before shaking it heartily with both his own. Not initiating handshaking is one way that Tatar men show respect for women's personal space.

“Tatars tend to like Lenin because he supported the right of minorities to self-determination”

Uncle Fendas led us down a path flanked by solid oak trees with whitewashed trunks. We walked across the town’s empty October Square, an open paved space physically dominated by a giant statue of Vladimir Lenin. Lenin statues once stood in most Soviet public squares. The majority were pulled down or vandalized in the 1990s. Not so in Tatarstan. Tatars tend to like Lenin because he supported the right of minorities to self-determination.
Soon we came to the quiet, tree-lined street where Uncle Fendas’ small wooden house stood behind a freshly painted white picket fence. The house itself was bright turquoise except for the elaborate window shutters ornamented in stylized, geometrical flower motifs, which were painted white. I could hear birds singing joyfully in the trees.

Amina’s Aunt Rushaniya and Cousin Sariya rushed to the door, their faces all smiles. Amina introduced me, again speaking Tatar. Both women had scarves tied around their heads, a sign that they had been busy cooking. Shorter than Amina and sweetly plump, Aunt Rushaniya wore a bright floral printed cotton housedress, while Sariya, a couple inches taller than her mother, wore a plain white t-shirt and knee-length flowered skirt. Aunt Rushaniya’s hair hung down her back underneath her scarf in a long white braid. Her daughter’s brown hair was pulled back into a ponytail. Both mother and daughter had very prominent cheekbones and slanted, grey-blue eyes. Their gazes were open and calm.

We entered the house’s compact foyer and removed our shoes, putting on slippers that the hostesses hurriedly dug out of a disorderly pile of footwear. We carried our bags into our room, which had twin single beds covered in white bedspreads, a large open French window through which an apple tree’s branches poked and soothing white walls. The room emanated peace. Stepping along a faded brown runner, we visited a tiny toilet on the other side of the house, afterwards washing our faces and hands in the kitchen sink. Aunt Rushaniya handed each of us a clean white towel embroidered around the edges with red flower designs similar to those on the shutters.

We could hardly turn around in the tiny kitchen, which barely had room for a stove, refrigerator and Soviet pressboard table with three four-legged stools tucked underneath it. Rushaniya invited us into the much larger living room, wallpapered in broad vertical green and silver stripes. We sat on overstuffed cream-colored couches and savored tall glasses of cool well water. At ease among her family, Amina told her relatives about our trip, as we relaxed back into the large couch cushions. I sat up straight with my hands folded in my lap, smiling, in a sign of respect to my hosts. We glanced occasionally at a Mexican telenovela dubbed into Russian playing on the color TV standing in a corner of the room. The actors looked familiar, like Tatars. But the big crucifix on the wall behind the actors looked out of place. Most Tatars are Muslims and would never hang a cross in their home.

After giving us a few minutes to rest and drink water, Aunt Rushaniya stood up, turned off the TV and went into the kitchen. From where I was sitting I could see her take two large metal bowls out of the refrigerator. She came back into the living room and placed the bowls on a long wooden table that stood against a wall overlooking the grassy yard. One bowl contained a large ball of dough and the other the filling for small boiled beef dumplings. These are called pelmeni in Russian, or in Tatar, pilman.
Aunt Rushaniya sprinkled flour on one end of the table and pulled off a chunk of the dough. She skillfully rolled it out with a rolling pin and, using an upturned drinking glass, divided the sheet of dough into circles about two inches in diameter. She rolled up the remains into a new piece of dough, which she rolled out and again cut into circles using the glass. She transferred the dough circles to a floured baking sheet. Her daughter Sariya handed Amina and me each a dough circle.

"Put the filling in like this," Sariya instructed, as she picked up a circle and plopped a healthy tablespoon of filling in its center. Sariya folded the dough over the meat and pinched it closed around the edges, forming a simple half-moon shape. Then she placed it gently on another floured baking sheet. We quickly followed her example and before we knew it, we had filled the sheet with half-moons of stuffed dough.

Aunt Rushaniya went into the kitchen to put a large pot of salted water on the stove to boil. As we worked, Amina talked about how much things had changed in Bauly since she was a kid. She pointed out that the toilet we had used when we arrived was a new addition to the house, having been installed only a decade earlier.

