

**Applying a Global Governance agenda in post-Soviet states:  
the case of EITI in Kazakhstan and Kyrgyzstan**

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in  
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**by  
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Concerning the content this file contains the original thesis as it was submitted to the doctoral examination process. The only changes made concern (1) the inclusion of this page instead of the statutory declaration, which has been moved to the very end of this file, (2) small changes to the page layout and pagination, and (3) language editing of the preface and chapter 7.

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Bezogen auf den Inhalt enthält diese Datei die Originalversion der Dissertation wie sie im Promotionsverfahren eingereicht worden ist. Die einzigen Veränderungen beziehen sich auf (1) das Einfügen dieser Seite anstelle der Eigenständigkeitserklärung, die ganz ans Ende dieser Datei verschoben worden ist, (2) kleine Veränderungen am Seitenlayout und den Seitenumbrüchen und (3) eine Sprachredaktion von Vorwort (Preface) und Kapitel 7.

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## **Abstract**

Current explanations of global governance fail to incorporate in their analysis the importance of both structural domestic and contextual factors in which global governance initiatives operate. More specifically, it is necessary to further investigate what global governance means for specific non-democratic regions and actors involved in the process of global governance. Current research on global governance is characterised by the concept of a static dichotomy between the international and domestic spheres. In contrast, the present thesis aims to offer a more sophisticated account of the interplay between these two spheres; it therefore presents an empirical and theoretical framework that is able to capture the transboundary character of global governance encompassing both the international and domestic context.

Using the case of an international governance initiative, the Extractive Industries Transparency Initiative (EITI), this PhD thesis investigates how the standardised practices of global governance arrangements are implemented in the post-Soviet and autocratic states of Kazakhstan and Kyrgyzstan. Adopting a comparative case study perspective, the study examines, first, how shared self-regulatory governance practices as prescribed under the EITI function in authoritarian countries, second, whom or which constituencies they serve, and, finally, how the initiative's legitimacy can be assessed. Most importantly, in analysing the EITI, the thesis aims to assess the role of different actors (state and non-state) within non-democratic countries. Furthermore, in light of the EITI's focus on fighting corruption in the extractive sector, the project aims to contribute to the debate on the resource curse in the political economy.

The results of my thesis indicate that the EITI in Kazakhstan and Kyrgyzstan operates as a dysfunctional platform for cooperation that is detached from its initial purpose. The research further demonstrates that the regime type, the country's political institutions and the inherited Soviet legacy have considerably affected the functioning of the Initiative. In light of these observations, the thesis urges scholars and policy practitioners to more thoroughly consider the context in which global governance takes place.

## **Table of Contents**

List of Tables and List of Figures.....	1
List of Abbreviations.....	2
Preface: Notes on Transliteration and Sources.....	5
Introduction: Global Governance in Post-Soviet Autocratic States of Central Asia.....	6
Summary of the Study .....	6
Why the Extractive Industries Transparency Initiative (EITI)? .....	7
Why Kazakhstan and Kyrgyzstan? .....	9
Methodological Approaches .....	12
The Significance of the Research .....	12
Outline of the Study .....	14
Chapter 1. Global Governance Arrangements: Establishing the Context.....	17
1.1 Globalisation and Internationalisation .....	17
1.2 Towards Global Governance .....	19
1.3 Hybrid Forms of Governance Arrangements—Public Private Partnerships (PPPs) .....	20
1.4 Global Governance and Non-State Actors.....	23
1.5 Global Governance Arrangements, PPPs and Critical Perspectives.....	26
1.5.1 Global Governance and Scholarly Debate .....	26
1.6 Global Governance and Authoritarianism .....	38
1.7 Global Governance: What Now? .....	39
Chapter 2. Mapping Central Asia in the Era of Globalisation.....	43
2.1 The emergence of Central Asian States: From Tsarist Occupation to Independence .....	43
2.2 Soviet States in a Post-Soviet World: Towards State Formation .....	50
2.2.1 Central Asia and States Transition.....	51
2.2.2 Central Asia’s Awakening in the International Community.....	53
2.3 Central Asian Authoritarianism in the Processes of Global Governance.....	64
Chapter 3. The EITI and its Implementation.....	70
3.1 The EITI: Transparency as an Institutional Response to Tackle the Resource Curse .....	70
3.2 The EITI as a Global Governance Intervention.....	75
3.3 The EITI in Practice.....	83
Chapter 4. Research Design and Methodology .....	90

4.1 Research Design: Setting up the Context.....	90
4.1.2 The Site of Research: Conducting Research in a ‘Close’ Context.....	91
4.2 Research Design Framework .....	96
4.2.1 Qualitative Case Study Approach .....	97
4.3 Methods .....	101
Chapter 5. Case Study One: Kyrgyzstan and the Implementation of the EITI .....	108
5.1 Kyrgyzstan at a Glance .....	108
5.1.1 Political Context.....	108
5.1.2 The Economic Context.....	111
5.1.3 The Role of the Natural Resource Sector: Gold.....	111
5.2 The Implementation of the EITI in Kyrgyzstan.....	115
5.2.1 EITI as a Mechanism of State Interest-Driven Strategies .....	116
5.2.2 EITI and Non-State Actors.....	126
5.2.3 Decentralisation and Fragmentation of Elite Structures between Rural and Urban Areas .....	138
5.2.4 Soviet Organisational Culture .....	141
5.3 The EITI—A Technical Success? .....	142
Chapter 6. Case Study Two: Kazakhstan and the Implementation of the EITI.....	146
6.1 Kazakhstan at a Glance.....	146
6.1.1 Political Context.....	146
6.1.2 The Economic Context in Kazakhstan .....	147
6.1.3 The Role of Natural Resource Sector: Oil .....	148
6. 2 The Implementation of the EITI in Kazakhstan .....	153
6.2.1 The EITI as a Mechanism of State Interest-driven Strategies.....	157
6.2.2 EITI Non-State Actors.....	168
6.2.3 Decentralisation and Fragmentation of the Elite Structures between Rural and Urban Areas .....	182
6.2.4 Soviet Organsiational Culture .....	187
6.3 The EITI—A Technical Success?.....	187
Chapter 7. Discussion of the Findings: The EITI and Global Governance in Central Asia .....	193
7.1 Standardised Procedures: Form and Content Lost in Translation or in-between Spaces?.....	193
7.2 Global Governance as a Site for Domestic Re-interpretation.....	195
7.3 Soviet Legacies Matter .....	197

7.4. Resistance .....	209
7.5 Analysing the Findings in Light of the Global Governance Literature .....	210
7.6 Concluding Remarks.....	213
Appendix 1: Interview Consent Form and Ethical Considerations .....	217
Appendix 2: Interview Topic Guide.....	219
Appendix 3: EITI Workshop participation, Participant Observations .....	222
Appendix 4a: Survey Questionnaire.....	226
Appendix 4b: EITI-related Survey Results .....	246
Appendix 5: Contacts of EITI MSG.....	251
Appendix 6: Interview List.....	257
Statutory Declaration.....	307

## **List of Tables and List of Figures**

### **List of Tables**

Table 1. Freedom House Index Index-Country Ranking 2001-2016

Table 2. Summary of the events and EITI implementations

### **List of Figures**

Figure 1. EITI Framework

Figure 2. Foreign Aid Flows and EITI Progress

Figure 3. Decentralisation and EITI process

Figure 4. FDI Inflows (% of GDP) in Kazakhstan 1995-2015

Figure 5. EITI MSG Organisation in Kazakhstan

## **List of Abbreviations**

- ADB—Asian Development Bank
- BG Group—British multinational oil and gas company
- BIGSSS— Bremen Graduate School of Social Sciences
- BONGOs— Business Organized non-governmental organizations
- BP—British Petroleum
- BTI—The Bertelsmann Transformation Index
- BV— Besloten Vennootschap
- CEO—Chief Executive Officer
- CES— Common Economic Space
- CNPC—China National Petroleum Company
- CSOs— Civil Society Organisations
- CSR— Corporate Social Responsibility
- CU—Customs Union
- DCK— Democratic Choice of Kazakhstan
- DONGOs—Donor Organized Non-governmental Organizations
- EBRD—European Bank for Reconstruction and Development
- EFCA—Eurasia Foundation of Central Asia
- EITI—Extractive Industries Transparency Initiative
- EU—European Union
- EurAsEc—Eurasian Economic Community
- FDI—Foreign Direct Investments
- FESTI—Fuel and Energy Sector Transparency Initiative
- FT—Financial Times
- GDP—Gross Domestic Product
- GIZ—Gesellschaft für Internationale Zusammenarbeit

GONGOs—Government organised non-governmental organizations

HRM—Human Resource Management

ICNL—The International Center for Not-for-Profit Law

IFC—International Finance Corporation

IIED—International Institute for Economic Development

IMF—International Monetary Fund

IR—International Relations

JSC—Joint Stock Company

KOC— Kumtor Operating Company

MDTF— Multi-Donor Trust Fund

MEMR— Ministry of Energy and Mineral Resources

MNC—Multinational companies

MSG— Multi-Stakeholder Group

NCO—Non-commercial organization

NCOC—North Caspian Operating Company

NGOs—Non-Governmental Organisations

NSC—National Stakeholders Council

OECD—Organization for Economic Cooperation and Development ion for Economic Cooperation and Development

OPL— Oil Prospecting Licence

OSCE—Organization for Security and Co-operation in Europe

PPPs—Public Private Partnerships

PSA— Product Sharing Agreement

SCO— Shanghai Cooperation Organisation

BTC—the Baku-Tbilisi-Ceyhan

UN—United Nations

UNCTAD— United Nations Development Programme

US— United States

USAID—United States Agency for International Development

USSR—Union of Soviet Socialist Republics

WTO— World Trade Organisation

## **Preface: Notes on Transliteration and Sources**

This work is written in English and covers the countries of Kyrgyzstan and Kazakhstan in the context of global governance and globalisation movements. The Cyrillic script is officially used in Kyrgyzstan and Kazakhstan. Cyrillic sources of material in this thesis have been transliterated using the Library of Congress system.

To conduct my research project, I have consulted sources in Russian and in English. Being a native speaker of Russian, I have translated all my interviews myself with the purpose of avoiding loss of text-specific or culturally sensitive issues that are attached to the use of language or topic in question.

Throughout the thesis, I have applied the Harvard referencing system. However, I have slightly adapted the standard in light of the vast number of sources that were consulted during the years of the dissertation writing process. I have placed some sources used in footnotes to facilitate the flow of the text and to make it less confusing for the reader. I have also consulted references such as Wikileaks' cables, newspapers and business reports, which were obtained from the online database Nexis UK.

## **Introduction: Global Governance in Post-Soviet Autocratic States of Central Asia**

“It is the trope of our times to locate the question of culture in the realm of the beyond”.  
(Bhabha, 1994 p. 1)

### **Summary of the Study**

The overall objective of the PhD thesis is to assess the functioning of global governance in a post-Soviet authoritarian context. In doing so, the dissertation seeks to answer the following research question: *How does a global governance initiative like the EITI function in post-Soviet autocratic states of Kazakhstan and Kyrgyzstan?* Such a question assesses how standardised forms of global governance work in non-democratic post-Soviet contexts. In doing so, the thesis seeks to empirically and systematically examine how autocratic states with inherited Soviet legacies in Central Asia accommodate a specific form of global governance in their domestic regimes.

Recent literatures indicate a gradual tendency of authoritarian regimes across the globe to produce undemocratic norms as part of their efforts to reshape global governance and institutions toward their own preferences (Cooley, 2015a; Ambrosio, 2012; Lewis, 2012a). Hence, in such circumstances what can we expect from global governance institutions? Bartley (2011) argues that current accounts of global governance focus almost exclusively on the global level and, thus, ignore rules at the domestic and regional level. However, the implementation of transnational standards always occurs within “a particular nation-state, where domestic law still holds sway” (Bartley, 2011 p. 521). Levi and Prakash (2003) also remind us that although the enforcement of international arrangements is prescribed under the auspices of international institutions, their actual implementation takes place at the national level.

There is a lack of empirical and theoretical research on how generally applicable international global governance arrangements are received by and implemented in autocratic states (Zurn et al., 2012). In particular, it remains open of how global governance applies to specific non-democratic regions, and the societal interactions it creates within such settings need further investigation. Current research on global governance is characterised by the notion of a static dichotomy between the international and domestic spheres. In contrast, the present thesis aims to offer a more sophisticated account of the interplay between these two spheres when it comes to global governance; it therefore presents an empirical and theoretical framework able to capture the

transboundary character of global governance encompassing both the international and the domestic context. By looking at the case of an international governance initiative, the EITI, this PhD thesis investigates how the standardised practices of global governance arrangements are implemented in the post-Soviet states of Kazakhstan and Kyrgyzstan.

### **Why the Extractive Industries Transparency Initiative (EITI)?**

The EITI is a global governance transparency initiative. Its objective is to combat corruption and promote standards of transparency and accountability in the sector of extractive industries, in particular within resource-rich (cursed) countries. Established as a public private partnership, the initiative brings state, civil society, donor organisations and extractive industries under its institutional umbrella. Currently, EITI standards are implemented by 51 countries, most of which are resource cursed and governed by autocratic regimes. The rationale behind the EITI, therefore, is that increased transparency in the management of rents stemming from extractive industries empowers different stakeholders, in particular, citizens and civil society organisations. It is believed that the EITI provides these marginalised actors with a platform to demand accountability for how natural resource revenues are distributed and used, which in turn further promotes socio-economic development. Within the EITI, civil society representation is ought to be key, as it represents the voice of the people and allows to hold governments and companies accountable for how they spend their resource revenues. This is particularly important as civil society in most of the EITI implementing countries lack voice, is repressed and does not have any right to public participation. Hence, by giving civil society a key role, the EITI gives civil societal actors a voice in countries where it is otherwise restricted. Within the literature about authoritarianism, current research tends to overlook how authoritarian regimes deal with non-state actors. Hence, how the incorporation of ‘limited plurality’ works within authoritarian systems of government remains an unsolved puzzle. The concept of ‘limited plurality’ was primarily explored by the respective studies of Linz (2000) and O’Donnell (1977), who have examined this topic via the approach of corporatism focusing on interests-group representation mainly from the perspective of corporate groups and their relationship to the political sphere. While these studies provide important insights into the dynamics between state and non-state actors in an autocratic context, they however fail to analyse tri-partite relationships (between the state, companies and civil society actors) in the light of globalisation processes. In this sense, the EITI offers an interesting case 1) to understand how the concept of limited plurality works in autocratic states; 2) it provides an opportunity to

investigate the often invisible and complex relationship between states and non-state actors in authoritarian regimes; 3) it allows to examine how global governance initiatives manifest themselves in autocratic states marked with post-colonial legacies.

Further, the current literature on the EITI mainly focuses on questioning the effectiveness of transparency norm under the EITI framework rather than analysing how such a form of governance fares in the domestic regime configuration of autocratic states (Oge, 2014; Aaronson, 2011; Acosta, 2013; Sovacool and Andrews, 2015). The present study aims to fill this gap. Through the case of the EITI and its implementation in Kazakhstan and Kyrgyzstan, the dissertation assesses the functioning of the Initiative—its form and content, and how this deviates from the Initiative’s initial goals. In doing so, the project seeks to address the transnational character of global governance in post-Soviet autocratic contexts. More importantly, empirical and theoretical findings aim to reflect on the normatively standardised conceptualisation of global governance. A deeper knowledge of how global governance plays out at domestic levels can enable us to trace how the project of global governance alters and is altered by the specific contexts in which it operates.

Furthermore, by conducting such an examination, the project sheds light on the dynamics of the ‘resource curse syndrome’ and transparency. The ‘resource curse syndrome’ was characterised as the “paradox of plenty” (Karl, 1997), particularly affecting countries endowed with natural resources but not able to transform them into economic growth and social as well as political progress (Ross, 2015). Within this approach, it is widely acknowledged that corruption and weak domestic institutions constitute one of the main aspects of the “resource curse syndrome” (Mehlum et al. 2006). In light of these observations, transparency emerged as the main tool to address corruption and improve the quality of state institutions leading to a more sustainable management of the resource revenues and further stimulating economic growth and wider development. The EITI is the “global gold standard” in the management of resource governance. The EITI has been implemented since 2003, hence it is still in its infancy. However, given the large number of countries displaying features of the ‘resource curse syndrome’, it is questionable whether and to what extent the initiative is effective in achieving its goals. Therefore, the present research aims to contribute to this branch of literature working on the political economy of the ‘resource curse syndrome’ and transparency. However, it is important to note that this is not the ultimate goal of the study.

## **Why Kazakhstan and Kyrgyzstan?**

### *Technical, logistical reasons*

The reason for examining the region of Central Asia was first attached to conditions of my doctoral framework grant. Within the scope of my ITN Marie Curie Doctoral grant, I was assigned to study 'tensions' in post-Soviet regions. I originally applied with a PhD project looking at European external governance and the role of energy security dynamics in Kazakhstan and Azerbaijan. Within the scope of my doctoral grant, I was required to spend three months in partnership organisations. Unfortunately, none of them was in Azerbaijan or Kazakhstan. I therefore modified my initial research project maintaining the original idea of external governance. I choose to study Kazakhstan and Kyrgyzstan mainly because of the conditions attached to my research grant and ease of access to conduct my research.

### *Topical research reasons*

The focus on Post-Soviet countries of Central Asia, Kazakhstan and Kyrgyzstan, is particularly justified by their institutional post-colonial and post-Soviet context. The post-Communist states of Central Asia are still in development, to recall they only became independent in the 1990s. Prior, they were subject to the rule of Soviet ideology and Soviet governance based on a concentration of power and a colonial style of rule. The political culture that emerged still bears the imprints of Soviet era practices and Soviet type of institutions (Schatz, 2006). In this sense, political practice in Central Asia is in a tense relationship between inherited Soviet legacies and the construction of their statehood in the realm of independence and globalisation processes (Adams, 2008; Dave, 2007; Kandiyoti, 2002; Heathershaw, 2010).

In this regard, it becomes increasingly important to study how these tensions affect the practices of global governance. Thus, what does it mean to apply global governance in autocratic states with post-Soviet colonial past?

The choice was further motivated by the state's domestic regime configuration, the level of economic development, resource endowment dynamics as well as the adherence to the EITI initiative. In Central Asia, only Kyrgyzstan and Kazakhstan have full EITI compliancy status. They are characterised by varying degrees of neo-patrimonial (Isaacs, 2014; Lauruelle, 2012; Ilkhamov, 2007; Cummings, 2002) or patronal behaviours (Hale, 2015), are categorised as authoritarian regime type with strong perceptions about

sovereignty (Jones Luong, 2002; Franke et al., 2009), as rentier states or as resourced cursed (Jones Luong and Weinthal, 2010; Kalyuzhnova et al., 2009).

Resource-rich Kazakhstan and Kyrgyzstan accumulate enormous rents that stem from natural resource sectors (oil and gas) and mining industries that directly line the pockets of the presidents and their autocratic regimes while excluding large parts of the population from any rent benefits. For the purpose of the project, I choose to investigate the most significant natural resource export products per country. In doing so, I followed the IMF classification in which a country is defined as ‘resource-rich’, if 20 per cent of its exports or 20 per cent of its fiscal revenue is derived from non-renewable natural resources (IMF, 2012). According to this logic, I choose to investigate the gold sector for Kyrgyzstan as well as oil and gas for Kazakhstan.