"When I was little," she explained, "Bauly was really a village. The population was small. Now it's officially a town. Since 1997, because they found oil here, the town has developed. You can tell because the main roads are paved."

I was curious about the dumplings.

"What goes into the filling?" I asked. Amina's cousin explained.

"Together with my mother's brother, we bought a cow in the spring and fattened it up. Then we took it to the local butcher to have it slaughtered. We divided the meat with my uncle's family. The beef in the filling came from that cow."

"What are the other ingredients?" I asked.

"It's very simple," Aunt Rushaniya chimed in, coming back into the living room. "Besides ground beef, the filling contains onion, salt, pepper, and maybe garlic."

"How do you make the dough?"

"It's a simple egg dough recipe. You can add milk or not."

"Where did you learn how to make these dumplings?"
“From the Great Soviet Book of Recipes,” she responded, holding up a tattered volume. When the dough was all used up, a small clump of filling remained.

“That’s for Allah,” said Aunt Rushaniya. But her daughter picked up the clump and fed it to the German shepherd.

“His name is Michael Jackson,” Sariya informed me. “We used to call him Jack. Jack is not a name ever heard in Tatarstan. One day, Uncle Fendas went to the butcher’s shop to ask for bones for the dog. To convince the woman working behind the counter that Jack deserved choice bones, he said to her, ‘I have Michael Jackson outside and he needs the best bones you have.’ And the butcher gave him wonderful meaty bones. Since then we’ve called him Michael Jackson.”

In the kitchen, Aunt Rushaniya’s knife made a staccato sound against the chopping board and the green scent of freshly chopped dill wafted through the air. Rushaniya carefully placed the dumplings into the pot of water and patiently waited with a spoon slotted in hand, pulling them out as they rose to the surface. Steam poured out of the kitchen in dense clouds, carrying strong doughy, meaty aromas. Sariya set the table with small plates, forks, and shot glasses. She put a bottle of the local vodka in the center of the table. Her mother came into the living room carrying an oblong serving plate full of steaming pelmeni.

The four of us sat down around the table. The aunt poured everyone a stiff shot of vodka. Her daughter placed a small mound of fragrant dumplings, liberally smeared with sour cream and sprinkled with chopped dill, on each of our plates. Aunt Rushaniya lifted her glass and nodded at me, at the same time wiping the sweat from her brow with the back of her hand.

“The first toast is to our American guest,” she said. I smiled. She continued.

“May you be happy and have a lot of success. May you have many children. And may you write a good book about Tatars so that Americans know that we are decent, civilized people, and not the barbarians Russians say we are.”

“May you write a good book about Tatars so that Americans know that we are decent, civilized people, and not the barbarians Russians say we are”

“Rehmet!” I responded, thanking her. We all inhaled deeply, and holding our breaths, emptied our glasses in a single gulp. As we swallowed, we exhaled and scooped dumplings in our mouths to absorb the vodka. Those were the best dumplings I ever tasted.

Helen Faller, PhD, is a cultural anthropologist who specializes in the Turkic peoples of the former Soviet Union. Her first book Nation, Language, Islam: Tatarstan’s Sovereignty Movement describes how the worldviews of Kazan Tatars transformed after the USSR’s collapse. The above piece comes from her current project, Silk Road Warrior Women and Homemade Dumplings, which tells stories of Eurasian women and the food they make to sustain their loved ones. More information is available at www.mosaiqa.com or by emailing Helen at helen@mosaiqa.com.
Since universities have existed, they have been a magnet for the exchange of both people and ideas: Wildavsky argues that “today’s period of university globalization is at first glance a far cry from the era inaugurated by the wandering scholars of medieval Europe... but there are unmistakable parallels” (2010). As an aside, it’s worth noting that these European scholars weren’t even the first to seek education outside their own boundaries: in his own wanderings through the Muslim world, the Central Asian/Persian poet and philosopher Nasir Khusraw studied at Al-Azhar University in Egypt in the 11th century.