Despite these similarities, the chosen countries also exhibit significant differences. Consequently, the country selection was further motivated by the institutional variance the two countries show. In this regard, the selection was driven by existing variations in political regime type and economic conditions. While both countries display the resource curse syndrome with high levels of authoritarianism and corruption, their regime structures differ in significant ways. The Bertelsmann Transformation Index (BTI), which evaluates the quality of democracy, categorises Kazakhstan as a “hard-line autocracy” (BTI, 2016a) and Kyrgyzstan as a “highly defective democracy” (BTI, 2016b). Consequently, the countries differ also in their institutional design and state capacity. Economically, Kyrgyzstan is significantly weaker than Kazakhstan. The country is best described as a ‘foreign aid’-dependent country, while Kazakhstan, on the other hand, is the largest economy in Central Asia, and its economy is largely dependent on its oil and gas sector.

This study of the EITI demonstrates that a country’s domestic structural conditions play an important role in determining the functioning of the initiative. Reflecting on the experience of EITI implementation in Kyrgyzstan and Kazakhstan, the dissertation demonstrates that, despite its successful implementation, EITI standards have very limited effect on corruption and good governance. More importantly, the dissertation shows that under contextual and institutional conditions of autocratic states, the EITI as a form of global governance arrangement produces dysfunctional results that do not match its initial imperatives. With regard to Kazakhstan and Kyrgyzstan, the dissertation shows that actors are rationally driven to reconfigure their preferences, identities and

social context to take advantage of transnational global governance institutions helping them to pursue their own opportunistic interests which results in a 'redefined global governance agenda'. In this regard, the study demonstrates that the act of implementing EITI standards into the domestic context of Central Asia follows the logic of 'performative acts'. In drama studies, performance implies "a series of authorized reproductions, each plotted on the blue-print of the authorial text" (Worthen, 1998, p. 1095). As such the act of performance requires a framing within a "discourse of textual and cultural authority" (Worthen, 1998). Such an understanding implies that the act of 'doing' performance is generated instantly through the use of language within a specific contextual framework. However, as Peggy Phelan argues, the act of performance itself implies representing the reproduction of a specific logic; this logical real produce its own representation (Phelan, 1993, p. 2). Within this dynamic, "representation produces ruptures and gaps" and as such it fails to reproduce and capture "the real exactly" (Phelan, 1993, p. 2) making difficult to distinguish between what is real and what is representational. Such an approach implies that meaning is generated within an act of performance and is disrupted from its initial content. Performance as such is a transformative experience from the initial reference point; it as such conveys an interpretative frame within a range of possible other frames (Bauman, 1977). Fundamentally, the act of performance involves the responsibility to the audience and ways that the performant conveys its information and forms of expression.

Following this analytical framework, this study of the EITI and its implementation in Central Asian countries argues that within the domestic social setting of these countries we find in the words of Goffman (1990, pp. 85; 108) "a team of performers" who cooperate to present to an audience a given definition of a situation or "stage a single routine". By exploring EITI practices and their implementation in the domestic context of Central Asian states, the study inadvertently became an enquiry into the logic of representation of the EITI project and the ways it was interpreted by the domestic communities of Kazakhstan and Kyrgyzstan. As such the study demonstrates that although global governance imposes and provides a standardised template, it however does not stop its recipient objects from re-interpreting and recreating their own agendas and ideas within the framework of these very templates. Therefore, the dissertation found that although the idea of global governance operates transnationally, it however acquires a specific interpretative meaning in a local context. Clearly, local contexts such as domestic regime types, the level of economic development and configurations of

domestic intuitions constitute important determinants in the performance of standardised global governance rituals. In this sense, what is particularly interesting to observe is how the EITI is given a meaning by its recipient actors and the autocratic states of Kazakhstan and Kyrgyzstan. In this regard, the study uncovers significant variations in the functioning of the EITI global governance initiative. Such findings provide important tools for examining global governance in similar post-colonial contexts. More importantly however, they raise questions about the transnational character of global governance which reach beyond the case of Central Asia and statehood in autocratic contexts.

### **Methodological Approaches**

The research project covers the time frame from 2004 to 2016. To conduct the research project, I adopted an interpretative approach. I began my research project by asking “What is the functioning of the EITI in Kyrgyzstan and Kazakhstan?” By focusing on this question, I was brought to look at specific meanings, processes of construction and interpretation that the EITI generates in the contexts of my study. My research is therefore informed by first-hand with individual lived experiences and personal perceptions and the meanings they constitute in the object of my study. In light of this approach, my methods are qualitative and include data collection that is primarily based on interviews and the analysis of relevant written documents. A small part of the research involves the analysis of opinion poll survey data that mainly captures the perception of the wider population and further corroborates the interview findings. Using such a dynamic process of research conduct implies that the interpretation and meaning of the results are accounts of my own understanding assigned to the object of study. I therefore do not claim that my research is holistic. However, in using interpretative methods I have stuck to their rigorous application in order to convey knowledge as closely approximating reality observed as possible.

### **The Significance of the Research**

While there is a significant amount of research about the EITI, however it primarily focuses on the issue of transparency and the effectiveness of the initiative in addressing the ‘resource curse syndrome’. The proposed research moves away from this analysis and instead uses the framework of the EITI as a manifestation of global governance to examine how global governance plays out in regional and local contexts. More specifically, the study is concerned with the articulation and configuration of global governance in the institutional contexts of post-Soviet autocratic states in Central Asia. In doing so and in contrast to studies looking at the concept of transnational norm

implementation in the local context (for instance, Finnemore and Sikkink, 1998; Acharya, 2009; Risse et al., 1999), the present research looks at global governance institutions per se, and how these are framed in the local context. Consequently, by examining the manifestation of global governance, I indirectly also look at norm transmission, however as stated earlier, this is not the primary focus of my investigation. Therefore, the present research does not aim to contribute to the debate about transparency and effectiveness of the Initiative per se, yet the study offers direct answers to these debates. What I am interested in is instead how actors in local autocratic context mobilise around global governance, and what effects such mobilization has on the functioning of global governance initiatives.

The scope of my examination is motivated by several factors:

There is a very limited amount of research looking into the EITI in the context of post-Soviet states. Existing research mainly looked at Azerbaijan (Sovacool and Andrews, 2015; Oge, 2014; Meissner, 2013) and largely focused on norm transmission of transparency and the effectiveness of the Initiative in addressing ‘the resource curse syndrome’. In Central Asia, the EITI is barely looked at (with the exception of Furstenberg, 2015) and no comparative analysis of the EITI in this region was conducted so far. Moreover, in Political Science and International Relations (IR), studies on Central Asia play only a peripheral role. It was largely through 9/11 that the region came into the international spotlight. In light of these events, the region was extensively analysed from a geopolitical angle and within international security studies (Allison, 2004; Allison and Johnson, 2001; Olcott, 2010; Rumer et al., 2007; Cooley, 2012). However, not everyone followed this path. There is also a substantial number of scholars who focused on the internal dynamics of these states by looking at questions of nationhood and domestic politics in post-communist transitions. In this context, many explored the region from the angles of “clan politics” (Collins, 2006) or “tribalism” (Schatz, 2004), “symbolism” or the power of “spectacular states” (Cummings, 2010; Adams, 2010), and “neopatrimonialism” (Laruelle, 2012; Peyrouse, 2012; Lewis, 2012b; Isaacs, 2014) and “regime personalisation” (Cummings, 2005; Dave, 2007). Within this stream, another branch of scholars looked at the dynamics of domestic conflicts, peace, security and sovereignty (Heathershaw, 2009; Lewis, 2008). These studies are important and give different accounts of autocratic governance practiced in the region and highlight the imprints of Soviet legacies left on the making of “states” in Central Asia (Adams, 2008; Heathershaw, 2013). The present research contributes to these studies by looking at

domestic institutions and its actors and the ways they are embedded in global governance nodes. More specifically, the project looks at how domestic actors practice global governance and the effects that these practices generate. Moreover, the research sheds also light on Central Asia and its post-colonialism, and how it affects the exercise of state governance and the functioning of its domestic and wider global governance institutions. While the research primarily investigates Central Asian countries, its findings can resonate when looking at other countries with similar institutional and historical patterns.

Given the angle of the study, my research further seeks to contribute to the field of global governance. Currently much of the literature on global governance focuses on conceptual issues rather than to conduct a theoretical and empirical analysis of its practical functioning. As noted above, the literature largely emphasises the transfer of norms of global governance rather than to study its manifestation. Further as some authors note (Zurn et al., 2012; Risse, 2011), the discussion about global governance and its interaction with the state remains largely centred on the ‘ideal type of modern statehood’ where sovereignty and decision-making processes are largely viewed in terms of Western modern statehood. However, global governance is transnational with its implementation taking place in a domestic context. In light of these observations, it is increasingly important to examine global governance functions in autocratic states where the concept of sovereignty and statehood differ from Western models. More specifically, there is a lack of research on the implementation of global governance in particular in autocratic countries with inherited post-colonial legacies. At present, the question is largely addressed through peace-building initiatives examining the interaction between domestic actors and international organisations (see, for instance, Heathershaw, 2009; Lewis, 2008). In light of these observations, the project seeks to make an important contribution in investigating global governance workings in the rather underexplored post-Soviet region of Central Asia. Revealing variations in the functioning of global governance across countries of Central Asia can provide us with a solid tool to examine the dynamics of global governance and its manifestations in autocratic countries with similar configurations. By examining how authoritarian countries accommodate global governance in their domestic constituencies, my research further contributes to studies on autocratic and hybrid regimes.

### **Outline of the Study**

Some parts of my thesis were published in my article “Consolidating global governance in nondemocratic countries: Critical reflections on the Extractive Industries Transparency

Initiative (EITI) in Kyrgyzstan”, in *Extractive Industries and Society Journal*, Vol. 2, Issue 3. August 2015, pp. 462-471. Fragments of my published article can be found in Chapters 3, 4, 5 and 7.

Chapter 1 situates global governance in the relevant literatures. The chapter starts with discussing globalisation and global governance. It further outlines conceptual and theoretical debates on global governance and their limitations. The function of this chapter is to situate the EITI within the global governance research agenda. Chapter 2 situates the countries chosen for the case studies within their regional and historical context in Central Asia. It is important to consider the implications of Soviet legacies for Central Asian countries, and how this legacy continues to shape their present. Therefore, this chapter discusses the historical structural conditions of the Soviet system. The chapter presents how Central Asia and its distinctive countries emerged in the aftermath of the ruling of Soviet Union and became integrated into global politics. Chapter 3 focuses on the EITI as a global governance initiative. The chapter starts with a short discussion of the emergence of transparency as a global norm and its application to the extractive sector. In order to understand the importance of the EITI for the extractive sector, the chapter discusses the literature about the resource curse and challenges related to the ‘curse’ in countries endowed with natural resources. The chapter further describes the historical and institutional construction of the EITI, and how it operates in practice. It further presents the shortcomings of the Initiative and objections against it. It further outlines existing debates on the EITI, and how these have the tendency to underestimate the importance of structural domestic and contextual factors, in which the EITI operates as a global governance initiative. The chapter therefore explains why there is a need to investigate the functioning of the EITI in the authoritarian contexts of post-Soviet Central Asia. Chapter 4 presents the research design and methodologies applied in the conduct of the PhD research project. The chapter starts by outlining the central research question addressed in the thesis. It further elaborates on research design and challenges in conducting field research in authoritarian or ‘closed settings’. The chapter describes various methodological tools used and their justification in light of the research project and the central research question. Chapters 5 and 6 present the case study analysis of Kazakhstan and Kyrgyzstan. They provide an overview of the political and economic context of the respective countries. It is important to describe these aspects in detail since it allows understanding the functioning of the EITI in the respective country. The case study chapters further discuss the implementation of the Initiative and its shortcomings.

Chapter 7 discusses the empirical findings of the case study analyses in light of the global governance literature. The distinct empirical findings are situated in a broader post-Soviet and post-colonial context. The chapter further discusses these meanings in light of global governance practices. The chapter ends with concluding remarks and outlines further avenues for research.

# **Chapter 1. Global Governance Arrangements: Establishing the Context**

## **Main Points of this Chapter**

This chapter forms the literature review of my thesis. The chapter introduces the notions of globalisation, internationalisation and global governance arrangements. The Extractive Industries Transparency Initiative (EITI) is first of all a global governance initiative. Hence, the discussion of global governance, its origins and its theoretical debates is important to draw upon here, as it enables us to understand the meaning of the EITI and to situate the Initiative within a broader global governance agenda. Further, the chapter outlines different theoretical debates addressing global governance arrangements and their limitations. The final section of the chapter identifies gaps in the literature on the functioning of global governance arrangements and formulates the central research question of the thesis.

## **1.1 Globalisation and Internationalisation**

The aftermath of the Cold War brought significant societal and structural transformation. Many authors attribute such changes to the phenomenon of globalisation and/or internationalisation. Although both terms are interdependent and overlapping, it is important to make a distinction here. According to Bernstein and Cashore (2000, p. 70), globalisation concerns the “increasing economic transactions that transcend borders”, and internationalisation is “primarily the increased activities and influence of actors, ideas and institutions from beyond state borders.”

Processes of globalisation and internationalisation transformed dominant patterns of socio-economic organisation, lead to the erosion of territorial integrity, power and states. As Barry Buzan (1991, p. 147) observes: In the new post-Cold War environment, the distribution of states’ power became more diffuse leading away from a hegemonic or imperial system of unified independencies to give way to interdependencies and multilateral forms of cooperation supplemented by actors of the secondary or third sector delivering public goods and security provisions (see also Kaldor, 2000; Risse, 2011; Rosenau, 2005, p. 10; Keohane and Nye, 2001).

In fact, global societal transformations resulted in a new economic environment with an increase in cross-border trade, labour movements, technologies and innovation flows, faster communication, integration of markets and transnational knowledge sharing

(Kjaer, 2010; Held and McGrew, 2000). Yet, at the same time the advent of globalisation had brought about new challenges for the nation-state in terms of state capacity building and governance in decision-making processes (Risse, 2011; Sindzingre, 2005). A significant amount of empirical scholarly research undertaken in developing countries demonstrated that globalisation also had negative effects on economic growth and social as well as political inequalities (Basu and Guarigila, 2004; Cornia, 2000; Nissanke and Thorbecke, 2006). Globalisation, as Beck (2005) writes, implies largely interdependent and multidimensional processes that affect governments and people. In this sense, as Castells (2008) notes, due to the strategic interconnectedness of global nodes, the global networks that structure the planet affect nearly everyone. Therefore, the author further observes, “a number of issues faced by humankind are global in their manifestations as well as in their treatment” (Castells, 2008 p.81). As such many contemporary problems such as climate change, terrorism, migration, the financial crisis and many more are of a transnational character, and addressing them successfully requires actions that cannot always be solved by states’ alone but rather at the global supranational institutional level (Weiss, 2009 p. 254).

In this sense, internationalisation is increasingly embedded in the process of globalisation (see Scholte, 1997), as it involves activities of institutions and transnational actors that transcend borders. Bull and McNeil (2007) argue that the present multilateral system grew out of a specific international order that is fundamentally influenced by the process of globalisation and market liberalism. Coglianesse (2000) further observes that in a globalised world, international rules and organisations have grown ever more crucial to the solution of major economic and social concerns. As such, globalisation generated specific sets of interactions between global dynamics and particular components of national states (Sassen, 1993). Sassen (1993) further states that in the era of globalisation, traditional territories and powers became increasingly enmeshed with multiple external actors and cross-border network sites triggering what she called the ‘denationalisation’ of state policies and institutions; this in order to adjust to international globalisation trends. Such dynamics triggered changes in nation-state political power marked by the transfer of national institutional power towards regional and supranational institutions (Della Porta and Tarrow, 2005). Alongside these dynamics, international and transnational movements involving state and non-state actors emerge as a powerful new force in international politics (Khagram et al., 2002 p. 4). As further noted by Hall and Biersteker (2002), these non-state actors do not rely on the actions or explicit support of states; they

act as autonomous body and appear to have been granted with some form of legitimate authority to perform tasks that were traditionally associated within the domain of states (Hall and Biersteker, 2002, p. 4). Many of these non-state actors can be found under the umbrella of private market regulations for international standards, and transnational corporations and governmental organisations promoting human rights, peace building initiatives and environmental causes (Borzel and Risse, 2005; Benz and Papadopoulos, 2006). In doing so, these non-state actors came to co-govern along with state actors and steer the international and domestic realm of political decision-making processes.

## **1.2 Towards Global Governance**

In one of his first prominent articles on Governance entitled ‘Governance in the Twenty-first Century’ James Rosenau (1995) states that governance does not just suddenly happen, instead it is a rather: “a continuous process of evolution, a becoming that fluctuates between order and disorder as conditions change and emergent properties consolidate and solidify” (Rosenau, 1995, p. 18). The term global governance conceives of world politics as a multilevel system in which local, national, regional and global political processes are inseparably linked (Dingwerth and Pattberg, 2006 p. 192).

In this process, global governance has been described as an interactive phenomena with intentional activities designed to regularise the arrangements which sustain world affairs. Its empirical manifestation is characterised by multiple strata of national and international regulations, transnational rules and local agreements by co-existing and overlapping regulatory bodies composed of state and non-state actors (Rosenau, 1995; Djelic and Sahlin-Andersson, 2006), inter- and supra-organisational networks of autonomous interdependent actors with multiple sources of power and enforcement mechanisms (Borzel and Risse, 2005; Zajak, 2011). Such networks cut across established political and sectoral boundaries to deal with contemporary issues and become a central type of regulation beyond the nation-state (Benner et al., 2004; Shuppert, 2011). The main aim of such governance networks is to serve collective interests and act as an alternative response to the challenges of globalisation and failure of traditional state-centric governance mechanisms (Risse, 2011; Neumann and Sending, 2010; Khagram et al., 2002). The expectation is that cooperative engagements serve to meet global societal needs that would otherwise be left unattended (Borzel and Risse, 2010).

Such development further marked a transformation of International Relations’ (IR) agenda towards new forms of multilateralism marked by non-territorial modes of

regulations and incrementally pluralised governing structures of state politics in the contemporary world. In fact, the only element that distinguishes this from traditional forms of multilateralism lies in its ‘bottom-up’ character or as put by Robert Cox:

“The ‘new’ or emerging multilateralism is an attempt to reconstitute civil societies and political authorities on a global scale, building a system of global governance from the bottom up” (Cox, 1997, p. xxvii cited in O’ Brien et al., 2000, p. 3).

As such central to global governance arrangements is the concern over the empowerment of citizens and grassroots population, local institutions and the clear identification of their needs and wants to enable them to engage in collective action. As Rosenau (1995) notes, the bottom-up approach is the consolidation of “systems of rule at all levels of human activity from the family to the international organization in which the pursuit of goals through the exercise of control has transnational repercussions” (Rosenau, 1995, p.13).

In light of this observation, at the core of governance concept as such, lies the notion of inclusiveness and collective action, a specific kind of institutional process and the necessity to tackle a collective goal that has transnational effects (see Rosenau, 1995; Mayntz, 2001; Borzel and Risse, 2010; Held, 2004; Keohane and Nye, 1971; Risse-Kapen, 1995). The content of global governance arrangements as such is driven by the practices and policies of a liberal international order, in which institutions are viewed as purposely generated solutions to problems of a globalised world (Hurrel, 2005) and its actors bound by shared moral principles and norms of an international ‘society’ of states (Smith and Brassett, 2008, p. 6). As Hurrel (2005, p. 35) points out, global governance institutions are a response to “how self-interests egoist overcome the collective action problems arising from increased interdependence and interaction” to provide costs effective solutions to governance problems (Hurrel, 2005 p. 35). Consequently, such forms of governance came to constitute an integral part of International Relations studies.