Fast forward a thousand years and our understanding of what universities are and what their purpose is has shifted significantly. What might be termed ‘voluntary internationalism’, which led scholars of years gone by to seek new knowledge elsewhere, has been replaced by a phenomenon more akin to ‘compulsory globalisation’. The emergence of national boundaries, ideas and communication technologies means that contemporary universities have to ‘take account not only of work being done next door but also of work being done on the other side of the world’ (Teather, 1998).
Types of partnership

Many British universities interpret this mission through their partnerships with other universities. These partnerships can take a range of forms; some examples of this in evidence in Central Asia are:

Opening branch campuses – London’s Westminster University is the only British university to have a campus in Central Asia, its Tashkent branch having celebrated its 12th anniversary in January 2014. Other countries (especially Russia and the USA) have many more well-established branch campuses in the region.

Offering joint courses – a less resource intensive model, a growing number of universities work with Central Asian partners to jointly deliver courses, often at postgraduate level. Lancaster University works with the Kazakh-British Technical University on a joint MSc in Networked and Mobile Systems, taught entirely in Kazakhstan.

Collaborative research – Cambridge University is working with the University of Pennsylvania in the USA on a variety of large scale research projects in Kazakhstan, many of which come under the auspices of one of the country’s newest and certainly most prestigious (in terms of government investment of funding and reputation) institution, Nazarbayev University.

Hosting Central Asian students – the UK has historically been rather unsuccessful at encouraging its own students to study for part of their degree abroad, but markedly more successful in bringing international students to the UK. My research suggests that the UK is the most popular destination after Kazakhstan and Kyrgyzstan for Tajiks who study abroad (Sabzalieva, 04.06.12).

Some of the benefits of working in Central Asia...

The potential benefits of working outside the UK's national borders were well summarised recently by Britain's leading higher education magazine, the Times Higher Education: 'With powerful global networks universities can find the best academic talent, attract the brightest students and produce collaborative, innovative research that exploits the resources of multiple institutions and tackles matters of global concern' (Crook, 24.01.14).

It would be disingenuous to overlook the economic pragmatism that may underpin some of these grand themes, although you would be hard pushed to find a university mission statement that claims to be all about the money! Many British universities use Central Asian based recruitment agents to attract students who pay the higher international student fees (for a 1 year Master’s, international students can expect to pay around £10,000–£25,000 compared to their European peers who pay around three to five times less). And whilst unlikely to turn a serious profit, international collaborations attract high prestige funding.

“Whilst unlikely to turn a serious profit, international collaborations attract high prestige funding”
such as the European Community's TEMPUS programme, a good example of which is a partnership involving Middlesex University and no fewer than 18 Central Asian universities, which focussed on the quality of engineering education in the region.

Nottingham University doesn't work in Central Asia (yet) but with three campuses in the UK, China and Malaysia all bearing equal status and all offering the same core suite of Nottingham degrees, it has a growing reputation for fully embracing the international aspects of higher education. As its Registrar says, 'internationalisation at Nottingham has many facets: it means an extraordinarily diverse staff and student body, outstanding campuses, significant staff and student mobility, a distinctive curriculum, unique international research activity... In short, it is all about delivery and Nottingham has delivered and continues to deliver real international higher education,' (Greatrix, 14.01.13).

...And some of the drawbacks

In an interview with Nottingham’s Registrar conducted for this article, Paul Greatrix says that the university's key anxiety in embarking on two major overseas partnerships was reputational risk. As a result, Nottingham insisted on 100% control over the academic elements of their Malaysian and Chinese campuses – no mean feat given the strong government control over higher education normally experienced in these countries (comparable to the Central Asian states).

Nottingham also had concerns about infrastructure provision, which would echo strongly for the pioneers at the University of Central Asia seeking to build three rural yet state of the art campuses in towns like Khorog, Tajikistan, that lack basic infrastructure such as reliable electricity and decent transport links.

Strong commitment from the government not just in their investment...
“Corruption could well be a hindrance to British universities seeking further involvement with local universities”

Another obstacle faced by Nottingham was scepticism from some Chinese universities, where it has taken time to build up relationships and demonstrate the value Nottingham's researchers can add to the national research scene. This links to a broader claim that globally, higher education has become more competitive. Whilst, as in private industry, competition can help encourage better standards and outcomes, it ‘can also undermine the sense of an academic community, a mission and traditional values’ (Altbach et al., 2009).

In the UK, partnerships with Uzbekistan in particular have attracted criticism related to human rights concerns. British newspaper *The Guardian* reported on the ‘extensive’ links between UK universities and Uzbekistan in late 2013 despite the country's human rights record being 'widely condemned as one of the worst in the world' (Cobain and Kurasinska, 09.10.13). Such partnerships therefore pose potentially very difficult decisions for the UK partners. They have to find a balance between:

- their internationalisation/international agendas;
- their broader mission as an institution and how they interpret that in the way they undertake their responsibilities to their various communities;
- the UK political environment;
- the fact that ‘how we do things here’ can be very different in Central Asia;
- cultural norms, particularly in regards to the perception of human rights in the UK.

In response to *The Guardian* article, London Metropolitan University said ‘it was aware of the country’s [human rights] record, but that it was committed to both the exchange of ideas and the raising of educational standards’. The University of Bath went a little further, with their spokesperson saying: ‘Working to improve academic standards is an apolitical act and in no way constitutes support (tacit or explicit) for the political regime of the country. The work ... was carried out in a collegiate spirit of helpfulness and support. It reflects the capacity of higher education in the UK to strengthen civil society.’ Whether higher education can be truly separated from politics is certainly debatable, particularly when working in countries like those in Central Asia where the state has such control over the higher education sector.

“Whether higher education can be truly separated from politics is certainly debatable, particularly when working in countries like those in Central Asia”

*Where to from here?*

British universities are now part of a global sector, and whilst it might seem to go against the grain for them look...
outside their own red brick walls or ivory towers to find strength, the reality is that strategic partnerships are essential to their continued success as world leading institutions. Those that already work in Central Asia are finding moderate success but investment by British universities is still limited; this article has outlined some of the reasons that can help and hinder partnership working. Patterson’s work on university partnerships employs a metaphor of relationships, noting that ‘an institution can have friends [agreements made in good faith], partners [underpinned by contracts] and spouses [akin to a full merger].’ To develop in the context of a globalised higher education sector, it is the Central Asian universities that need to take a more active role in determining their destiny; not just having well-meaning friends in the UK but by developing deep and meaningful long-term relationships around the world.

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Emma Sabzalieva is an independent researcher on social change in Central Asia, and blogs on this theme at http://sabzalieva.wordpress.com. She is an experienced university administrator and has worked in further and higher education in the UK and various former Soviet countries. She is a fluent Russian speaker. Emma is currently College Registrar at St Antony’s College, University of Oxford. In July 2014 her first co-authored book, Managing your career in higher education administration, will be published by Palgrave Macmillan (http://www.palgrave.com/products/title.aspx?pid=642128).
Rather than existing exclusively in the domestic politics of weak states, corruption in the developing world involves a myriad of different actors, ranging from corrupt state officials and local and international middlemen to offshore shell companies and reputable financial institutions. Building upon a few recent empirical studies, this article exposes the symbiosis of illicit practices in developing countries with licit and semi-licit practices in developed countries in order to explore the financial connections, which are integral to the nexus of weak states and organised criminal groups. Central Asia will be used as an empirical ground to showcase how a developing region gets connected to the global economy via hidden and informal financial vehicles and offshore enterprises. My research has strong normative aspirations, since the article calls for the reassessment of the global anti-corruption regime in targeting transnational financial crimes. The overall goal of the research is to change the conversation about corruption, state weakness and organised crime: rather than speaking about problems of merely local, national and regional provenance, we need to recognize that we are dealing here with global challenges requiring global solutions.

Although the notion of corruption is probably as old as human civilization, the wave of global anti-corruption norms and strategies began only in the early 1990s as an effect of accelerated globalization processes. In a famous speech, then-president of the World Bank James Wolfensohn placed “the cancer of corruption” on the agenda of development organizations and international institutions. The fight against corruption was launched under the aegis of good governance and the promotion of accountability and transparency. International actors such as the IMF and the World Bank began to identify corruption as one of the main obstacles to economic growth in the developing world. The initiatives these organizations proclaimed reinvigorated interest in the topic of corruption in the academy as well, leading scholars to study the impact and effectiveness of anti-corruption measures. However, as Alexander Cooley and Jason Sharman point out, those academic conceptualizations often reproduce the idea that corruption is contained only within states and in the practices of their officials. In those instances when corruption is examined in a transnational context, it is usually presented as an indispensable part of criminal networks that link illicit activities with officials of weak states and illicit non-state actors, including organized crime factions, terrorists, weapons traffickers, drug smugglers and money launderers.