### **1.3 Hybrid Forms of Governance Arrangements—Public Private Partnerships (PPPs)**

Cooperative and voluntary forms of hybrid governance come to act as standard setters and complement national or global policymaking that aim at the provision of collective goods (Borzel and Risse, 2010). Many authors in the field (see Bexell and Morth, 2010; Bull and McNeil, 2007) trace the emergence of such forms of governance arrangements to the UN Rio Conference on Environment and Development (1992) and the UN Global Compact (2000), where Kofi Annan promoted stronger ties between states and the

business community, emphasised the need for market forces to share social responsibilities and to support an agenda of socio-economic development (see Bull and McNeil, 2007; UN Global Compact, 2000). As many authors note, the 1990s signalled the beginning of a broadening up of the security agenda and a shift of the security discourse from traditional state security to individuals and their protection (Collins, 2016; Buzan et al., 1998). As such, broader non-military security threats such as poverty, disease, political violence and the environment emerge and are taken more and more into account (Trachsler, 2011; Kaldor, 2003). Such trends broadly reflect international practices and discourses that found their underpinnings in ‘liberal peace theory’. The main assumption of which is that the adherence of states to shared norms, practices and beliefs as well as to cosmopolitan, democratic and moral values and economic interdependencies produces peace within nation-states and world politics (see Richmond, 2005).

In 2002, the UN Johannesburg World Summit on Sustainable Development marked a significant move towards a more prominent place of public private partnerships (PPPs) on the global policy agenda (Bull and McNeil, 2007). During the Summit, world leaders proposed new forms of cooperative instruments based on voluntary partnership agreements, specifically initiatives that would bring together states, businesses and non-governmental organisations (NGOs) under one umbrella. This form of cooperative mechanism, also referred to as ‘Type II Partnerships’,<sup>1</sup> is based on a voluntary, multi-stakeholder group initiatives aimed at tackling challenges of sustainable development rather than to address such issues through treaties or agreements (see Bull and McNeil, 2007; Backstrand, 2006; Fransen and Kolk, 2007; Bostrom and Hallstrom, 2013). Central to such partnerships is the tripartite approach and collective action in which actors with different institutional affiliations come together with the aim to find a common approach to an issue that affects them all, and that is too complex to be addressed effectively without collaboration (see Roloff, 2008; Schaferhoff et al., 2009). A main function of such partnerships is the development of norms and standards as well as the mutual exchange of knowledge and expertise among the actors involved. In doing so, they aim to enhance ‘problem-solving capacity’ (Borzel and Risse, 2005) and compensate for governance failures. The UN Johannesburg World Summit on Sustainable Development (2002) resulted in the launch of more than 200 partnerships, but most importantly, it strengthened the rights of civil society and the business sector to act as legitimate actors

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<sup>1</sup> Type I refers to documents or agreements negotiated by states, such as political agreements like conventions and declarations (see further the UN Johannesburg World Summit, 2002).

in the global social agenda. Such arrangements turned out to be very different in their governance structures ranging from more institutionalised and intergovernmental formats to networks, private regulatory schemes and standards, public private partnerships or multi-stakeholder initiatives (Wouters et al., 2013; Hall and Biersteker, 2002).

They emerged in nearly all areas of world politics encompassing healthcare, corruption, education, regional conflicts, environment, etc. Increasingly, such forms of governance proliferated, since they tap as 'innovation and effective' into the essence of 'governance from below', counter the participatory gap and effectively address the implementation gap in global politics (see Haas, 2004; Backstrand, 2006). They are seen as a more flexible way to meet the challenges of sustainable development rather than to work via legally binding treaties and agreements (see Biermann et al., 2007; Borzel and Risse, 2010). As Truex and Soreide (2010, p. 2) note, collective interests and group capacity are supposed to surpass the sum of the individual stakeholders. Additionally, as mentioned earlier, an important part of their functions lies in their transnational character, where governance activities are embedded in particular geopolitical structures with multiple interacting institutional webs transcending states and national boundaries (Djelic and Andersson, 2006; Hale and Held, 2011). These global governance arrangements may also be understood as political spaces in which differently situated actors negotiate either formally or informally (Keck and Sikkink 1998; Khagram et al., 2002) and in which issues are dealt with in a democratic fashion. As pinpointed by Held (2004), such governance platforms have the potential to serve as the backbone of a 'global or cosmopolitan social democracy'. As such, they are advertised often as solutions to the shortcomings of the globalisation process that has privileged a neoliberal agenda of economic liberalisation and functional international cooperation over social democracy (see Held 2004; see also Held and McGrew, 2000 p. 59). In this sense and as argued by their advocates, such platforms of governance cooperation enable overcoming the democratic and accountability deficit in world politics. In fact, it is believed that the deliberative and participatory nature of various social actors in such governance systems in conjuncture with their democratic commitments to values such as transparency, social justice, solidarity as well as the rule of law helps to effectively steer policies and decision-making processes into a more democratic and cohesive way. This is because the deliberative process<sup>2</sup> of such governance systems not only involves individual political

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<sup>2</sup> Defined as the process of reaching a decision whereby initial preferences are transformed to take account of the views of others through open and free discussions (Miller, 1992, p. 55).

preferences but also the capacity of those affected by a collective decision to deliberate when producing those decisions (Dryzek and List, 2003).

## **1.4 Global Governance and Non-State Actors**

### *Civil Society*

At the core of these hybrid forms of governance networks lies the nature of the actors involved. In particular, the inclusion of civil society that acts as monitoring and whistle-blowing power (Carbonnier et al., 2011; Soreide and Truex, 2013). As several authors demonstrate, the rise of civil society in International Relations and its influence in world politics challenging the authority of states is what constitutes a pillar of the global governance agenda (Florini, 2000; Castells, 2008; Rosenau, 1995; Keck and Sikkink, 1998; Khagram et al., 2002). The recognition that civil society associations can have a beneficial effect is viewed as an important cornerstone of the pursuit global governance framework and its strategies. As Khagram et al. (2002 p. 11) write, “if the business sector has been characterised by drive for profit and the government sector by the use of authority, the third sector or the nongovernmental sector could be characterise by the search of meaning”, which is the motivation to shape the world according to their principles and beliefs for the explicit purpose of promoting societal change to benefit the population at large (Ibid).

As such, civil society has been both perceived as a vehicle for the implementation of global governance strategies but also as a valuable adviser in policy-making processes by bringing input and perspectives from the local population to politics (Khagram et al., 2002; Nelson, 2000). In addition, through its monitoring and evaluation activities, civil society is increasingly acclaimed to advance public participation and public accountability and to contribute to overall democratisation at the global and supranational level (see Held, 2004).

Although the concept of civil society dates back a long time, its role became more prominent with the advent of globalisation (Khagram et al., 2002). As the authors note, the advent of civil society in world politics is linked to challenges induced by globalisation processes (Zajak, 2009). In the early 1990s, transnational activists drew attention to the growing divide between the rich Northern states and the poor Southern regions of the world (see, for example, Khagram et al., 2002). Social movements further challenged and politicized the link between consumption and exploitation, denouncing the role of states and multinational corporations in these dynamics (Zajak, 2009). Civil

society and critical movements challenged the economic redistribution of the market and rising global injustice (Howell and Pearce, 2001; Zajak, 2009; Khagram et al., 2002). Khagram et al. (2002 p. 3) further observe the rise of transnational collective action that involves nongovernmental organisations and social movements interacting with international norms to restructure world politics. As the authors further emphasis, “nongovernmental organizations are emerging as a powerful new force in international politics and are transforming global norms and practices” (Khagram et al., 2002 p. 4). Such network movements proliferated in different fields ranging from environmental activism to human rights and international labour practices. Regardless of their domain of activity, transnational activists came to create, monitor and reinforce international norms practice (Risse-Kappen, 1995; Keck and Sikkink, 1998; Reinike and Deng, 2000). Increasingly, civil society came to penetrate the international arena that was once exclusively the domain of states denouncing illicit practices and injustice towards minorities groups as well as citizens and focusing on transboundary-issues (Sassen, 2002; Khagram et al., 2002). As such, civil society came to represent the rights and interests of citizens and minorities across nation-states, in response to challenges posed by globalisation and societal transformation (Castells, 2008; Keck and Sikkink, 1998). If traditionally civil society was operating in relation to the state, in the post-Cold War environment it came to extend its scope and organised in a polycentric pattern around different sites—from local to regional and global giving it a character of a ‘global civil society’ (Kaldor, 2003). Therefore, one can conceptualise civil society in the contemporary globalised world as a political space (Khagram et al., 2002).

#### *Multinational Companies (MNC)*

Apart from civil societies, MNC and the business sector overall emerged as an important governance player in such arrangements. For instance, political economists such as Susan Strange (1992) state that the process of globalisation is linked with a transfer of power and authority from the public to the private sector. Central to her claims is the erosion of state power in terms of economic power exercised by agents other than the state. As she argues, states in contemporary politics are pushed to negotiate with companies, because much of their national economies and survival depends on international trade (Strange, 1996; 1992). In particular, she stresses changes in the structure of production in the world economy triggered by technological progress, financial market restructuring and the rapid internationalisation of production together with trans-border communication and transportation that altered the power of companies in the global political economy. In fact,

as she further argues, the surplus corporate actors bring to national and international labour, the market and economic development as well as their knowledge transfer and technological expertise is recognised as of strategic importance for the material wealth of national economies and populations (Strange, 1991). Accordingly, states in contemporary politics are pushed to negotiate with companies, because much of their national economies and survival depends on international trade. As the author further notes:

“[...] The nature of the competition between states has fundamentally changed, I mean that in the past states competed for control over territory and the wealth-creating resources within territories, whether natural or man-created. Now they are increasingly competing for market shares in the world economy” (Strange, 1996, p. 55).

Most of the governments today accept that it is not in their interest to keep their countries out of the global market and consequently they cannot refrain from interacting with MNCs that facilitate such access (Keoning-Archibugi, 2004, p. 116). Such observations made states change domestic regulations to create favourable conditions for attracting MNCs. As such, states increasingly competed with one another to have MNC operating in their territory (Strange, 1992). The internationalisation of production created a new geographic division of labour with the outsourcing of multinational activities to more favourable regions to take advantage of low production costs, easy market access and economies of scale. In doing so, national economies became increasingly entangled in the global system of production and exchange (Held, 2004, p. 22).

The spread of MNC activities across every sector of the global economy triggered a re-ordering of traditional national economic activities. In the contemporary global political environment, corporate power increasingly came to play an influential role in decisions over organisations, location and distribution of economic power and resources (Held and McGrew, 2000, p. 26). As such, multinational companies gain great significance for the international agenda by establishing self-regulatory and voluntary practices to regulate their activities resulting in corporations being politically<sup>3</sup> involved in public deliberations and participation over global governance matters (see Scherer et al., 2006). As argued in

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<sup>3</sup> Politically is defined here according to Young (2004, p. 377): “[...] in which people organize collectively to regulate or transform some aspects of their shared social conditions, along with the communicative activities in which they try to persuade one another to join such collective actions or decide what direction they wish to take”.

the literature, in such policy-orientated constellations firms are not passive bystanders. For instance, studies on environmental governance demonstrate that firms have the capacity to shape and influence the global regulatory agenda by lobbying governments. A recurrent illustration is the Rio Earth Summit (1992) in which both states and MNCs came to share the tasks of establishing the legal and political underpinnings for sustainable development and environment protection (see Falkner, 2003; Kopnina and Blewitt, 2015). As many critics argue, the motives for such arrangements are not always altruistic and are largely attributed to corporate profit maximisation and reputational concerns, since such partnerships may reduce investments risks and provide business opportunities that would have been otherwise impossible to achieve (Gillies, 2010). Yet, as Bull and McNeill (2007, p. 3) note, large corporations also seek legitimacy and predictability in their global environment and Public Private Partnerships (PPPs) are one of the ways to achieve such aims.

### **1.5 Global Governance Arrangements, PPPs and Critical Perspectives**

Buchanan and Keohane (2006, p. 406) state that global governance institutions are novel, hence they are still in their infancy. The empirical literature on the topic of PPPs suffers from the fact that the concept is not well developed and sometimes rather imprecise, as Borzel and Risse (2005) claim. Nevertheless, studies on PPPs and broader global governance institutions produced substantial and interdisciplinary research describing, understanding and explaining the functioning of such governance structures (Borzel and Risse, 2005; Borzel and Hullen, 2015; Roseneau, 2000; Held and McGrew, 2000). Much in the field of management and organisational business studies has been written about PPPs with the focus largely on the effectiveness of PPPs, their institutional design and market efficiency. Scholarly research on PPPs in the IR literature and its subfields (environmental development and public administration studies) intensely discussed the merits and flaws of such government arrangements. Broadly speaking, global governance questioned the effects global governance had on states and processes of globalisation and institutions. The debate about global governance arrangements fall into three categories: traditional state-centric power politics, normative and rational.

#### **1.5.1 Global Governance and Scholarly Debate**

##### *Traditional State-centric Power Politics and Global Governance*

From a theoretical perspective, such observations produced an intense discussion about manifestations of global governance, its effect on world politics and traditional ways of

governing. Discourses on ‘governance without government’, ‘the need for global social responsibility’, ‘collective actions and good governance’ came to dominate the post-Cold War agenda in world politics. Such global governance discourses challenged the traditional view of state and governance and stressed the necessity to broaden the traditional state-centric governance model in IR to include actors other than the state (Djelic and Sahlin-Andersson, 2006; Schaferhof et al., 2009; Liese and Beishem, 2011; Hall and Biersteker, 2002; Held and McGrew, 2000; Mathews, 2000). Writing about environmental global governance notes, Auer (2000 p. 160) argues that “nonstate actors are major players too—creating, assembling and disseminating knowledge, and lobbying for regional and global environmental protection”. Such perspectives demand to revisit theories of the international system conventionally based on interstate political dynamics and power politics (see, for example, Waltz, 1979). Not only traditional views privilege states as being the only legitimate actors but also it considers it as being the main actors of international arena. Accordingly, the global governance literature contests such views as they fail to acknowledge the presence of non-state actors, their influence in world politics as well as the implications of globalisation patterns within.

As such, the global governance literature emphasises the need to re-conceptualise the state and state power. One of the most prominent claims in in this context relates to James Rosenau who suggested to view the state’s traditional governance mode as a “process of bifurcation” (Rosenau, 1995, p. 19; 2000, p. 227) or more as a network-based “system of modes of governing” (Held and McGrew, 2000). According to Held and McGrew (2000), the international environment of the post-Cold War environment is increasingly marked by a shift of power from states to non-state actors and a diffusion of political authority from states to other actors, while ‘the local’ is increasingly imbued with expansive sets of interregional relations and networks (Held and McGrew, 2000 p. 3; see also Bull and McNeil, 2007; Sassen, 2004). Such interpretations further inspired scholars to examine the changing nature of state governance power in global affairs. As Peters and Pierre (2006, p. 30) note, it is important here to make a distinction between the rather negative ‘hollow’ conception of the state and a more positive ‘enabling’ conception.

According to Peters and Pierre, the ‘hollow’ conception emphasises the deterioration of the state’s governance power and its incapacity to provide collective goods for its population. As Rosenau writes: “The days when states had the capacity to conduct autonomous economic and social policies for the protection of their populations are over, encouraging people to reorient themselves to ward those authorities who may be more

able to provide protection” (Rosenau, 1997, p.104, see also Rosenau, 2000). Thomas Weiss and Rorden Wilkinson (2014) further see global governance arrangements as a collective response to the inability of states to address worldwide problems individually. As the authors state: “Global governance came to refer to collective efforts to identify, understand, or address worldwide problems and processes that went beyond the capacities of individual states” (Weiss and Wilkinson, 2014 p. 208). Such perceptions focus on the incapacity of state to deal with social issues and effects generated by the global economic environment, transnational human and environmental security issues (Weiss and Wilkinson, 2014; Rosenau, 1995; Strange, 1996; Held and McGrew, 2000; Hall and Bierstecker, 2002). As Rosenau, (1997, p. 115) notes: “Goods, services, money, ideas, polluted air and water, drugs, AIDS, terrorists, migrants, crime—to mention only the more obvious globalizing dynamics—move too quickly across established political boundaries for governments to control sufficiently to satisfy their constituents”.

Krasner and Risse (2014) also acknowledge the rising power of non-state actors in providing collective goods and their role in enhancing state capacity building and further illustrate such claims in “areas of limited statehood”.<sup>4</sup> (Krasner and Risse, 2014; see also Risse, 2011). In doing so, these literatures stress the shrinking role of state sovereign power in global politics and emphasise the transfer of states’ traditional governance functions and authorities towards private and transnational actors.

On the other side, the ‘enabling’ conception assumes that the state remains the central authority of power but that its roles shifted from mobilizing governance resources towards decentralised government activities through preserving the “central mind of government” (Pierre and Peters, 2006 p. 30). Even the proponents of ‘global civil society’ argue that although NGOs and other non-state actors are playing an increasingly influential role in institutions solving global problems (Young, 1997), they are unlikely to replace the power of sovereign states. As Wapner (1997, p. 67) notes, “states remain the main actors in world affairs” and their cooperative efforts are essential to establish building blocks of global governance systems.

In a similar vein, Borzel and Risse (2005, p. 7) examine these changes in terms of “state delegation or counteracting out” of state functions to private actors, which previously were provided by states. As the authors argue such forms of delegation can come in a

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<sup>4</sup> The “areas of limited statehood” are defined as a sovereign context where the “state does not have the administrative capacity (either material or institutional) to exercise effective control over activities within its own borders” (Krasner and Risse, 2014 p. 546).

weak shape in which private actors are held accountable by states or can be cases in which “delegation” actually amounts to and resembles private self-regulation in the shadow of hierarchy (Borzel and Risse, 2005, p. 7). Yet, in both cases, states according to the authors seem reluctant to provide private actors with true governance authority outside of their control (Borzel and Risse, 2005, p. 11)

Further supporting such claims with reference to the literature mentioned above, Neumann and Sending (2010) critically analyse the transformation of states in global politics. Using the Foucauldian theoretical framework of governmentality, the authors demonstrate state powers interaction, and how it operates at the transnational level. Contrary to some assumptions in the literature that frame the impact of globalisation on states as ‘state erosion of power’, their main argument is that globalisation does not result in states losing their power but globalisation rather implies that states shift their strategic rationale in terms of governing. Therefore, they place emphasis on the necessity to see the process of reconfiguring the state in terms of governmental rationality (Neumann and Sending, 2010, p. 2).

It is beyond the scope of this thesis to debate whether the power of sovereign states ‘eroded’ or to what extent state power shifted from state to non-state actors and institutions. Yet, it is important to note that such literature raises three important claims. The first one is concerned with the changes in the traditional governance of states. Although state governance is subject to debate, it is beyond doubt that states are increasingly open to cross-border flows of capital, goods and services (Bull and McNeil, 2007, p. 29). In fact, the openness of countries to the global market had a profound impact on the world production system and the conduct of international relations (Strange, 1992). Ruggie (2004) points out that the relations of states became increasingly embedded in a broadening and deepening transnational arena that is concerned with the production of global public goods requiring the reconceptualisation of the process and structures of international organisations and the roles of states within them.

As such, the above discussion demonstrates that global processes resulted in the reconfiguration of the traditional state governance power in world politics. It further argues that states are no longer the sole source of authority or the primary actors. This first claim consequently leads to a second, in which the traditional power of authority is replaced or shared in a private / global sphere of governance encompassing both public and private actors as legitimate sources of authorities for the provision of collective

goods. It further refers to the capitalist global forces that seek to engage and build coalitions with non-state actors such as firms, states and civil society in an effort to establish policies, norms and institutions that structure the field in particular ways (Levy and Egan, 2003, p. 811; Levy and Newell, 2002). In doing so, these literatures share a similar focus on overarching governance structures that reach beyond single regime structures (Biermann et al., 2009).