“Licit actors and financial mechanisms in the developed world facilitate the expansion of illicit and corrupt practices in developing states” However, by focusing on illicit globalization, scholars and policymakers often omit the role of licit actors and financial mechanisms in the developed world that facilitate the expansion of illicit and corrupt practices in developing states. Corruption-prone Central Asia has become the victim of
such scholarly contemplations and policy-making recommendations. Central Asia is endowed with vast natural resources and conducive to lucrative business opportunities. The region, however, is characterized by authoritarian or semi-authoritarian rule with clan or family based decision-making. As a result, only the most privileged tend to benefit from the current state of affairs, amassing fortunes at the expense of ordinary people. At the same time, the unlawful enrichment of Central Asian rulers and their entourages could not have been accomplished without the support of local and international brokers, offshore companies and major financial institutions, which operate within the realm of licit and formal norms and practices. Respectively, corruption in the developing states and in Central Asia per se should be examined within a transnational context. The fusion of the formal global economy with local informal economies poses a serious regulatory challenge to both scholars and policymakers who seek to establish sustaining policies and greater oversight over these spheres in accordance with practices of good governance, transparency and accountability.

Indeed, Central Asia is an excellent empirical referent to examine the dynamics of transnational corruption. Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan and Turkmenistan provide numerous illuminating cases, which demonstrate how hypothetically isolated Central Asia becomes connected to the global economy via contemporary financial mechanisms. The cases are extremely diverse and range from telecommunications and fuel procurement to gold mining and banking. In the post-Soviet republic of Kyrgyzstan, I have conducted research on the complex interplay between different actors over access to fuel supplies at the American air base Manas. Both Presidents Akayev and Bakiyev and their entourages exploited the Pentagon’s lucrative fuel contracts for personal enrichment and to strengthen their regimes. The intricate fuel schemes involved not only Kyrgyz senior officials and shell and

“The fusion of the formal global economy with local informal economies poses a serious regulatory challenge to both scholars and policymakers”

A U.S. C-5 Galaxy cargo plane re-fuels at Manas International Airport, Bishkek, Kyrgyzstan Credit: U.S. Air Force
intermediary companies, but also the U.S. Department of Defense (DoD) and the Gazprom refineries. The capture of fuel supplies to the Manas Air Base was accomplished through the use of local subcontractors and fixed-based operators. As it turned out, the DoD knew about the beneficiaries of the Kyrgyz fuel subcontractors. However, the Pentagon's position was that any misappropriation of funds by the Kyrgyz leadership was solely the responsibility of the country's internal affairs and thus respectively at the discretion of the Kyrgyz judicial system, as long as the fuel procurements were conducted in accordance with American laws and regulations. In turn, U.S. contracting and procurement laws permitted companies affiliated with foreign leaders and their entourages to bid and win DoD tenders. As a result, rumours and circumstantial evidence that American vendors were enriching both the Akayev and Bakiyev regimes were instrumental in the fall of these governments in 2005 and 2010 and led to several resonant national and international investigations.

"Both Presidents Akayev and Bakiyev and their entourages exploited the Pentagon’s lucrative fuel contracts for personal enrichment and to strengthen their regimes."

The watchdog Global Witness conducted its own investigation in Kyrgyzstan, but in this case related to its largest bank Asia Universal Bank (AUB). AUB was nationalized after the April events of 2010 and was accused of involvement in large-scale money laundering by the new government, while an independent EBRD-funded audit supported this view. Global Witness found significant evidence of money laundering through AUB, as dozens of onshore and offshore companies moved millions of dollars through the bank with no clear business activity. Nearly 1.2 billion USD passed through the AUB accounts of just three UK companies, which then dissolved without filing any account information. The largest transfers went through the UK’s Standard Chartered, Austrian Raiffeisen Bank and Citibank in New York. In the most flagrant example, a UK company, which moved 700 million USD through its AUB account without any business activity in the UK, was owned by a Russian who died two years before the company was actually registered. Such reports reveal the stark inadequacy of how some of the world’s major economies monitor the registration of companies and contribute to global money-laundering.