### *Normative Perspectives*

Moving beyond state centric accounts in global governance, another strand of literature examines the normative dimensions of global governance. The normative discussion of global governance focus on its input or output legitimacy (see Scharpf, 1998; Bexell and Morth, 2010; Bull and McNeil, 2007; Cutler et al., 1999; Haufler, 2001; Held and Keoning-Archibugi, 2004; Krasner and Risse, 2014).

The input and output legitimacy argument finds its analytical locus in democratic theory. Friedrich Scharpf (1998) developed input legitimacy as the procedural turn and refers to deliberative participatory accounts of democracy. As Scharpf (1998, para.3) states: “The input dimension, ‘government by the people’ implies that collectively binding decisions should originate from the authentic expression of the preferences of the constituency in question”<sup>5</sup>. Similarly, the analysis of Bexell and Morth (2010) on input legitimacy refers to the identification, representation and participation of stakeholders affected by partnership activities. Such discussions focus on issues related to the accountability, transparency and morality of the participants in such pluralistic arrangements and the pragmatic handling of decision-making processes in such transnational sites (De Burca 2008, p. 110; Buchanan and Keohane, 2006; Hall and Bierstecker, 2002; Backstrand, 2006).

On the other side, output legitimacy relates to the effectiveness of organisation in delivering their promises. According to Scharpf (1998), output dimension is ‘*government for the people*’ and hence implies that collectively binding decisions should serve the common interest of a constituency. According to Bexell and Morth (2010, p. 15), partnerships gain legitimacy by responding and achieving goals that citizens

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<sup>5</sup> Scharpf, F. (1998). Interdependence and Democratic Legitimation. MPIfG Working Paper 98/2, September 1998. [Online]. Available at: <http://www.mpifg.de/pu/workpap/wp98-2/wp98-2.html> [Accessed 2 December,2016].

collectively consider the most important. Hence, the problem-solving capacity of partnerships is what constitutes output legitimacy.

This strand of the literature questions the democratic credentials as well as the legitimacy of global governance arrangements (Benz and Paupadolous, 2006; De Burca, 2008; Risse, 2011; Bexell and Morth, 2010). As mentioned in the earlier sections, global governance arrangements have been praised for their normative prescriptions and their inclusive participatory nature as well as their problem-solving capacity that prevail over ‘bad’ governance practices and democratic deficits in the post-Cold War environment (e.g., Held, 2004; Haas, 2004; Held and McGrew 2007; Florini, 2007). Yet, such claims fail to question analytically the implications of such arrangements. In fact, as critics point out, such views remain largely ‘prescriptive’ by taking the adoption of transnational arrangements for granted (see Risse, 2011; Acharya, 2004). Hence, normative scholarship precisely questions the normative claims of global governance arrangements. For instance, Thomas Risse argues that achieving democratic governance beyond the nation-state is an illusion, as transnational governance lacks congruence between those who are governed and those to whom governance bodies are accountable to (Risse, 2006, p. 180). In a similar vein, Peters and Pierre question the utility of such institutional arrangements and their democratic character. The authors argue that PPPs suffer from serious problems of political steering, control, transparency and accountability (Peters and Pierre, 2010 p, 42). Others look at the internal structural dynamics by analysing stakeholder participation, representation and decision-making power and mechanisms of institutional rules within such constellations (see Faysse, 2006; Joyner, 2007; Soreide and Truex, 2013) and the extent to which partners’ behaviours align with the principles and practices of good governance and collective action (Brinkerhoff, and Brinkerhoff, 2011 p.7; Bostrom and Hallstrom, 2013). Borzel and Risse (2005, p. 17) argue that “participation of non-state actors per se does not make international governance more democratic, if this participation is selective and lacks transparency”.

Within these discussions another strand of literature examines the adoption and diffusion of transitional norms. Finnemore and Sikkink (1998), for instance, look at how international norms emerge and shape states and non-state actors’ behaviour and conditions under which international norms matter. In their prominent study ‘the boomerang model’, Keck and Sikkink (1998) were among the first to examine transnational activism and norms transcendence in non-democratic settings. Scholars such as Thomas Risse (2011; see also Risse et al., 1999) explore domestic socialisation

accommodating international human rights norms. Others explore how the domestic political structures of recipient states condition normative implementation (Borzel and Hullén, 2015; Finnemore and Sikkink, 1998; Acharya, 2004; Zurn et al., 2012). Among them, Krasner and Risse (2014) in their special issue on *'The influence of external actors, state-building, and service in areas of limited statehood'* examine conditions that determine the success of legitimacy. They point out that the necessary condition for legitimacy to be effective largely depends on its acceptance by the local actors as well as the domestic institutional designs in targeted states (Krasner and Risse, 2014, p. 547). As the authors state: "Politically relevant audiences in the target state must accept the legitimacy of efforts by external organizations" (Krasner and Risse, 2014 p. 547). In doing so, the authors make an interesting point about the function of domestic actors in shaping transnational agreements, as the authors note: "For activities that target national-level governance structures, legitimation by local actors will be less important than validation from national political elites" (Krasner and Risse, 2014 p. 556).

The study of Borzel and van Hullén (2014) further highlights the importance of local actors in legitimating transnational governance provisions. Through their case study on EU attempts to implement anticorruption programmes in the South Caucasus, the authors emphasize that "politically relevant audiences in the target states do not only have to accept external efforts, but these efforts will have to resonate with the prevalent social norms to be effective" (Borzel and van Hullén, 2014, p. 614). Consequently, it is only when the targeted norms prevail over specific domestic cultures of privileges that political actors implement norms effectively (Ibid). In doing so, the above studies highlight an important dynamic of norms diffusion in states subject to weak state building capacities often accompanied with patronage and high levels of corruption. For external actors and transnational initiatives to have an influence, the promotion of transnational norms needs to be compatible with the targeted states so that the political elites have an incentive to implement institutional changes, and civil society actors have leverage to pressure elites into compliance with the rules (Borzel and van Hullén, 2014).

The normative approach further acknowledges that international norms can also serve as tools of rational choice (see Finnemore and Sikkink, 1998; Risse, 2011). In this sense, normative approaches recognise that rational actor motivations exist, therefore they stress the need to unpack the connection between rationality and norms (Finnemore and Sikkink, 1998).

*Rational Views*

The core of global governance perspectives is driven by the tenets of liberal normative practices and their diffusion. As Barnett and Duvall (2005, p. 24) observe, “the common thread linking these different sites and structures of global governance is liberalism”. Kantian liberal assumptions state that humans despite their self-interests are capable of cooperating and constructing a more peaceful and harmonious society when they adhere to shared social democratic norms, moral commitments and respective organisations (Russett, 2013, p. 95). As further stressed by Moravcsik (1997, p. 525), liberals view politics with a ‘bottom-up’ approach in which the demands of individuals and societal groups are analytically treated prior to state’s rapacious and realist driven interests. As such politics in liberal contexts is increasingly embedded in domestic and transnational civil society where individuals advance their ideational interests through political exchange and collective action (Moravcsik, 1997 p. 525). Political representation in this realm is “not simply a formal attribute of state institutions but includes other stable characteristics of the political process, formal or informal, that privileges particular societal interests” (Ibid, p. 518). Embracing such views, Ruggie arguing from an institutionalist perspective, further claims that norms and institutions play a significant role in the management of regional and global challenges (Ruggie, 2003). Institutions are viewed as “purposely generated solutions to different kinds of collective actions problems” (Hurrel, 2005, p. 34). Theories of international regimes acknowledge that institutions enable inter-state cooperation even in an anarchic environment (Ruggie, 2003). In this sense, global governance is perceived as a form of liberal institutionalism and as a means to overcome both domestic and international challenges through a concert of multilateral and pluralised forms of governance. Consequently, the notion of hierarchy in such framework is barely or impossibly to discern (Abrahamsen, 2004).

Realist sceptics of such views highlight the omission of power in liberal thinking. As Hurrel (2005, p. 48) critically observes: “Liberals shy away from recognizing the full range of roles that power plays within and around institutions”. For instance, Barnett and Duval (2005) critically examine the definition of “power” in global governance arrangements, and how it produces global outcomes and shapes the “capacities for actors to define and pursue their interests and ideals” (Barnett and Duval, 2005, p. 3). As the authors emphasize: “To understand how global outcomes are produced and how actors are differentially enabled and constrained requires a consideration of different forms of power in international politics” (Barnett and Duval, 2005, p. 3). In doing so, Barnett and

Duval (2005) distinguish between four sorts of powers: compulsory, structural, institutional and productive. Compulsory power refers to relational power that allows actors to have direct control over another. Structural power relates to the structure and social capacities and interests of actors in direct relation to one another. Institutional power refers to situations when actors exercise indirect control over others through the design of institutions. Productive power is the socially diffuse power of subjective systems of meanings and signification (Barnett and Duvall, 2005, p. 3). The conceptualisation of such power dynamics and its coupling with global governance arrangements offers interesting insights on how global governance is “organised, structured and regulated” in terms of outcomes, decision-making processes and the roles of different actors involved. Such critical views examine how institutions reflect the vested interests of actors that constitute them. Gregory Shaffer (2005, p. 130), for instance, examines how the United States, the European Union and their strategic actors advance their interests through the WTO. As Shaffer notes governance consists of multilevel, interacting, nested layers of institutional rules and decision-making processes that create opportunities for some actors and constraint others (Shaffer, 2005, p. 131). In doing so, such criticism focuses on rationality from an agency perspective (see Backstrand et al., 2012 p. 128) that sees norms as an instrument for utility maximisation (Finnemore and Sikkink, 1998; Peters and Pierre, 2010). For instance, Finnemore and Sikkink (1998 p. 893) arguing from a constructivist perspective, further observe that ‘norm entrepreneurs’ often use the international norms discourse as an opportunity to strengthen their position in domestic politics.

In this way, rationalist views largely emphasize bargaining power constellations of actors within such partnership agreements (see Andonova and Levi, 2003; Bartley, 2007). Processes of power dynamics and interests within the global governance initiatives are further explored by Borzel and Risse (2005). Taking a structural view of power, the authors (2005, p. 8) claim that the more stakeholders are represented at the bargaining table in an issue area, the more one could observe cross-cutting coalitions among private and public actors. As Bexell and Morth (2010, p. 10) write, “partnership can also be considered as arrangements in which actors obtain resources that they would otherwise not get”. Such critics point to the role, choice and power structures of different actors involved in such constellations (Bexell and Morth, 2010; Borzel and Risse, 2005). As the authors argue, the voluntary and self-mandated character of partnerships renders their constituencies arbitrary and the functioning of stakeholders blurred.

As such, critics demur that many partnership agreements have tendencies to create a virtual image of democratic good governance—of inclusivity and representation (Bexell and Morth, 2010, p. 14). As Peters and Pierre argue, efficiency in the public sector can and may be achieved at the loss of democratic control and values (Peters and Pierre, 2010, p. 43). Others criticise the nature of such arrangements for being purely driven by rational calculations of world politics that favour the interests of strong Westphalian states over weaker states in the South. Such radical views argue that non-state governance arrangements only profit the transnational capitalist class of the international systems and a fraction of the population (Weiss, 2009).

An illustration of such perspectives can be found in Levy and Prakash (2003) who examine the role of MNCs in global governance arrangements. They use a bargaining approach to understand the interaction within international governance, and why firms support such arrangements. While referring to CSR, Cutler (2008) argues that such partnerships ought to be understood as a strategy to better absorb and control the opposition. Such views largely emphasise state and market relations in which PPPs function as a policy instrument that serves the competitive resource interests of the state and the business sector (Singh and Bourgoin, 2013).

For instance, in the case of the EITI, as critics point out, the voluntary nature of the public private partnership does not pose a challenge practicing ‘business as usual’ in states subject to the resource curse, corruption and patronage. As Goldthau and Witte (2010, p. 301) note “many of the routes normally deployed to satisfy key internal constituencies are unaffected by the EITI brand of transparency” if reforms did constitute a threat to vested rapacious interests, the EITI will be endorsed in the first place.

There is a growing global trend of authoritarian countries signing and adhering to global governance arrangements, followed as Hollyer and Rosendorff note (2011, p. 1) by “wilful violation of its provisions”. As Matt Andrews further argues (2013), most of the adhering states in developing countries commonly adopt international reforms and global standards to signal their intent to reform but not to change actual government practices. As Cooley (2015b, p. 5) also observed, international ratings intentionally serve to support the agenda of hegemonic states. Rankings appeal to the status of hegemonic states by offering positive reinforcement for their practices or can be detrimental for their image through ‘blaming and shaming strategies’. In such instances, states would appear to act

on the indicator on which they are ranked without, however, to adopt new norms or standards of behaviour.

Others look at the role of civil society in such institutional constellation. Sending and Neumann (2006) emphasise the need to consider the context in which civil society operates within global governance arrangements. Similarly, Scholte (2002, p. 281) argues, the benefits of civil society engagement in global governance arrangements do not flow automatically and, hence, need to be nurtured continuously. As he demonstrates in his article 'Civil Society and Democracy in Global Governance', civil society can also subvert the efforts of global governance democratisation, failing to maximise public participation, representation, accountability, transparency and consultation in the delivery of the promised activities and values it stands for. As he astutely states, civil society is itself a site of struggles (Ibid., p. 296). Andrew Hurrell (2005, p. 43) observes that although civil society can influence some state decisions, it is however states' action that are "crucial in fostering the emergence of civil society in the first place and in providing the institutional framework that enables it to flourish". As he further emphasises, "most importantly, state power is increasingly determined by the ability of governments to work successfully within civil society and to exploit transnational and transgovernmental coalitions for their own purposes". In so doing, Hurrell points to an important element, namely, states' domestic institutional predisposition to absorb civil society and broader transnational advocacy coalitions. Similarly, in her concluding book chapter 'Restructuring world politics: Transnational Social Movements, Networks and Norms', Katherine Sikkink (2002, p. 312) states that one needs to consider carefully the relationship between NGOs and state. As she further argues, in many cases the vision of autonomous NGO is misleading, and the relationship between NGOs and states is far closer than one would expect. Further, as observed by Borzel and Risse (2005, p. 17), there is an existing gap between those representatives of transnational civil society who are allowed inside the governance mechanisms and those who remain outside. In addition, while they claim to represent the public interest, some NGOs tend to be self-selected and elite-driven (Keohane and Nye 2001 cited in Borzel and Risse, 2005, p. 17). Moreover, transnational civil society often works to influence political, social or economic domains in weaker societies by legitimising, favouring and funding one group of claims over another, which indirectly undermines the authentic process of democratising global governance affairs (Hurrell, 2005, p. 45). As Hurrell (2005, p. 45) states, in such contexts

“decision making process and outcomes may be just as subject of powerful manipulation by power actors as in the world of interstate politics”.

### *Towards Global Assemblages*

As Drezner (2004) astutely points out, theoretical debates on globalisation focus on small parts of a larger question and omit to question how globalisation affects governance. Therefore, having considered these divergent theoretical accounts in the literature, the approach taken by Saskia Sassen (2006) and Ong and Collier (2005) offers an innovative avenue to study global governance arrangements. As these authors suggest, because globalisation processes take place within national territories, it is important to view globalisation in terms of ‘global assemblages’ that is “the actual and specific articulation of a global form” (Collier, 2006, p. 400). Such a definition implies to see globalisation as global configurations operating in various institutional domains. As Collier (2006) further argues, “the implication is not that global forms are everywhere but that they have a distinctive capacity for decontextualization and recontextualization, abstractability and movement, across diverse social and cultural situations” (Collier, 2006 p. 400). In this sense, as Saskia Sassen (2006, p. 6) further argues, it is crucial in such processes to observe how the “global is structured inside the national, producing multiple specialised denationalisations”. As she further stresses, rather than talking in terms of the erosion of state power the discussion of globalisation need to be orientated towards state transformation.

In this regard, I concur with these authors. Rather than viewing globalisation and states as two separate entities, my analysis views globalisation processes as intertwined with state apparatuses. Adopting such views enables me to unpack the sort of interaction global governance arrangements create among different actors in authoritarian post-Soviet settings with limited plurality. I further explore how structural constrains in authoritarian regimes impact on state and non-state actors, the roles of actors within as well as the outcomes of global governance. In doing so, the thesis seeks to explore how global forms are shaped and reconfigured in the domestic context, and how these in return affect state institutions in particular in non-democratic states imprinted with Soviet legacies. Additionally, the thesis seeks to explore what sort of socio-political and global implications such arrangements produce.

## 1.6 Global Governance and Authoritarianism

Writing about liberal democratic norms promotion before the backdrop of a wave of authoritarianism, Alex Cooley (2015a) argues that regional groups themselves have become “institutional arenas where democratic norms are contested and counternorms introduced” (Cooley, 2015a, p. 58). Such accounts are relevant to the study of Central Asian countries. In the case of Central Asia, as David Lewis further observes (2012a), processes of norm diffusion are no longer a case of external ideas and values being simply accepted or rejected, but rather norms promotion in such settings have acquired a more complex outlook with multiple actors as norm entrepreneurs both at domestic and international levels. As Lewis further states, (2012a, p. 1228) “in that process of contestation, the identities of actors are also questioned, challenged and adapted to suit new constellations of norms and ideas”.

As the recent review of Cooley clearly demonstrates, increasingly global changes in world politics “have turned a world that was once relatively favourable to the spread of democratic norms into one where authoritarians can push back—and have learned to do so in innovative ways” (Cooley, 2015a, p. 60). The emergence of new norms, such as ‘civilizational diversity’ and the principle of non-interference into domestic affairs of sovereign states, the revival of traditional values against the illiberal constitutional democratic values and state security came to dethrone traditional western liberal democratic norms promotion (Ibid). Such changes have triggered increasing repression against NGOs and civil society across states subject to authoritarian rule (Coley, 2015a; Buxton, 2011). In some instances, as in Central Asia, NGOs move towards practices that serve to shield their authoritarian members from outside criticism; as Sikkink (2002, p. 312) points out, a list of new acronyms of such NGOs emerged. Described as GONGOs (government organised NGOs), BONGOs (business organised NGOs) and DONGOs (NGOs organized by governments, business and donors), these new forms of NGOs significantly challenge the traditional perceptions of NGOs (Axyonova, 2011; Aliyev, 2015). Abramson observes (1999, p. 244) that civil society is context sensitive: “Different cross-cultural usage reflects a disjuncture between western and post-Soviet values and expectations”.

In the case of Central Asia, the newly independent states have embraced the transition from a centrally planned economy to a market-oriented economy (Kalyuzhnova, 2008). Yet, the rule of old Communist regimes came quickly to be replaced by divergent authoritarian styles of rule subject to personality cults and a politics of patronage with

high levels of corruption and repression (Kalyuzhnova, 2008, p. 33; Lewis, 2012b; Najman et al., 2008). At the same time, most of these countries adhere to international rules of democratic norm provision and global governance arrangements. Such engagement involved the signing of bilateral or multilateral partnerships with the West, accession to international organisations and engagement with foreign diplomacy (Schatz, 2006). Yet against expectations, the adherence to such democratically acclaimed treaties and practices did not produce the desired ‘democratic transition’ in the countries of Central Asia; on the contrary, authoritarian rule appeared to be hardening. As the studies in the literature point out, many factors could be attributed to explain such outcomes. In this instance, the literature paid increasing attention to leverage and external linkages (Levitsky and Way, 2010), socialising and conditionality (Schimmelfennig, 2002; Lavenex and Schimmelfennig, 2009). Moreover, scholars observed that a lack of enforcement mechanisms or absence of coercion, such as the “carrot and stick” approach, often failed to make non-democratic states change their behaviour in a meaningful way (Young, 2004; Simmons, 2009). Further as being outlined in this literature review, a major problem with international reforms and global governance arrangements lies in their implementation process. As Matt Andrews argues (2013, para.2), many of them pay little attention to the “contextual realities that actually shape (and constrain) change opportunities, promise overly demanding ‘best practice’ solutions that look impressive but are commonly impossible to reproduce”. Hence, the success of such arrangements remains weak in practice. At present, empirical investigation and the questioning of global governance and international agreements focused much on either the norm compliance of states and non-state actors in these arrangements or on the effectiveness of these norms in producing the expected results. Yet, little is known empirically and theoretically about “how generally applicable international standards are received and translated at the national levels” (Randall et al., 2012, p. 323; Zurn et al., 2012, p. 4)—this in particular within authoritarian states. Recent research indicates that there is a gradual tendency of authoritarian regimes across the globe to create “new illiberal norms and institutions as part of their efforts to reshape global governance toward their own preferences” (see Cooley, 2015a; Ambrosio, 2012; Lewis, 2012a). Hence, what can we expect in such settings from global governance institutions?

### **1.7 Global Governance: What Now?**

Jan Wouters and colleagues (2013) note that global governance is highly diverse, complex and a continuously changing phenomenon. The manifestation of global governance is

empirically embedded within the respective governance modes, processes, logics, agents, outcomes and subjects involved as well as the timeframe and issue area in which a particular governance arrangement takes place (Wouters et al., 2013, p. 197). Similarly, Finnemore and Sikkink (1998, p. 893) write that international norms must always work their influence through the filter of domestic structures and norms, which can produce variations in their interpretation impacting on the compliance of these norms. Bartley (2011, p. 523) further states that one needs to take into account domestic political contexts and their variations, as this shape the effects of global governance and its standards regulations substantially.

The literature on global governance is still expanding, but few researchers provided a strong analysis of governance arrangements in countries subject to authoritarian rule. In other words, what does it mean to transfer global governance practices to countries that are subject to an authoritarian style of rule and subject to weak state institutions, in which government actors can exploit state resources for personal gains while private actors such as NGOs and companies have limited capacity to operate in such political systems. And what sort of organisational and institutional practice do such governance forms require in an authoritarian context?

At present, as Thomas Risse (2011) astutely points out, governance discourse remains centred on the idealtype of modern or democratic welfare statehood and is based on the assumption that complying states are capable of implementing and enforcing global norms and rules, and, hence, the conceptualisation of governance remains biased towards modern developed nation-states<sup>6</sup>. Similarly, Zajak (2017, p. 131) also observes that current studies and analyses tend to see global governance arrangements as a static system that “either focuses on how global change is brought about or treats global institutions as rather stable open or closed opportunities that activists use to produce domestic change”. As Bartley (2011, p. 521) further argues, current accounts of global governance focus almost exclusively at the global level, ignoring existing rules at domestic and regional levels. Yet, the implementation of transnational standards, always occurs within “a particular nation-state, where domestic law where still holds sway” (Ibid). Benz and Yannis Papadopoulos (2006, p. 4) note: “Governance is not just politics beyond the nation state; rather it is, in different ways, coupled to the institutions of the nation state”. Further

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<sup>6</sup> See also Çalı B., and Ergun, A., (2005). Global Governance and Domestic Politics: Fragmented Visions. In M. Lederer, P. Muller (eds). *Criticizing Global Governance*. Chapter 7.

supporting such claims, Levi and Prakash (2003) also remind us that although the enforcement of international arrangements is prescribed under the auspices of supranational institutions, their implementation and enforcement takes place at the national level. In a similar vein, Bartley (2011) emphasises the need to analyse the generalisability of such accounts in terms of multiple rules and levels in different national settings.

As these studies point out, there is a need for a deeper enquiry of global governance arrangements and their manifestation at regional and local levels, in particular in nondemocratic societies.

In light of these observations, the study of Michael Zurn and colleagues (2012) provides a good starting point to deepen such investigations. The study provides an important insight into how international norms are “received, adopted, adapted and resisted” (Zurn et al., 2012) in targeted nondemocratic countries. The research further raises significant issues with regard to international norm transferability and to what happens with efforts to promote the rule of law in recipient countries (Zurn et al., 2012, p. 6). This research is interesting as it represents one of the few available studies looking into the forms that transnational governance assumes in nondemocratic states and the complex relationship of different actors across levels ranging from the local, regional, national to the transnational.

## **Conclusion**

As the transfer of global governance practices is necessarily intertwined with national arrangements, there is a need for closer examination of such practices. The current conceptualisation of global governance puts much emphasis on the emergent role of non-state actors, and, as shown above, very few studies examine the different manifestations of global governance arrangements in the interplay between the domestic and international levels. Since the global governance literature had always focused on the interaction of state and non-state actors in these arrangements, its analytical conceptualisation provides opportunities for IR scholars working on authoritarian countries to understand better the functioning of these actors in a non-democratic society and their contribution to the global governance agenda and international norms. Hence, such an approach provides a chance for further investigating how practices of global governance arrangements are framed in non-democratic contexts. Clearly, it is important to ask what sort of actors is involved in such arrangements, and what is the form of

interaction among these actors? And what sort of tasks do these governance actors perform? And more importantly, what form do global governance practices assume in non-democratic settings? As Çalı and Ergun, (2005, p. 162) emphasize “the need for a deeper understanding on these interactions can enable us to trace how the project of global governance is altered and modified by specific contexts and how it also alters the contexts within which it operates”. In so doing, the present study aims to focus on actors involved in global governance arrangements, and the impact they have on global governance. In so doing, the thesis aims to fill the identified gaps in the literature and provide new insights on how global governance arrangements function authoritarian settings.

Hence, in light of these observations, the question I pose is the following: What is the functioning of a global governance initiative such as the EITI in the post-Soviet autocratic states of Kazakhstan and Kyrgyzstan?

In doing so, the thesis seeks to examine the role shared self-regulatory governance practices as prescribed by the EITI play in authoritarian countries, whom or which constituencies they serve, and what sort of legitimacy they acquire. Most importantly, through the framing of the EITI, the thesis aims to assess the role different actors (state and non-state actors) play within non-democratic countries. Additionally, the thesis aims to unpack the nature of global governance in authoritarian settings and further contribute to the debates on global governance arrangements.

This chapter has provided an overview of global governance arrangements. As the chapter demonstrated, global governance is a complex concept that is associated with globalisation and internationalisation trends. Although the existing literature extensively contributed to the understanding of global governance arrangements, the concept is still in its infancy. Important aspects of global governance, such as its transferability to non-democratic regions, lack theoretical and empirical examination. Current explanations fail to incorporate in their analysis the importance of structural domestic and contextual factors in which global governance initiatives operate. Ignored is in particular, what global governance means for specific non-democratic regions and actors involved in the process, and what sort of societal interactions global governance creates within such settings. Considering this observation, the study of Central Asian Kazakhstan and Kyrgyzstan through the angle of the EITI platform provides an excellent opportunity to examine such arrangements.

## **Chapter 2. Mapping Central Asia in the Era of Globalisation**

### **Main Points of this Chapter**

This thesis will be incomplete without situating the objects of the case studies, Kyrgyzstan and Kazakhstan, into their historical context. For decades, the Soviet system of rule shaped and redefined Central Asia. It is therefore important to consider the implications of Soviet legacies on Central Asian countries, and how this legacy continues to shape them post transition. Consequently, the following discussion is important to understand the Kazakh and Kyrgyz case studies that follow this chapter. The present chapter outlines how the region of Central Asia emerged in the aftermath of Soviet rule, and how it integrated into global politics. As such, the chapter further demonstrates how the region of Central Asia plays a part in and is subject to global governance via various economic and political and transmission belts.

### **2.1 The emergence of Central Asian States: From Tsarist Occupation to Independence**

The dissolution of the Soviet Union generated a large academic debate about the meaning and transformation of the Soviet state and potential implications for nation-states emerging out of the collapse of the USSR. It is therefore important to situate the path of Central Asian republics to national sovereignty within their historical context. The history of Central Asia is important, as it enables us to understand the functioning of these independent states today. The case of Central Asia, as Deniz Kandiyoti (2002, p. 286) notes, is particularly interesting as it carries a dual trajectory as it was first colonised in the expansion of the Russian empire in the late 19th century and then exposed to new forms of rule by a non-capitalist regime after the victory of the Bolsheviks.

Central Asia was conquered in the context of imperial competition with other European powers and coincides with the ‘Great Game’—the geopolitical competition between Russia and Great Britain. In the 19th century, Russian military expeditions gradually brought the countries of Central Asia under tsarist occupation. The years of tsarist occupation changed regional politics, economics, state society relations and culture tremendously. The Russian colonisation in Central Asia shows many similarities with the conduct of other empires. However, the integration of Central Asia into the tsarist empire was regarded as highly problematic, as the Russian state had neither the desire nor the capability to integrate the indigenous population under its rule (Khalid, 2006, p.236).

Under the tsarist rule, the main concern was securitisation and stabilisation in the region (Haugen, 2003). Hence, strategies for the integration of Central Asia gave way to segregation and non-intervention (Haugen 2003, p. 49). As a result, Central Asian people did not become full subjects of the empire and the empire-wide systems of social classification (Khalid, 2006; Geiss, 2003). Yet, increasingly, the tsarist occupation resembled the character of European colonial rule. For instance, under the tsarist occupation, the population of Central Asia was given the judicial status of *inorodtsy* (aliens) or *tuzemtsy* (natives). With such differentiations in place, Central Asian people were given different rights in comparison to the remaining population of the empire (Khalid, 2006; Geiss, 2003; Haugen, 2003). As Khalid notes (2006, p. 237) “the state recognized the native population as different and institutionalized that difference in legal practice”. The tsarist occupation further introduced colonial economy: Tsarist railways funnelled the development of a cotton economy and helped the large scale resource exploitation at the expense of local food crops. As Haugen (2003, p. 50) writes, “the strategy of segregation and non-interference enabled the tsarist rule to achieve maximum control at minimum cost”.

The tsarist rule came to an end with the February Revolution and the arrival of the Bolsheviks. However, as Northrop (2004, p. 17) observes, in Central Asia instead of diminishing colonial control, the presence of Bolsheviks only increased patterns of colonial style rule. In his book *Unveiled Empire*, Northrop writes, unlike their predecessors who saw Central Asia in terms of military security and tax revenue, Bolsheviks considered this region as ‘primitive’ that needed to be “wrested from its timeless past and thrown headlong into the modern (Soviet) era” (Northrop, 2004, p. 19). While under the tsarist regime local practices were tolerated, they were now dismissed and replaced by a universal vision of a socialist society alongside with the centralised economic planning. The ultimate aim was to homogenise society and attain universal goals (Khalid, 2006, p. 233). Such aims led to a complete social, cultural, political and economic transformation of the states of Central Asia. New family codes, including the emancipation of women, the modernisation of state agricultural policies, literacy programmes accompanied by the secularisation of religion and socio-cultural practices were introduced (Khalid, 2007; Roy, 2000). As Khalid (2006) observes, there was a need to impose sudden change and more importantly a revolution of the minds. To achieve these aims, the Bolsheviks did so through the means of nationality. Soviet states institutionalised nationality as a major organisational principal of Soviet totalitarian

strategy aiming at a universal nation (Haugen, 2003; Roy, 2000). Such strategies also worked towards integrating non-Russian territories into a Soviet state (Hirsh, 2005, p. 65). Hence, beyond territorial occupation, the Soviet regime under the Bolsheviks propelled the multi-ethnic populations of Central Asian states into a particular type of nation-building project. The emerging states became the titular nationalities of the various Union Republics with the notion of Soviet identity attached to it.

Consequently from 1924, the map of Central Asia and its institutional political structures were completely redesigned. To distance themselves from imperial rule, Bolsheviks organised the territoriality of the Soviet Union into 15 Union Republics and nominally divided autonomous regions, further organised into: *republic*, *rayon*, *oblast*, *orkug* and *krai*. The Unions were organised according to ethnographic, administrative and economic criteria (Haugen 2003, p. 13; Hirsh, 2005, p. 186). The Soviet regime fostered the emergence of national cultures that were compatible with the overall Soviet communist ideology. The Russian language was the *lingua franca* of all the Republics' nations in order to achieve "ideological fusion". As Marc Beissinger (2002, p. 52) notes, Russian was viewed as the "main medium for fostering a common political identity that was to be overlaid on the individual's fixed attachment to ethnicity". In fact, any other expression of national pride was discouraged or harshly persecuted during Stalin's reign (Beissinger, 2002; Hirsh, 2005; Martin, 2001).

The Union's configuration of political, economic and social structures in the Republics followed a top-down centralised approach, with Moscow being at the top. Such an approach allowed to replicate power structures in each of the Soviet Republics (Collins, 2006, p. 81). In fact, each Republic had its own Communist Party that paralleled the central Soviet system. Republics were further organised into a hierarchy of controlling administrative territorial units with attached forms of collectivisation, such as *kolhoz* (collective farms) or *sovkohs* (state farms). Such institutions were the centre for the Soviet economic, social and political regionals. Subsequently, they were the basis for Soviet state control and the vehicle for the consolidation of Soviet power. As Oliver Roy (2000, p. 87) observes, such institutional settings produced a category of leaders whose role was to serve as an interface between the Soviet state and regional and local communities. Accordingly, the function of the Communist party was then to represent the Soviet state apparatus and Soviet control as well as to guarantee circulation between the upper and lower reaches of society (Ibid).

As Alexander Stringer (2003, p. 158) observes, the ability to impose the Bolsheviks project in a highly traditional society, divided from Russia by its language, culture and religion, demanded the recruitment of Central Asian natives into the Communist Party acting as a bridge between the centre (Moscow) and the various peripheries. Therefore, the state actively intervened in society and created new cadres that helped carrying out its work on modernisation and socio-cultural transformation. Through policies such as *korenizatsiia* (indigenisation), native leaders come to dominate political leadership and gained formal representation in the Moscow party apparatus (Collins, 2006). It was principally through these cadres that the Party received information about regional and rural development, and it was also through these cadres that Soviet decrees were carried out (Ibid, p. 92).

The use of such practices, as Bhavna Dave (2007, p. 19) notes, allowed the Central Asian population to transform “their purported ‘backwardness’ into a subaltern consciousness”, which formed the roots for preferential treatment and a culture of clientelism. As Critchlow (1988 p., 145) states, “party leaders whose ability to do their jobs to Moscow's satisfaction earned them long terms in office” (Critchlow, 1988, p. 145). The conquest of the Soviet project was further characterised by material and ideological recompense for the once complying with and implementing its rule but by coercion for the once that did not. As Terry Martin notes (2001, p. 350), during Stalin's rule the concerns that individual nationalisms triggered could not be disarmed by ‘*korenizatsiia*’—nationalities policy<sup>7</sup> but would remain a permanent danger and necessitated periodic purges and terror campaigns. Martin here highlights an important dynamic: There were tensions between ‘Soviet’ and the ‘national’ that would outlast the collapse of the Soviet Union. In fact, as noted further by Brubaker (1996), nationhood was given without national consciousness; nationhood was promoted in terms of its forms but not content.

The Bolshevik concerns over self-sufficiency and security resulted in the creation of a planned and centralised national economy. In doing so, the Soviet presence revolutionised the economic landscape of the Central Asian states by turning them from agrarian and pastoral economies into industrialised nations. This meant that regions would specialise in the production deemed important by the core (Stinger, 2003; Kandiyoti, 2002). As such, the Soviet extraction of natural resources and cultivation of resources, such as

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<sup>7</sup> The nation building efforts policies took the name of *korenizatsiia* (in russian *коренизация*), it is often translated as “indigenization”, the objective was to make Soviet power seem more “indigenous” to the non-Russian periphery in order to achieve the Soviet state-building project.

cotton, transformed the region into an extractive source. The economic relationship was best described as Moscow being the 'hub' for all economic activities. As, for instance, in the sector of natural resource extraction, all oil and gas resources travelled through Russia (Cummings, 2012).

Pauline Jones Luong observes (2004a, p. 13) that such processes further fostered the development of interregional political competition and the development of patronage networks. Dave (2007, p. 25) further argues that the rents from resource extractions were not accumulated by the Russian Federation but rather by the Communist Party nomenclature, the elites at the core and its peripheries. Therefore, paradoxically as Oliver Roy (2000, p. 85) observes, the Soviet system created a two-level political system: One defined by the conformity and homogenisation of the Soviet cultural project, and the second characterised by the subversion of that project to coercive practices (elimination of all forms of opposition movements) and clientelism. The systematic territorialisation and collectivisation systems of *kolkhoz* (collective farm) and districts further intensified these trends (Roy, 2000).

In the literature, however, some would argue that the Soviet system was not the only engine behind the emergence of such patron-client relations. Others attribute the features of patron-client relationships to the tribal and clannist nature of Central Asian societies that was conserved and adapted itself to new societal factors. The historian Francine Hirsh (2005) in her book *Empire of Nations: Ethnographic Knowledge and the Making of the Soviet Union*, for instance, observes that under the Soviet Union the traditional clannist or tribal structures of Central Asian societies were integrated into the Soviet national identities and the Union state apparatus. As such, proponents of such claims argue that the Soviet system helped to exacerbate informal practices that were already present in Central Asian societies. Olivier Roy (2000, p. 85) further argues that Central Asian societies have organised themselves around the elements that were thought to destroy it. The Central Asian societal structures such as *awlad*, *mahalla* and triable segments were, according to Roy, reincarnated in the *kolkhoz* structures and its sub-divisions (Roy, 2000, p. 87). Hence, in his view, the Soviet system and collectivisation provided a recomposition or re-adaptation of old traditional tribal lineage structures and solidarity groups defining Central Asian society. Collins also supports these claims and argues that clans and tribal lineage were often integrated in the *kolkhoz* and *sovkhos* as well as in cadre policy further fostering the preservation of clan structures (Collins, 2006, p. 87). As she (2006, p. 106) further states, "Moscow understood interclan norms, but the party may

have been conscious of the necessity to preserve an interclan and regional balance of power as well, since top Party posts in each Central Asian republic were often filled with representatives of different clans". Anderson (1997, p. 36) also points out that "in many areas, traditional regional and tribal alliances underlay the internal politics of republican party organisations". Therefore, the practices of Soviet governance policies were increasingly entangled with informal politics and traditional tribal clan relations that only intensified throughout the years of Soviet rule.

The last years of the Soviet Union were characterised by social unrest and crippling corruption. By the Gorbachev era, Central Asia acquired the shape of hybrid colonial-like, federal structures (Cummings, 2012). During the post-Stalin years, the five Central Asian Republics were acting with relative autonomy. The centre's policy towards the Republics allowed freedom of action as long as the Republics would ensure regional stability and meet economic targets (Anderson, 1997, p. 55; Collins, 2006). In many areas, as Anderson (1997, p. 36) notes, traditional regional and tribal alliances were entangled with the internal politics of Republican Party organisations. Informal practices came to dominant Party politics and access to state resources (Collins, 2006). Increasingly, as Anderson (1997, p. 36) further observes, the disruptive nature of such practices meant that the loyalty of local Russians could not be taken for granted as people were co-opted or bribed for supporting these modes of rule. Huskey (1995, p. 816) observes in his analysis of Kyrgyzstan that although Moscow retained an upper hand in appointing key positions, at the level of the local nomenclature increasingly power was exercised under the personal control of the party ruled by informal politics of patronage and co-optation. The use of such practices reached its pick during the Breznev's era and the 'cotton scandal' (Collins, 2006). The cotton scandal involving the Soviet Union's first deputy interior minister and Brezhnev's son-in-law is the typical example of Breznev era corruption. The incident signalled endemic corruption and patronal relationship between centre and periphery. After the death of Brezhnev, the significance of corrupt networks between the centre and the local prompted the centre to intervene in local politics and law enforcement (Huskey, 1995, p. 816).