In Kazakhstan, the Texas oil company Baker Hughes became the focus of one of the most resonant corruption scandals. To win a 219 million USD oil contract in Karachaganak, Baker Hughes made payments to Kazakh officials via British tycoon Robert Kissin, using a Barclays bank account set up on behalf of a shell company registered in the Isle of Man. The Swedish-Finnish telecommunications company TeliaSonera was targeted in probes for aggravated bribery in Uzbekistan, and its CEO Lars Nyberg had to step down under increased public scrutiny. Allegedly 300 million USD was paid by TeliaSonera to an associate of Gulnara Karimova, the daughter of the president of Uzbekistan, through the CEO of a competing Russian telecommunication company MTS and a Gibraltar-registered shell company in order to gain access to the national telecom market. On March 24, 2010, German carmaker Daimler agreed to pay 185 million USD to settle international bribery charges leveled by American prosecutors in at least 22 countries,
including Turkmenistan and Uzbekistan. In certain cases, Daimler made improper payments to American bank accounts or to foreign bank accounts of US shell firms. In Turkmenistan, Daimler was accused of handing a new armoured S-class Mercedes worth of €300,000 to a high level official as a birthday present to ensure that Daimler’s sales were not jeopardized in the country. In the UK, a dispute over the Tajikistan Aluminium Company (Talco) became one of the most expensive legal proceedings ever held at the London High Court. The lawsuit involved the offshore holding company Ansol registered in the Guernsey Islands on one side and United Company Rusal and two companies registered in the British Virgin Islands on the other side.

The aforementioned cases confirm that corruption in the developing world involves not only local state officials but also international middlemen, offshore shell companies, multinational companies and reputable financial institutions. This constellation demonstrates that political power is not contained solely within national units, but flows from the transnational through to the national and the local. In most of the examples above, the companies, which were involved in corrupt activities, were prosecuted. Unfortunately, these cases are just the tip of the iceberg as many more companies engage in illicit practices without being exposed. Such corrupt practices are not only a predominant feature of business relations in the post-Soviet region but in other regions as well. The global assemblages of different players only conform to the proposed dynamics of transnational corruption, which takes place with the complicity of reputable international institutions or even with their direct engagement. By assessing the effectiveness or ineffectiveness of the global anti-corruption regime, I hope to uncover the mechanisms through which relatively weak states with strong organized criminal groups gain access to licit sources of transnational finance. Such a study would call for a global approach to tackling issues of transnational corruption on the post-Soviet space.

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1 For instance, see the OECD’s Anti-Bribery Convention (1997), the Council of Europe’s Criminal Law Convention on Corruption (1999), or the United Nations Convention against Corruption (2003).
2 For the full speech visit http://web.worldbank.org.
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Kemel Toktomushev is a PhD Candidate in Politics and International Relations at the University of Exeter. Kemel has received his Master of Science degree in International Relations from the London School of Economics and Political Science (LSE). Prior to joining the University of Exeter, Kemel worked as the Director of Communications and Public Relations at the American University of Central Asia and has extensive experience in media relations and crisis communications. His primary research interests focus on regime security and realpolitik of Central Asia.
Foreign Investors Exposure to Corruption: Kyrgyz Perspective by Neesh Chand, SIA

Like their Central Asian counterparts, foreign investors are exposed to corrupt practices. In the following article, Neesh Chand from SIA describes the mechanisms through which corruption operates in Kyrgyzstan and how this affects foreign investors. Chand highlights how tools aimed at fighting corruption can sometimes be counterproductive

Just six months after the 2010 revolution, Kyrgyzstan held elections considered the most free and fair in Central Asian history. The new government became Central Asia's first parliamentary democracy. And it inherited the challenges that the previous regime had grappled with, including corruption.

Corruption affects all stages of the investment process, even pre-investment, when it reduces the number of investable opportunities by driving investors away. This article focuses on the middle stage of the investment process. Three characteristics that expose investors to corruption risk in Kyrgyzstan are discussed. These characteristics are not unique to Kyrgyzstan.

Many Laws Equals More Corruption?

Many frontier markets like Kyrgyzstan are constantly adopting new laws. They are often operating under the misconception that having more laws is better. But does having more laws actually improve compliance, or does it increase the risk of corruption?