By the end of the USSR, Central Asian states had undergone a profound transformation bringing about a particular formal and informal institutional reconfiguration and balance of power that would dramatically shape the very elites managing the transition (Collins, 2006, p. 117). By the Gorbachev era and under its reform policies of '*perestroika*' and '*glasnost*', Central Asia undeliberately was set on a path of disintegration (Ibid). The

critical decline of the Soviet economy by the mid 1980s fuelled social injustice and popular discontent leading to intensified concerns about social justice and corruption (Ibid). By the late 1980s the Soviet state's failure to provide for its people let alone to keep up with technological advancement with the West made the need for radical change obvious (Roy, 2000).

Despite the introduction of political and economic reforms, tensions with Moscow increased. In Central Asia, political and social unrest occupied the political agenda. As many analysts note, very quickly Moscow realised the volatility of Central Asian Republics (see Collins, 2006; Cummings, 2012). For the last time, Moscow reshuffled the Party leadership in Central Asian Republics (Roy, 2000). These appointed leaders (with the exception of Kyrgyzstan) took power in the years following independence.

It is therefore against the backdrop of these specific Soviet dynamics that the newly independent Central Asian states emerged in the 1991. The dissolution of the Soviet Union marked the entry of the Central Asian states as independent sovereign states into the arena of world politics after decades of Communist party and Moscow colonial-like rule. Processes of regime change or decolonisation (if one perceives Soviet rule through the lens of colonialism) marked the Soviet transition. However, in sharp contrast to other colonially ruled countries (like, for instance, in Latin America), independence came without a violent struggle. Neither society nor elites played a significant role in breaking with the Soviet regime, independence, as Collins (2006, p. 136) notes, "were de facto consequences of the exogenous shock of the Soviet collapse". Despite Russian colonial style rule and decades of Soviet oppressions and coercive politics, in Central Asia there was no strong mobilisation of national opposition movements. As several authors note the revolts that emerged in Central Asia were not characterised as revolutionary nationalist movements. The 1986 Jeltoqsan revolt in Alma-Ata (today renamed as Almaty) directed against Gorbachev's dismissal of First Secretary Dinmukhamed Konayev, an ethnic Kazakh, and the appointment of Gennady Kolbin, was mainly the expression of anger against Moscow's interference in domestic affairs (Collins, 2006). As Laruelle (2015) further notes in her analysis, the Jeltoqsan protests and the emergence of nationalist parties were seen as opposition movements to the Communist regime, however, they were not nationalist. In Central Asia, a spirit of nationalism was weakly developed providing a weak foundation for the emergence of strong nationalist movements against the Soviet elite in power, but also the success of the Soviet indoctrination showed in these Republics. Central Asian countries were to a great extent

created by Soviet rule. Individual nationalist feelings were therefore weakly developed. The few nationalist or ethnic movements that emerged (see Edgar, 2006) were too weak to mobilise the population and galvanise a mass movement. Social counter-movements protesting against the overthrow of the Communist Party and the Soviet elite emerged in many parts of the USSR (particularly in what is now Eastern and Central Europe as well as the Southern Caucasus). In Central Asia, as Mark Beissenger (2002) writes, the level of social mobilisation was lower than in any other parts of the USSR. In the same vein, Victor Zaslavsky (1992, p. 108) notes that “the virtual absence of separatist claims has been one of the most intriguing features of the situation in Soviet Central Asia”.

The explanation for such a puzzle can largely be found in how Central Asian leaders perceived Moscow. The leaders of the Central Asian Republics all opposed separation from the USSR. In the Unions’ last referendum (17 March 1991) on the future of the Soviet Union, all the five countries largely (by 90 per cent of the vote) expressed their solidarity for retention of the Union (Pravda.Ru.,2016)<sup>8</sup>. As Zaslavsky (1992, p.108) points out, “throughout the years of perestroika, the Central Asian republics remained staunch supporters of Gorbachev’s efforts to save the Soviet Union with its strong central state”. As he further demonstrates in his analysis, Central Asian state elites feared the proposed markets reforms, as they were hindering local state-dependent groups and redistributive policies of the central state seeking to secure internal stability. As such, one can note that in the absence of dissident movements independence in Central Asia was unexpected and to a great extent unwanted unlike in other parts of the Soviet Union (see Beissinger, 2002; Cummings, 2012).

## **2.2 Soviet States in a Post-Soviet World: Towards State Formation**

What is central to retain from the above discussion is that the Soviet occupation of Central Asia left important imprints that are salient in the functioning of these states today. In their investigation of post-Communist state building, Anna Gryzmal-Busse and Pauline Jones Luong (2002) understand the process of state formation in the post-Soviet context dominated by formal and information institutions and elite competition as well as the influence of structural resources and the international environment. In doing so, the authors further treat state formation and regime transition as simultaneous and convergent

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<sup>8</sup> Pravda.Ru (2016). Soviet referendum in 1991 was criminal in nature.17 March 2012[Online]Available at: [http://www.pravdareport.com/russia/politics/17-03-2016/133848-soviet\\_referendum-0/](http://www.pravdareport.com/russia/politics/17-03-2016/133848-soviet_referendum-0/) [Accessed : 17March, 2017]

processes (see Gryzmal-Busse and Jones Luong 2002, p. 535). However, such an analysis is rather misleading, as we have seen in the discussion above that state formation in Central Asian countries gradually took shape alongside Soviet institutional consolidation (Dave, 2007). As Olivier Roy argues (2000, p. xv): “Certainly the Soviet postulate, endlessly repeated, was that this was only a form, and that the content, whether in literature or politics, had to be Soviet. But this form ended up created the life of its objects”. As such, Roy calls for the process of ‘re-adaptation’ and the need to include in the studies of nation-state model “concomitant social process which enabled a social space to restructure itself around elements that had been conceived in order to destroy it” (Roy, 2000, p. xviii).

Kathleen Collins (2006, p. 8), on the other hand, describes Central Asian society much more like ‘traditional societies’ in African and Middle East regions that are organised around clans, kin and Islamic institutions. In her analysis, she calls for a greater need to distinguish formal and informal institutions, the later having a deeper impact on consolidating state formation and regime transition. However, such an approach, as Dave (2007) notes, contrasts sharply with ‘modernisation’ processes that Central Asian states were exposed to during Soviet times.

Therefore, what these studies highlight is the difficulty to embed historical and social constitutive elements salient in the transition of Central Asian states into analysis today. As such, there is a need to incorporate the dynamics of the Soviet experiment and its legacies into a comprehensive understanding of the present reconfiguration of post-Soviet states.

As Taras Kuzio (2002, p. 248) argues, “the former USSR imparted a legacy of confused and shared identities to its fifteen successor states”. In her analysis of Central and Eastern European transition, Helga A. Welsh (1996) further notes that the policy choices in Central and Eastern Europe have been heavily influenced by legacies of the past and current political circumstances. Therefore, unique historical legacies in Central Asia define how post-Communist states navigate the build up of their individual national statehood today and its reconfiguration in the global institutional landscape.

### **2.2.1 Central Asia and States Transition**

The collapse of the Soviet Union paralleled the rise of a neoliberal economic agenda in the West. The Soviet demise was interpreted as the final vindication of free market theory or neoliberalism (Kotz, 1998) and saw the triumph of Western liberal ideas over

Communist ideologies. American liberalised capitalism became the dominant economic system to be followed in the world. Free market and trade, deregulation, privatisation were the trends to adapt in the global market economy (Marangos, 2004).

Emerging from decades of Soviet centralised planned economy, in the aftermath of the collapse of the USSR the newly independent states were faced with the challenging task of creating new state institutions, building legitimacy and embracing the transition from planned to market economies (Jones Luong, 2004a; Laruelle and Peyrouse, 2013; Olcott, 1996). Just like many countries with a communist legacy, Central Asian states suffered from severe macro-economic problems after gaining their independence (Hoen, 2010, p.235). The collapse of the central planned economy in the early stage of the transition led to a sharp decline in output and further strained supply and demand chains (Cooley, 2012; Pomfret, 2003). As a result, Central Asian states, just after gaining their independency, rapidly fell into a transitional recession that led to high inflation rates (Pomfret, 2003). The redundancy of the ruble in the 1990s further generated widespread macro-economic turmoil (Cooley, 2012). What is important to note in this context is that historically the 'economic viability' (Haugen, 2003) of Central Asia was not in doubt, since during the Soviet times the economies of Central Asia were imbedded in a larger supranational Union and its system-level management (Ibid, p. 231). Hence, what followed after the independence of Central Asia is the collapse of long established economic links and especially of trade among the Republics with the former Soviet Union. As Linn (2004) explains in his analyses, the recession triggered by transition was more severe in Central Asia, as it was highly integrated in the economy of the Soviet Union and was dependent on the external links and financial transfers with the Union. As Hill and Gaddy (2003) note, remote regions (including the region of Central Asia) in Soviet times depended heavily on central government subsidies for fuel and food and relied on preferential transportation tariffs. Therefore, the removal of the Soviet planned economy heavily affected the functioning of these states. The costs of economic disintegration were extremely high. In the aftermath of independence, there was little room for manoeuvre for Central Asia's economy, as it was confined considerably by the dependency Moscow had created (Haugen, 2003). As a result, this limited the ability of Central Asian states for undertaking greater action. Even today, the former Soviet 'empire' is still palpable. For instance, in the energy sector, although Central Asian states have gained independence, in terms of energy geopolitics, Russia continues to dominate the Central Asian energy market. Currently, the Soviet pipeline system is still in use and

major transportation routes for oil and gas crucially run to and through Russia (Chow and Hendrix 2010; The Economist, 2013<sup>9</sup>). Moreover, the lack of adequate institutions in Central Asia did not bring the expected benefits from privatisation, as special interest groups were able to influence policies (Dowling and Wignaraja, 2006). Weak legal institutional framework, low technical skills and transparency contributed to further diminish poor performances (Ibid). As a result, despite the support of the IMF and World Bank and its neoliberal agenda administered through economic programmes, the countries of Central Asia did not achieve productivity increases and economic gains as expected.

### **2.2.2 Central Asia's Awakening in the International Community**

The fall of Soviet rule broke down the isolation of Central Asian states from the rest of the world. Since their independence, the elites in these states were gradually forging ties with the international community as well as with social, political, economic and cultural actors involved in the globalisation process. In a remarkably short period of time, a constellation of states, companies, nongovernmental and transnational organisations became part of the Central Asian domestic scene (Menon, 2007). As Rajan Menon further observes (2007, p. 8), “what we have witnessed since 1991 is the demolition of the imperial edifice and the emergence of multiple and multifarious horizontal lines connecting Central Asia regions to its west, south and east”.

#### *Central Asia in the Global Economy*

From the mid 1990s, all the Central Asian states with the exception of Tajikistan<sup>10</sup> actively sought to diversify their foreign policy relations and form new partnerships outside the context of the CIS or bilateral relations with Russia (Jonson and Allison, 2001, p. 3).

The presence of strategic natural resources attracted flows of investment and trade. The geostrategic location of the oil and gas rich countries of Kazakhstan, Turkmenistan and their connection to the Caspian Sea played further a pivotal role for energy security programmes of global and regional powers—or one can also call it the politics of ‘Great Games’ powers. Diverse national interests in terms of energy-trade and security catapulted Central Asian states into the international system. Vying for energy security

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<sup>9</sup> See: The Economist, 2013. Rising China, sinking Russia. [Online ]. Available at: <http://www.economist.com/news/asia/21586304-vast-region-chinas-economic-clout-more-match-russias-rising-china-sinking> [Accessed: 5 December 2016].

<sup>10</sup> Shortly after its proclaimed independence, Tajikistan entered in Civil War in 1992.

and pipeline diversification, the European Union and the United States also became increasingly involved in the region. The openness of Kazakhstan's market reforms and trade liberalisation made the energy company Chevron become the first major Western oil company to enter the newly independent Kazakhstan under the Chevron-Tengiz project and to start oil production and exploration drilling in the country (Chevron website, n.d). In the years that followed, Kazakhstan became a major energy platform for FDI investments, and both the EU and the United States have signed a plethora of energy agreements with the energy producing countries of Central Asia. As Chow and Hendrix (2010) observe, Western oil companies' determination to control their own transport routes without overly relying on Russia played an important role in strategies of energy route diversification. The mountainous region of Kyrgyzstan on the other hand mainly attracted investments in its mining sector, largely connected to the Kumtor gold mining site. Tajikistan is the most volatile among the five states in terms of economic and political insecurity.

In addition to the Western and American presence, Central Asian neighbours came to play a crucial role in these international trade dynamics. China is one of the biggest investors in the region. Despite Chinese economic slowdown, China is by far the most energy hungry international actor. Chinese investment in the region, particularly in the energy sector, is significant. According to IMF data, China is the single largest trade partner in the region and had surpassed Russia (FT, 2015a). The presence of other international players such as India, Japan and Iran were more discrete, nevertheless their impact on the regional economic landscape through bilateral and multilateral relations gradually increased in importance (Rakhimov, 2014; EurAsiaNet, 2015; Roy, 2000).

In this regard, Central Asian states learned to craft their power carefully in order to guide many of the region's domestic and international interactions (Cooley, 2015a). As Laruelle and Peyrouse (2013, p. 5) note "despite a power differential that is not in their favor, they are able to deploy strategies to force regional actors and global powers to compete with one another, and have the capacity to limit the power of outsiders". For Central Asian states, the choice of trade partners (in particular in the energy sector) is important, as these five states significantly lack technological know-how, and many of the natural resources exploration sites require costly technological investments. As Laruelle and Peyrouse (2013, p. 166) write "the Central Asian national companies are unable to do the work alone, and the reliance on Russian companies are less qualified in this regard than the large international majors". Therefore, the Central Asian states must rely on foreign

investments from the West or East to develop their industries. Consequently, the choice of forming specific geopolitical alliances with major global powers is what has led Central Asia to be described as a site for games of great power competition.

Despite being a platform for attracting foreign investments, the economic exploitation of the region comes with many risks for doing business. According to the World Bank data on doing business, the countries of Central Asia score poorly in global comparison (World Bank, 2014; 2016a). There are many risks of doing business in Central Asia. As mentioned earlier, issues of corruption but also political risks stemming from the features of authoritarian regimes, such as human rights violations and issues of law enforcements, pose challenges to investors unfamiliar with such circumstances. As Ariel Cohen (2006) notes in his analysis, none of these issues deters Russian and Chinese investment but presents Western firms with a real challenge. Furthermore, in the sector of natural resource extraction, patron-client relationships, entrenched corruption and tensions between the private and public sector dominate interactions. As Savin and Ouyang (2013) argue, in the energy sector “pipelines are built by consortiums of governments and oil companies, and the views of Public do not always match those of Private” (Savin and Ouyang, 2013, para. 8). Similarly, in the field of mineral resources, the exploitation of mining sites is highly political and subject to rapacious behaviour of domestic actors (Laruelle and Peyrouse, 2013; Gullette, 2013).

Moreover, globalisation (mainly through its global financial system) and information flows increased the mobility of capital across porous territorial boundaries (Hampton and Christensen, 2002; Sikka, 2003). In this aspect, Central Asia is not an exception. As the recent study of John Heathershaw and Alex Cooley demonstrates (2015), Central Asian elites learned to use global financial instruments such, as the offshore financial hubs, to their advantage. Money laundering and shell corporations are all recurrent practices among Central Asian leaders. As the authors note (2015, p. 1), even the most isolated and economically closed states of Uzbekistan and Turkmenistan “have embedded their transactions in a set of informal transnational networks with global reach”.

In this process and before the backdrop of earlier observations, it is important to note that the “Soviet culture of deceit” (Wilson, 2005, p. 8) continued to be an essential part of Central Asian state governance.

*Central Asia and Domestic Regimes*

Melvin (2008) observes that the 1990s was the period when Central Asia was the most open to embrace change and Western institutions. In the years that followed independence, Central Asian states embarked on a path of internationalisation. With the intention of creating a new foundation for inter-state cooperation post independence, the Central Asian states joined many Western-led democracy-orientated organisations and signed a range of cooperative policy arrangements with international institutions that promoted good governance and democratic reforms (Gleason, 2001; Laruelle and Peyrouse, 2012). This trend occurred concomitantly with a wave of democratisation or, what has been described by Francis Fukuyama (1989, p.1) “the ultimate triumph of Western liberal democracy” in the aftermath of the collapse of Communism, when the global resurgence of democracy became the pivotal political trend in international politics. Democracy promotion became an important element of Western and American foreign aid programmes, policy initiatives and their global agenda of good governance (Carothers, 1999). The United States and Western actors tried to encourage the spread of democracy through a combination of different tools (Lewitsky and Way, 2010). In the light of the war on terror, for instance, military and security engagement was coupled increasingly with the discourse of democratisation. Further, aspects of democratisation strategies were also employed in the pursuit of foreign policies and external assistance, in which bilateral or multilateral engagement was based on democratic principles and political conditionality. In the case of Central Asia, this is best demonstrated by the ‘European Central Asia and Central Asia: Strategy for a New Partnership’ (2009<sup>11</sup>), which based financial assistance on the merits of democracy criteria:

“The development and consolidation of stable, just and open societies, adhering to international norms, is essential to bring the partnership between the European Union and Central Asia states to full fruition” (EU Central Asia and Central Asia: Strategy for a New Partnership, 2009, p. 10).

As Levitsky and Way (2010, p. 18) emphasize, “political conditionality was accompanied by efforts to create permanent international legal frameworks for the collective defense of democracy”. The aftermath of 1990s saw the rise of transnational organisations and intuitions advocating democratic values and human rights. Moreover, the boom in

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<sup>11</sup>The European Union General Secretariat of the Council. 2009. The EU and Central Asia: Strategy for a New Partnership. [Online]. Available at: [http://eeas.europa.eu/central\\_asia/docs/2010\\_strategy\\_eu\\_centralasia\\_en.pdf](http://eeas.europa.eu/central_asia/docs/2010_strategy_eu_centralasia_en.pdf) [Accessed: 07 July, 2016]

communication and technologies further strengthened the speed of information flows. As such, abuses against human rights or democracy were exposed faster to the international society, drawing much attention and leading to naming and shaming campaigns and other forms of publicity directed against abusive regimes (Meernik et al., 2012).

Yet, despite such efforts, democracy assistance programmes in Central Asia failed reap significant results. Caught between domestic political instability (as the civil war in Tajikistan), declining economies and stagnating political orders, a lack of political and economic culture and knowhow of state-building or state construction, the countries of Central Asia drifted steadily towards authoritarianism (Melvin, 2008, p. 3). By the late 1990s, the democratic optimism that had accompanied the independence of Central Asia states had largely vanished from the Western agenda. Central Asia was no longer the promised land of Western democracy, as one might have thought. In the absence of strong institutional frameworks for democratisation and domestic incentives, transition in many countries in the world, just as in Central Asia, showed forms of multi-party elections and ‘democratic facades’ combined with aspects of authoritarian rule (Levitsky and Way, 2010; Carothers, 2002)

Levitsky and Way (2010) provide a lengthy explanation why certain states (including countries of Central Asia) did not move towards democratisation but settled into a more authoritarian style of rule with diverging degrees of ‘authoritarianism’ applied. As the authors (2010, p. 18) note, “changes of the international environment raised the external cost of authoritarianism and created incentives for elites in developing and post-communist countries to adopt the formal architecture of Western-style democracy, which—at a minimum—entailed multiparty election”. As they further suggest, external (in this case Western) pressure was insignificant in implementing democratic standards. The assumptions that elections and political liberalisation echoed democratisation were misleading. In fact, many autocrats learned to get around these processes by implementing institutional democratic facades. Holding elections was often sufficient to deflect international pressures for a more complete political opening (Levitsky and Way, 2010). As Carothers (2002, p. 15) further argues, beyond elections “political participation remained shallow” and “state accountability weak”. As such, as Levitsky and Way (2010, p. 19) note, “the post-Cold War international environment raised the minimum standard for regime acceptability, but the new standard was multiparty elections, not democracy. As such many autocrats learned that in order to meet international standards, they did not need to democratise (Ibid). Moreover, domestic structural and socio-cultural conditions

were disregarded in democracy building efforts. As Carothers (1999) further argues, programmes of democracy promotion should have focused more on fostering state capacity than just parachuting in democratic standards.

In the context of Central Asia, as Martha Olcott (2007) points out, there should have been more efforts from the United States and other Western powers to view events in the region through a local lens. Authors, such as Catherine Collins (2002) and Pauline Jones Luong (2004c), further stress the unique nature of clans and patronage networks in Central Asia, which impeded on democratisation efforts. The effect in Central Asia was the ‘faking of democratic’ institutions, thus, a political system in which state institutions are based on the mimetic reproduction of forms leaving aside substance and not assuming real meaning. In the literature, this produced broad research on the nature of Central Asian politics as the politics of “spectacular” (Adams, 2008), or “performative” (Rasanayagam et al., 2014) or “virtual politics” (Wilson, 2005). For instance, writing about democratic processes in Russia, Andrew Wilson observes that democratic politics is a series of state designed projects, rather than a real pattern of representation and accountability (Wilson, 2005, p. 39). As he further argues, the use of ‘political technologies’ that he broadly defines as the industry of political manipulation, the state is able to maintain its power (Wilson, 2011) As Pauline Jones Luong (2002, pp. 275-276) describes in her analysis of institutional reforms and elections processes that Central Asian states were interested in adopting reforms as long as they were able to take advantage of the distributive gains coming with them. Haugen (2003, p. 231) further observes that “the main problems of Central Asian states is the unwillingness of the part of the political leadership to institute reforms as these leaders cling to their positions at the costs of their constituencies”.

In the case of Central Asia, the prospect for not achieving democratisation can further be explained by the logic of path-dependency. In Central Asia, political transition was significantly shaped by Soviet legacies. Except in Kyrgyzstan, the transition from the Soviet Union saw the old nomenclature taking power and creating new sovereign states with technocratic, bureaucratic policy-making and hegemonic parties (Cooley, 2012, p. 18). In this sense, as noted by Sally Cummings (2012, p. 61), “Central Asia experienced a process of non-rupture, in which the old Soviet container almost seamlessly metamorphosed into one of a new national state”. Consequently, in what follows, the leadership of Central Asian states directly emanated from the old nomenclature, whose style of governance was the product of the Soviet system. Hence, the new leaders that came to power in Central Asia were the old leaders of the Communist Party (Piacentini,

1994). Even in the case of Kyrgyzstan, although often seen as an exception, President Akayev—despite being elected by the Parliament after the failure of the communist leader Absamet Masyliiev to take power—nevertheless appointed Kyrgyz intelligentsia and technocrats in his party. In Kazakhstan, Uzbekistan and Tajikistan, the First Secretary of the Communist Party was automatically appointed as the first President of the country. Rather than rejecting Soviet legacies, the emerging leaders of these states (except for Kyrgyzstan) managed to maintain Soviet institutional and policy legacies of which they were an integral part (Jones Luong, 2004a p. 12). It was thus ‘business as usual’, as the elites did not perceive their relative power to have significantly changed once the Soviet Union had collapsed (Cummings, 2012). In this sense, the Presidents in place simply continued nurturing old practices and further maintained the primary mechanisms for distributing political and economic resources and the system for resolving political disagreements (Cummings, 2012, p. 63). As a result, the emerging new states transformed their former republican apparatuses into hegemonic political parties by creating presidential regimes and state institutions that overwhelmingly favoured the ruling executive power (Cooley, 2012; Pomfret, 2010; Jones Luong, 2004c; Cummings, 2010). All five countries of Central Asia opted for an authoritarian rule with variations in the degree of authoritarianism practiced as well as in the geopolitical and economic contexts. Uzbekistan and Turkmenistan opted for a repressive and closed authoritarian style of rule. While Kazakhstan is perceived as the most prosperous country that practices a consolidated form of modern authoritarianism. Kyrgyzstan, on the other hand, was initially presented as a site for democratisation and liberal reforms, however, the regime quickly turned into a corrupt and authoritarian state that led to two subsequent revolutions—the Tulip Revolutions of March 2005 and April 2010. The report of Freedom of House (2015a)<sup>12</sup> categorizes Kyrgyzstan’s regime as ‘partly free’. Finally, Tajikistan’s authoritarianism is characterised as a consolidated form of authoritarian regime with centralised power build around the President Emomali Rahmon and his close inner circle.

Considering the evolution of Central Asian regimes, once again we can notice the influence of Soviet ways of doing politics. Clearly, the Soviet occupation of Central Asia created strongly rooted preconditions for practicing politics characterised by the manipulation of formal institutions, norms and wider government arrangements with the

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<sup>12</sup> Freedom House (2015a). Kyrgyzstan. [Online]. Available at: <https://freedomhouse.org/country/kyrgyzstan> [Accessed:07 July 2016].

aim to satisfy the ruling regime's interests. The character of such forms of political behaviour is further embedded in neo-patrimonial practices or client-patron relationships and the 'resource curse' syndrome. I now explore these aspects in more depth.

#### *Authoritarianism Defined by Patronal and Neo-Patrimonial Practices*

The 'neo-patrimonial' or 'patronalistic' character of the regimes in Central Asia was often compared with those in African countries. Like in many countries in Africa, power in Central Asia is acquired through a web of inter-personal and informal relationships within patron-client relations rather than the rule of law.

Henry Hale (2005, p. 138) defines patron-client relationships as "the exercise of political authority primarily through selective transfers of resources rather than formalized institutional practices, idea-based politics, or generalized exchange as enforced through the established rule of law". As noted earlier in this chapter, the organisational structure of Central Asian society is traditionally based on kinship and client-patron relationships. The significance of these relationships was further increased during Soviet occupation.

In today's post-Communist environment, the form of patron-client relationship in Central Asia is often labelled 'neo-patrimonialism' or 'patronalism'. Regardless of the terminology employed, both terms define the dichotomy between formal and informal practices when conducting politics in Central Asia. The core underpinnings of these terminologies is closely related to the Weberian notion of patrimonialism. Coming from a sociological perspective, Weber's core claim is that the exercise of political authority is based on sources of "legitimacy" and "domination". According to the Weberian conceptualisation, practices of political governance are based on traditional forms of domination based on kin-ties or patron-client relationships with few formal ties and regulations attached to them (Weber, 1978, p. 231).

Weberian views are important to consider in light of the trajectory of authoritarian states and their functioning, in which rule is based on personal ties and network relationships and where the work of state bureaucracy and administration is strongly influenced by the personal networks of political leaders (Geiss 2003; Laruelle, 2012; Peyrouse, 2012; Jones Luong, 2002; Collins, 2006; Medar, 1978). In such societies, political forms of governance are organised vertically with powerful patrons sitting at the top of a hierarchical network of clients (Hale, 2015 p. 29). The prefix 'neo' in this sense indicates a departure from the Weberian concept to signify that authority in the context of

contemporary authoritarian regimes relies on diverse sources of legitimation and mechanisms, as Franke et al (2009, p. 113) point out: “networks today are no longer necessarily formed along family, kinship or traditional lines” but are also increasingly formed on “rational bases” involving external actors and not specifically family ties (see also Hale, 2015). In this sense, the character of ‘neo’ broadens the earlier view of Central Asian politics as being primarily influenced by clan elites and family networks (see Collins, 2006; Schatz, 2004).

Typically, in the neo-patrimonial regime context, the ruler’s demands are orientated towards the maintenance and accumulation of power rather than the production of common public good (Francke et al., 2009; Medard, 1982) As Erdmann and Engel (2006) further argue, the allocation of ‘rents’ through informal non-transparent network explains the internal dynamics of these regimes. It allows us to grasp the power of institutions in non-democratic settings. In fact, contrary to democratic intuitions, the real power as Cammack (2007, p. 600) indicates resides:

“Outside formal institutions where decisions lies in the hand of ‘big men’ and their cronies, who are linked by ‘informal’ (private and personal, patronage and clientelist) networks that exist outside (before, beyond and despite) the state structure, and who follow a logic of personal and particularist interest” rather than national collective good”.

In essence and as being observed by Bratton and Walle (1997) in their work on transitional regimes in Africa, neo-patrimonialism characterises states in which unofficial institutions exist in parallel to official legal-rational institutions, and where informal institutions is given more power that the authority of formal institutions.

Henry Hale (2015), on the other side, prefers to use the term ‘patronalism’ to characterise such regime dynamics. In his view, a ‘patronalistic’ society is defined as:

“a social equilibrium in which individuals organize their political and economic pursuits primarily around the personalized exchange of concrete rewards and punishments, and not primarily around abstract, impersonal principles such as ideological belief or categorizations that include many people one has not actually met in person” (Hale, 2015, p. 20).

At the heart of these social dynamics lies the notion of power expectations. The clients will be most likely to carry out the task assigned by their patrons, if they expect payoffs and rewards for their behaviour or punishment if they omit to do so (Hale, 2015).

Therefore as Hale (2015, p. 36) emphasises: “Whoever or whatever can direct expectations, then, can wield extraordinary power in patronalistic societies”. Consequently, the challenge for patrons is to manage the expectations of clients.

Although slightly nuanced, the conceptual framework introduced by Hale closely mirrors discussions on neo-patrimonialism. It further reflects the difficulty to apply a single approach to study regime dynamics in Central Asia. Therefore, for the purpose of my research it is important to take from the above discussions that regime dynamics in Central Asia are characterised by systems of personalised relationships based on tight networks of patrons and clients driven by reward or punishment.

Moreover, as Isaacs (2014) rightly points out and as highlighted by the above discussion, regime dynamics labelled as ‘neo-patrimonial’ or ‘patronalistic’ often perceive the governance of Central Asian states as a political competition among different patron-client networks (Hale, 2015; Radnitz, 2010), in which the character of informal politics subverts the formal (Cummings, 2002; Francke et al., 2009). Yet, it is also important to consider how the existence of formal institutions matters in facilitating ‘neo-patrimonial’ or ‘patronal’ practices. In this regard, it is important to consider how formal institutions enable regime legitimatisation by supporting authoritarian practices, or, as put by Isaacs, how “institutions serve to allow regimes to reproduce themselves over time” (Isaacs, 2014, p. 238). In this sense and in the context of Central Asia, it is important to question how formal and informal institutions coexist and interplay to consolidate the existing regime.

#### *Resource Curse to Define the Regime Dynamics*

As obvious from the above discussions, in main motivational logic underlying client-patron relations is the expectation of appointees or ‘clients’ to have access to strategic resources when they mobilise or show political support for the patron. In this regard, it is acknowledged that natural resource endowments played an important role in consolidating authoritarian leadership in Central Asian states (see, for instance, Cooley, 2012; Jones Luong, 2002; Cummings, 2012). Political economy devoted particular attention to explain how access to exploitable or strategic resources motivates authoritarian regime consolidation.

Such discussion relates to the political economy literature on the ‘resource curse’ and theories about resource rents. The resource curse literature describes the ‘curse’ as the

relationship in which the abundance of natural resources produces a negative impact on socio-economic development (see Le Billon, 2001; Rosser, 2006a; Ross, 2003; Sachs and Warner, 1999). Theories of resource rents imply that the procured revenues from natural resources accrue directly to the government, which later redistributes them to the population as a form of social and political control (Jones Luong, 2001, p. 368; Karl, 1997). Rents are controlled by few actors, among which the government is the principal recipient of revenues (Belawi and Luciani, 1987; Isham et al., 2002). Such economies are further characterised by a patron-client system of governance, in which political elites alter institutions to get better access to resource rents (Ross, 2001; Karl, 1997). As argued by Karl (1997, p.15), such rents produce a distinctive type of institutional setting, which expand the state's jurisdictions and simultaneously weaken its authority by multiplying the opportunities for public and private actors to engage in rent-seeking activities.

Legislatures have limited capacity to exercise power over authorities and quasi-state agencies (Moore, 2004, p. 308). As a result, corruption increases as state officials become reliant on rents as a substitution of public spending (Karl, 1997, p. 16); political elites further allocate natural resource wealth to secure its support and allies (Boschini et al., 2007; Deacon and Mueller, 2006, p. 145; Jones Luong, 2001; Robinson and Torvik, 2003). Such a resource context makes states less reliant on the taxation revenue, which in turn further undermines the stability and good functioning of institutions and socio-economic development (see Shaxson, 2007; Moore 2004; Karl, 1997). For example, Acemoglu and Robinson (2003) note that countries suffering from the resource curse syndrome often neglect to develop strong taxation rules and thus reduce the incentive to develop efficient governance mechanisms. Because there is a quasi-absence of tax payment in society, citizens tend to demand less accountability from their government (Overland et al., 2010); as a consequence, this produces negative effects on the government's responsibility and accountability for public revenue spending. As further stated by the authors and Karl (1997), taxes enable citizens to hold their government accountable; checks and balances are important determinants of the economic and political trajectories taken by the resource curse and its consequences. Additionally, the study of Keefer and Knack (1999) also indicates that weak rule of law, the absence of constraints on government responsibility to hold accountability on repudiation of contracts and arbitrary action by the authorities undermine property rights, independent of the level of redistribution in a society (Keefer and Knack, 1999, p. 16). Paul Collier (2010, p. 1106) also states that without the notion of accountability, both property rights

and the supply of public goods depend upon the will of the ruling power. Sharing similar views, Moore (2004, p. 307) also writes that when public revenues stem from a small number of concentrated sources, it is relatively easy for revenues and expenditures to be hidden from view.

In this sense, it has been argued that the endowment of natural resources forms the pillar of the institutional trajectories characterising Central Asian states, where leaders have used their country's natural resources to consolidate practices of political clientelism and to cement informal economies (see Cooley, 2012; Jones Luong, 2004b; Cummings, 2012; Heathershaw, 2011). As Pauline Jones and Erica Weinthal (2010, p. 6) argue, what one calls a 'resource curse' in countries of Central Asia is strongly associated with the management and institutional ownership structure of the natural resource sector. Consequently, in such a context, corruption entrenched itself as a standard form of doing politics, which is based on 'reward and exchange' patron-client relationships and operates via informal networks and criminal activity (Cooley, 2012, pp. 24-25; Satpayev, 2014; Hale, 2005). Such a setting further undermines the emergence of a strong civil society, as governments tend to either co-opt or oppress civil society movements (Ziegler et al., 2015). Therefore, because the natural resource sector in Central Asian countries accounts for an important part of the state budget and the political system very much depends on them, its role needs to be considered in consolidating authoritarianism in the countries of Central Asia.

### **2.3 Central Asian Authoritarianism in the Processes of Global Governance**

The authoritarian nature of Central Asian states was heavily exposed in the literature. In the realm of international relations, it triggered Western criticism of undemocratic practices. The latest European review of the 'European Union-Central Asia Strategy: Recommendations for EU action in Central Asia' (2016) is a good example of such discourse.

'The European Union-Central Asia Strategy: Recommendations for EU action in Central Asia' (2016, p. 4):

“The region has become more unstable; forecast gas deliveries from the region to Europe have so far not materialised; trade is minimal with the exception of EU-Kazakhstan links, democracy is seen by the Central Asian regimes as a threat to their survival; corruption severely undermines economic development and

siphons off much of the development aid; and the human rights situation has been backsliding”.

Such an observation reflects the broader evolution of Central Asian authoritarian regimes. In international rankings, for instance, Central Asian states are among the most undemocratic. In response to such criticism, Central Asian states managed to resist Western pressures and instead embarked on creating new relations with countries endorsing their authoritarianism. Kopstein and Reilly (2000) argue that such a trajectory is unavoidable for Central Asian states which are surrounded by autocratic leaders in their close neighbourhood. According to the authors, the geographical proximity is an important factor influencing regime transition of Communist states. As such geographical proximity with the West had a positive impact on regime transformation in Eastern and Central Europe rather than on more remote Central Asia, whose backyard is populated by autocratic governments, such as Russia, China and Iran. Ambrosio (2008) also supports this idea that authoritarian neighbours, such as Russia or China, hinder the prospect for democracy in the countries of Central Asia. However, the study of Levitsky and Way (2005) offers a more nuanced analysis that captures variations in democratisation in the respective post-Cold War environment. As authors note, it is mainly the influence of Western leverage (the governments' vulnerability to external pressure) and linkages to the West (the density of a country's ties to Western-led multilateral institutions) that determine the degree of democratisation. As the authors argue “leverage is most effective when combined with extensive linkage to the West” (Levitsky and Way, 2005, p. 22). Hence, in the post-Cold war environment in their view, it is the variation in leverage and linkages that explain the divergent outcomes of regime transition.

Such observations demonstrate that international factors play an important role in regime dynamics. Central Asian states entered into new multilateral cooperation and international organisations, such as the Shanghai Cooperation Organisation (SCO), the Eurasian Economic Community (EurAsEc) and its Customs Union (CU) and the Common Economic Space (CES), which denounce Western norms and promote according to Ambrosio (2008, p. 1326) “regime survival, over democratisation”.

As such, as Ambrosio (2008, p. 1322) notes, “international organisations can promote and sustain not just democracy, but also authoritarianism”. Acharya (2009) further argues that accession to or creation of such non-liberal organisations as opposed to Western liberal and cosmopolitan values implies the reaffirmation of the norms and identities of

the members of such organisations. Clearly and as has been observed by Cooley (2015a), “counternorms to liberal democracy have taken root and are helping authoritarians to retain power”.

As pointed out by David Lewis (2012a, p. 1228), this new understanding of norm diffusion is important for the perception of rules and norms in the global system, in the sense that the meaning of the same norm and its perception would “diverge markedly from those proposed by rival groupings and established global governance institutions”.

Such issues become particularly interesting in light of authoritarian states taking part in the global governance agenda. In fact, how authoritarian countries consolidate and translate demands of global governance domestically remains largely neglected in the current literature.

As Sally Cummings (2012, p. 178) describes, the relatively new countries of Central Asia remain largely “consumer rather than producer” of the international system. The young countries of Central Asia are still in the process of creating and defining their statehood; this also implies the transition from ‘traditional’ to ‘modern’ societies. In this process, emerging from decades of Soviet rule, they desperately seek to acquire the status of a ‘modern global state’ to gain international recognition and demarcate their location on the map of world politics. Yet, the assimilation of global norms in the countries of Central Asia is increasingly subject to individual national interpretation (Adams, 2008; Cummings, 2010)

Such analytical observations raise then questions about how standardised global governance norms are interpreted in the context of post-Soviet Central Asia. The conduct of such an enquiry enables to further expand Sally Cummings’ statement cited above by asking: To what extent are Central Asian states consumers of international norms, and what effects does this have on the domestic configuration of state institutions and actors?

To answer these questions, it is important to understand how globalisation operates and moves from global to local. In this regard, the work of Saskia Sassen (2002) stresses the importance to distinguish between the processes and institutional contents through which globalisation operates. In doing so, she emphasised the character of transboundary network formation, in which a web of local / national processes are embedded within an international or transnational agenda. Similar to her views, Robertson (1995, p. 28) refers to the concept of ‘glocalisation’ to define the interplay between globalisation and

localisation or, as he puts it, the “global outlook adapted to local conditions”. In this regard, the authors refer to the phenomenon of ‘glocalisation’ as the processes in the trajectory of globalisation that lend autonomous significance to smaller territorial spaces (Scholte, 2008) and in which the local is increasingly embedded into parts of the globalisation process (Robertson, 1995; Scholte, 2005). According to Scholte (2008), these spatial reconfigurations indicate a shift of governance systems that were traditionally dominated by a static state-centric culture towards a more polycentric form of governance encompassing global, regional and local levels.