In the case of business legislation, more laws mean more requirements for businesses. In addition to increasing compliance costs, it can create other problems if:

- New laws are passed hastily without older laws getting cleaned up. This will create inconsistencies in the requirements. In some cases it can be difficult or virtually impossible for businesses to comply with all laws.
- New laws are passed but businesses are not informed, so they are unaware of them.
- New or existing laws are not enforced, resulting in businesses getting complacent.

Each of the above scenarios creates the opportunity for corruption since suddenly an infringement could be brought to the company's attention. And this could occur on a regular basis. There are two ways out: corruption or fine. The market price for bribes may be lower than the fine, and there is no paperwork involved. This can make corrupt practices more appealing.

“The market price for bribes may be lower than the fine”
“Parallel Legal System”

A shadow economy exists in all countries. What differs is its relative size. In Kyrgyzstan the shadow economy is estimated to be much larger than the formal economy. Business activities in the shadow economy are not protected by the legal system, but by a ‘parallel legal system’ with its own rules and procedures. The two systems have similarities and differences. Money changes hands in both, officially in one case in the form of taxes, unofficially in another. Both attract sanctions for non-payment of taxes, though in the ‘parallel legal system’, notice of delayed payment may be unwritten, may come hand delivered and rules of natural justice may not apply.

The parallel legal system competes with the formal legal system. Activities moving out of the parallel legal system reduce income for its beneficiaries, and vice versa. To remain competitive, the parallel legal system has a ‘carrot and stick’ offering. Carrot is a financial incentive in the form of a lower ‘tax’ rate compared with the official tax rate. The stick could literally refer to physical violence.

A relatively large or influential parallel legal system poses a challenge for foreign investors who opt to operate in the formal system. They may face constant pressure from the ‘parallel legal system’ to operate in their sector. Various strategies may be used to influence the shift. And pressure may be exerted at all levels in the organization. Some individuals within the organization may be inclined towards the ‘parallel legal system’. This creates added risks.

The Organization for Economic Cooperation and Development (OECD) Anti-Bribery Convention covers international business transactions. Countries that have signed the Convention are required to have legislation that criminalises the bribing of foreign public officials. What this could mean is that investors from these countries doing business internationally could be liable in their home country for corrupt practices in a foreign country. And even worse, in certain circumstances, they could even be liable if corruption was committed by staff, whether local or foreign, in the foreign country. There are mitigating factors, but this is outside the scope of this article.

Resolving Problems

One consequence of the existence of shadow economies is lower tax revenues for the formal sector. This has a range of implications, including insufficient funding to strengthen the legal system. A weak legal system makes it an unattractive avenue for resolving problems. In Kyrgyzstan personal contacts in the government (such as friends/family) are relied upon to assist in solving problems. When compared with the formal legal system, this alternative approach may appear to be faster and cheaper, but it places foreign investors at a disadvantage. Foreign investors may not have friends/family working in government. This could be remedied with corruption, but that is not an option.
The legal system does function well from time to time, but lacks consistency and predictability. Strategies can be developed to ensure that on a case-by-case basis the legal system actually functions. It is possible.

“The legal system does function well from time to time, but lacks consistency and predictability”

It's not all bad news – introducing SIA

It is possible to develop strategies to manage risks and keep them at an acceptable level. Strategies will be unique from sector to sector, country to country. SIA has developed an approach where principles are taken from what already works in Kyrgyzstan and adopted it to suit foreign investors in the SME sector. More information is available from the website.

Neesh Chand is the founder of Knodis and Knodis CIS Fund Ltd, and one of the founders of SIA. Previously he was Senior Specialist Securities Markets at NASDAQ OMX (Sweden). He has international corporate finance and corporate law experience, with a specialization in emerging and frontier markets. Neesh has a Master of Science degree in International Business & Economics from Stockholm School of Economics, Graduate Diploma in Applied Finance and Investments from Financial Services Institute of Australasia, Bachelor of Laws from Waikato University, Bachelor of Management Studies from Waikato University and has completed levels I and II of the CFA Program. Contact email: neesh@knodis.com

postal address: Rm 320
114 Chui Avenue
Bishkek, Kyrgyzstan

phone: +996 312 89 54 96

e-mail: info@siakg.com

website: siakg.com