Such an approach is particularly important for examining the states of Central Asia, in which local and national practices and conditions become rapidly interwoven with cross-border dynamics of globalisation. As demonstrated throughout this chapter, exogenous and endogenous factors conditioned these former Soviet Union Republics increasingly to adhere to different forms of globalisation. More importantly, forms of globalisation were channelled and enabled by institutions and networks of state apparatuses. As Sassen (2008, p. 63) argues, “global can also be constituted inside the national”. In relation to this, as Ong and Collier (2005, p. 11) state, it is important to note that global forms are malleable in their capacity to ‘recontextualise and decontextualise’. As the authors explain:

“Global forms are able to assimilate themselves to new environments, to code heterogeneous context and objects in terms of that are amenable to control and valuation. At the same time the conditions of possibility of this movement are complex. Global forms are limited or delimited by specific technical infrastructure, administrative apparatuses, or value regime, not by the vagaries of a social or cultural field” (Ong and Collier, 2005, p. 11).

It can be argued whether social or cultural conditions obstruct the forms of globalisation. However, what is certainly valid is that such a debate demands a view of globalisation that takes account of its multiple layers of impact and the position of state and external actors across these layers. Ultimately, such enquiry demands greater attention to the relatively young states of Central Asia.

The Extractive Industries Transparency Initiative (EITI) provides a good case to conduct such an enquiry. Among the countries of Central Asia, only Kyrgyzstan and Kazakhstan managed to fully adapt the Initiative. Hence, for this purpose the thesis only look at these two countries.

The EITI is increasingly a polycentric form of governance that works through various kinds of actors and rests on the interconnection of a dense policy network. The puzzle to explain is therefore how actors who are embedded in a global governance framework interact within divergent authoritarian contexts. As Amitav Acharya (2004, p. 244) observes, transnational norms are usually performed by “outsiders” but little is known “of whether, to what extent, and how the pre-existing norm helps to redefine the emerging norm at least in the local context, or at the receiving end”. Such questioning is particularly relevant in the case of the EITI as the Initiative ultimately works through the MSG in implementing countries, thus ultimately through the domestic realm of states that provide a space for transnational actors (here companies and civil society) to work and interact. In such a context, it is therefore important to examine who is the “norm-maker and who is the norm-taker” (Lewis 2012a, p. 1228). Thus, as pointed out by Fiona Adams (2008, p. 618), there is a need to pay attention to the actors that “constitute the very transnational institutions that serve to diffuse global models”. Such an enquiry in an authoritarian context calls for a focus on elite networks and practices of epistemic communities (Adams, 2008), and how the presence of global governance institutions affects the domestic politics of the respective autocratic states.

The case of the EITI provides a theoretical and analytical puzzle to examine the relationship between global transnational governance and the effects it has on the local domestic political systems of autocratic states. It further enables us to understand how a country’s foreign relations affect its domestic politics, particularly within the authoritarian settings of Central Asian countries. The enquiry focussing on the EITI in Kyrgyzstan and Kazakhstan draws on a unique set of tools to study the trajectory of Post-soviet countries in the era of globalisation.

## **Conclusion**

Today, Central Asian states are full members of the international community. As the above sections demonstrate, in the 25 years since their proclaimed independence, the countries of Central Asia became increasingly embedded in the processes of globalisation and internationalisation. The character of their foreign policy evolved alongside the forging of identities at the domestic and global stage. The present chapter provided an overview of the emergence of Central Asian states in global politics. It further described the unique features of the region that have conditioned countries’ individual paths. The chapter also demonstrated how in the era of globalisation Central Asian states became

increasingly embedded in various forms of global transnational governance. In relation to this, the chapter demonstrated that there is a lack of research on how forms of transnational governance manifest themselves at and affect the local domestic political systems of autocratic states. The following section draws on the case of the EITI to fill this gap in the literature from an empirical, analytical and theoretical perspective.

## **Chapter 3. The EITI and its Implementation**

### **Main Points of this Chapter**

This chapter focuses on the EITI as a global governance initiative. The chapter starts with a short discussion of the emergence of transparency as a global norm and its manifestation in the extractive sector. In order to understand the importance of the EITI in the extractive sector, I outline in particular the literature on the resource curse and challenges the ‘curse’ poses to countries endowed with natural resources. The chapter further describes the history of the EITI, and how it operates in practice. It further presents the shortcomings of the Initiative and the criticism levelled against it. However, as I argue in this chapter, the current conceptualisations and debates about the EITI have the tendency to underestimate the importance of structural domestic and contextual factors in which the EITI operates as a global governance initiative. Such observations require the need to investigate the functioning of the EITI in practice, particularly within authoritarian and post-Soviet regimes of countries in Central Asia: Kyrgyzstan and Kazakhstan.

### **3.1 The EITI: Transparency as an Institutional Response to Tackle the Resource Curse**

The institutional manifestation of transparency in world politics relates to the challenges stemming from the globalisation processes. Florini (2007, p. 53) writes that in the era of globalisation the shift from state-centric to a more complex form of governance led to the rise of new multilateral configurations of institutions, actors and instruments, in which transparency and disclosure is the guiding means to enforce those mechanisms. As further pointed out by Gupta (2010) and Haufler (2010), the notion of transparency is closely associated with moral and political imperatives as solutions to contemporary global issues, such as market failure, democratic deficiency and environmental degradation. In this sense, transparency is increasingly viewed as converging with interests of multiple and diverse actors leading to ‘procedural global turn’ (see Gupta, 2010). Hence, in the context of increasing multilateralism and globalisation among institutions and actors, the importance of access and the free flow of information is of primary importance (see Gupta, 2010; Florini, 2007; Rosendorff and Vreeland, 2006). At the same time, global economic integration and financial crises highlighted the need for an open information policy of corporations, governments and international institutions (see Kaufmann and Bellver, 2005). By the end of the 1990s, anti-corruption regimes and discourse came to

be a dominant part of the global political agenda. The need to promote greater transparency was promoted by transnational advocacy actors and platforms, such as the Berlin based Transparency International (founded in 1993) fighting corruption, led to the development of an anti-bribery agenda. In parallel to these developments, a number of international anti-bribery and anti-corruption regulations emerged in world politics. The OECD's Anti-Bribery Convention signed in 1997 was the first and only international anti-corruption instrument that focused on the 'supply side' of corruption. It also mirrored the global consensus on the fight against corruption<sup>13</sup>. Such developments further facilitated the emergence of transparency as a global norm.

The EITI is a global governance transparency initiative which has the objective to combat corruption and to promote transparency and accountability standards in the sector of extractive industries.

EITI Principles (1) and (2) respectively state:

1. "We share a belief that the prudent use of natural resource wealth should be an important engine for sustainable economic growth that contributes to sustainable development and poverty reduction, but if not managed properly, can create negative economic and social impacts" (The EITI Standard 2016, p. 10)
2. "We affirm that management of natural resource wealth for the benefit of a country's citizens is in the domain of sovereign governments to be exercised in the interests of their national development". (The EITI Standard 2016, p. 10)

In this sense, through the notion of transparency the EITI was a response to global societal challenges and in particular to those concerning human developments. Bellver and Kaufmann (2005, p. 2) note "beyond the human rights and the market efficiency arguments, transparency is also critical for human development because it provides incentives for redistribution and inclusiveness". The concept of redistribution is particularly important within resource curse countries. As the political economy research observes, in many resource-rich countries, natural endowments failed to generate sustainable economic growth and prosperity as regimes distribute and utilise resources to keep themselves in power (Karl, 1997, p. 26). This phenomenon has been much attributed

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<sup>13</sup> A full list of anti-corruption conventions is provided by OECD website. OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. [Online]. Available at <https://www.oecd.org/cleangovbiz/internationalconventions.htm> [Accessed 8 December, 2016].

to the resource curse syndrome. Therefore, before jumping into the analysis of the EITI, it is first important to understand the resource curse syndrome and the role of the EITI within it.

The resource curse literature describes the ‘curse’ as a negative relation in which the abundance of natural resources produces a negative impact on socio-economic development (see Le Billon 2001; Karl, 1997; Rosser 2006b; Ross, 2003; Sachs and Warner, 1999). For example, the influential cross country study by Sachs and Warner (1999) shows statistically significant evidence that greater economic dependence on mineral and fuel resources is negatively associated with economic growth.

Theories of the resource curse imply that procured revenues from natural resources accrue directly to the government, which later redistributes it to the population as a form of social and political control (Jones Luong, 2001, p. 368; Karl, 1997). Rents are controlled by few actors, among which the government is the principal recipient of revenues in the economy (Belawi and Luciani, 1987; Isham et al., 2003). Such economies are further characterised by patron-client systems of governance, in which political elites alter institutions to get better access to resource rents (Ross, 2001; Karl, 1997).

Hammond (2011, p. 352) and Shaxson (2007, p. 1132) respectively point out how corruption within resource-rich countries with weak institutional structures legitimates state actors’ behaviour and creates opportunities for illegal enrichment. Karl (1997, p.15) further argues that resource rents produce a distinct type of institutional setting which expand state’s jurisdictions while simultaneously weakening its authority by multiplying the opportunities for public and private actors to engage in rent-seeking activities. Legislatures have limited capacity to exercise power over authorities and quasi-state agencies (Moore, 2004, p. 308). As a result, corruption increases as state officials become reliant on these rents as a substitute for public spending on state activity (Karl, 1997, p. 16), the political elites further allocate natural resource wealth to reinforce their supports and allies (Boschini et al., 2007; Deacon and Mueller, 2006, p. 145; Jones Luong, 2001; Robinson and Torvik, 2005). Additionally, the study of Keefer and Knack (1999) also indicates that weak rule of law, the absence of government responsibility for keeping contracts and arbitrary action by the authorities undermine property rights, independent of the level of redistribution in a society (Ibid, p. 16). Paul Collier (2010, p. 1106) also states that without the notion of accountability, both property rights and the supply of public goods depend upon the will of the ruling power. Collier and Hoeffler (2005) as

well as other authors (see also Le Billion, 2001; Basedau and Lay, 2009; De Soysa, 2002) point to the linkages between natural resource dependency and civil conflict. Their findings gauge the importance of the institutional environment as an important and instrumental determinant factor in the likelihood of civil war conflicts. Moore (2004, p. 307) shares similar views; he writes that when public revenues stem from a small number of concentrated sources, it is relatively easy for revenues and expenditures to be hidden from view.

This research demonstrates that the quality of institutions in resource-rich countries matters to counteract the negative effects of resource exploitation. More specifically, Pauline Jones Luong and Erica Weinthal (2010, p. 6) argue that states in Central Asia are “cursed” not by their mineral wealth but rather by the structure of ownership on which state leaders decide to manage their mineral wealth. As the authors further demonstrate, in particular the strategies of ownership structure in particular affect the fiscal regime, which subsequently impacts on institution building and long term economic growth.

In sum, an important strand of the resource curse literature stresses institutional quality as an explanatory and important cause of the ‘curse’. For instance, the work of Mehlum and colleagues (2002; 2006) focuses on institutional arrangements to explain trajectories of the resource curse hypotheses. Building upon the work of Sachs and Warner (1999), authors emphasize the allocation of rents from natural resources and develop a model in which the distribution of the resource rents correlates with the quality of institutions. Their main findings demonstrate that depending on the quality of institutions within resource endowed countries, resource rents may be channelled into productive economic activities or captured by the elite for personal gains (Mehlum et al., 2006, p.3). Institutions as such produce ‘grabber’ friendly versus ‘producer’ friendly behaviours. ‘Grabber’ friendly institutions typically feature weak rules, high risks of expropriation and bureaucratic malfunction and high levels of corruption diverting entrepreneurial resources out of production into unproductive activities (Mehlum et al., 2002, p. 4). The extent to which ‘grabbing’ succeeds will depend on the institutional quality of the country. In this respect, authors claim that natural resources abundance hinders economic progress in countries with ‘grabber’ friendly institutions but does not in countries ‘producer’ friendly institutions (Ibid, p. 14). As Mehlum and colleagues, Boschini et al. (2007) advance a similar claim in which the challenges associated with the resource curse syndrome can be countered by good institutions. Similarly, Isham et al. (2003) look at natural resources extracted from narrow geographic or economic bases, and the way they

are associated with weak public institutions and effect economic development. Bhattacharyya and Hodler (2010) also explore the effect of natural resources and institutional regime foundation. Their findings highlight that the quality of democratic institutions constitutes an important factor in the trajectory of the curse and corruption.

In this sense, the functional improvement of institutions through transparency initiatives such as the EITI was seen by many as a key instrument to respond to these challenges. In the context of the resource curse syndrome, this means that greater transparency would enable to curb the negative effects of the resource curse, mainly associated with corruption, and provide public accountability to ensure better conduct of extractive industry affairs by holding governments and companies responsible for their resource spending. The overall goal is that the mechanism of transparency enables the population to achieve socio-economic prosperity. As the EITI Article of Association 2(2) explicitly states:

“The objective of the EITI Association is to make the EITI Principles and the EITI Requirements the internationally accepted standard for transparency in the oil, gas and mining sectors, recognising that strengthened transparency of natural resource revenues can reduce corruption, and the revenue from extractive industries can transform economies, reduce poverty, and raise the living standards of entire populations in resource-rich countries” (EITI Standard, 2013, p.46)

Therefore, the main argument for implementing an initiative such as the EITI is that greater transparency in the management of natural resources in extractive industries empowers different stakeholders, in particular citizens and civil society organisations, as it allows them to demand information on how revenues stemming from natural resources are distributed and used to further promote socio-economic development.

Moreover, the motivation to promote transparency, although tacitly stated in the EITI documents, also relates to its indirect capacity to contribute to better governance of domestic institutions and the processes of democratisation. Examining the transmission of the norm transparency in East and Central Europe (2002, p. 469), Alexander Grigorescu writes that in the context of new democracies, transparency is important as it leads to greater public understanding and support for government policy. Such claims are broadly relating to studies of democracy where transparency is seen as an important factor implicitly contributing to democratic consolidation and democratic legitimation (Heritier, 2003). Juan Linz and Alfred Stepan (1996, p. 3) define democratisation as “open

contestation over the right to win control of the government, and this in turn requires free competitive elections, the results of which determine who governs”. Given these notions, transparency determines the procedures and governance of democratic association, as it enables to ask questions on who rules, and how rulers came into power, how the elections are held and how decisions are taken. In doing so, transparency forms the cornerstone of democratic processes.

The EITI documents hint at such notions. For instance, the EITI requires extractive industry operations to work under a fully transparent legal framework and demands the disclosure of information on “how the extractive sector is managed, enabling stakeholders to understand the laws and procedures for the award of exploration and production rights, the legal, regulatory and contractual framework that apply to the extractive sector, and the institutional responsibilities of the state in managing the sector” (The EITI Standard, 2016 p. 17). In addition, the World Bank Group (2013, para.12) further states: “although EITI originated in the extractives industries, the same tools could be used as successfully in other sectors by underscoring citizen participation, institutional strengthening of government agencies and strengthening the rule of law to attract investment”.

### **3.2 The EITI as a Global Governance Intervention**

The unique commitment shown by the UK government to support transparency in extractive industries played a key role in the creation of the EITI. The demand for transparency in the extractive sector increasingly resonated with UK policymakers and found support among the political leadership and civil community (Gillies, 2010, p. 112).

The idea of launching a global governance initiative that promotes transparency in the resource sector is closely associated with the constellation of factors at work in the late 1990s. These factors relate to the political climate under UK Prime Minister Tony Blair, the role of the World Bank in the extractive sector and the pressure of civil society campaigns denouncing the negative effects of the neo-liberal practices in developing countries.

In the late 1990s civil society groups such as the UK Global Witness with the publication of its influential report ‘Crude Awakening’ raised attention to state-corporate relations between the Angolan government and Western companies. The report highlighted the government illegal handling of state oil revenues and shed light on business practices, described as corrupt and secretive, between the Angolan state and multinational energy corporations (Global Witness, 1999). It urged to introduce greater transparency and

accountability into extractive industries, stressed the need for an improved ethical role of businesses and more efficient involvement of the international community. The publication of the 'Global Witness' report found widespread international attention and triggered collective action of all stakeholders to ensure that revenues from natural resource extraction ended in transparent official accounts and that the respective governments could be held accountable for their expenditures (Eigen, 2006, p. 333). Specifically, Global Witness targeted the lack of transparency and murky deals of oil companies, such as BP-Amoco, US Chevron, Exxon/Mobil as well as the French company Elf Aquitaine, with the Angolan government. The pressure of other transnational civil society organisations, such as the Publish What You Pay (PWYP) campaign, increasingly pressured international oil companies and their home country governments to fully disclose payments made to the governments of countries where they operate. The close relationship between Tony Blair and the oil company BP, often nicknamed as 'Blair Petroleum', further added pressure on the UK Labour government to react<sup>14</sup>. Under Tony Blair, one can observe that the UK government saw transparency initiatives as a unique instrument to respond to Labour party critics and to face governance challenges stemming from the resource sector in the developing world.

In parallel, growing criticism of the World Bank Group over its approved loans to mineral and petroleum industries (e.g., in 2003, the Board of the International Finance Corporation (IFC) approved a loan of up to \$125 million for the Baku-Tbilisi-Ceyhan (BTC) pipeline—in which the British government also took part) raised attention to the Bank's role in this sector and its aim of promoting sustainable development and poverty reduction (Richards, 2009). Aiming to assess the role of the Bank's organisational involvement in the sector, the commissioned 'Extractive Industries Review' (EIR) generated a flood of criticism towards the Bank's financial interests and developmental approaches (Richards, 2009 p. 470). Hence, the launch of the EITI was timely to counter the criticism of the EIR and the role of the World Bank Group in the extractive sector.

In 2001, discussions began between the NGO community, oil companies, the UK Cabinet Office and policy makers and the Department for International Development (DFID) as well as the World Bank to establish transparency standards for extractive industries (see EITI website, n.d.-a; Gillies, 2010, p. 112; Richards, 2009, p.470). The Initiative was introduced during the UN Johannesburg World Summit (2002) and launched during the

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<sup>14</sup> The Guardian, 2003. Prime minister argues case for 'Blair Petroleum'. 17 February, 2003 [Online]. Available at: <https://www.theguardian.com/business/2003/feb/13/russia.politics> [Accessed 21 February

inaugural conference held in London in 2003. Initially, the Initiative started with four pilot countries in 2004 and increased its membership throughout the years. Today, the EITI includes 51 countries which are at different stages of EITI implementation.

The launch of the EITI as a multi-stakeholder initiative was considered by many as a progressive move to tackle challenges posed by resource extractive industries by revealing inefficiencies in the way revenues from the resource dependent sector are collected and managed. The role of transparency was highlighted to countering the pervasive effects of the resource curse and institutional failure. As pointed out earlier, this argument derives from the logic that transparency can obstruct the illegal appropriation of resource rents but at the same time also strengthen domestic institutions or prevent their impairment respectively (Mroß, 2013, p. 30). The latter effect assumes that access to information enables accountability on revenue spending, while the former takes a lack of transparency as a condition that increases the likelihood for corrupt practices to occur (see Kolstad and Wiig, 2009).

The most compelling argument is that bringing transparency to the handling of resource revenues, the EITI aims to address the issue of political power relation arising in the management of the natural resources sector. In other words, as a solution to a principal-agent problem arising in the context of the resource curse syndrome in which agents do not faithfully serve the interests of principals (Kolstad and Wiig, 2009). In this respect, the government and corporate actors are the agents for citizens, who are the principal because they ultimately own the resources. In the context of the resource curse, in the absence of transparency and with a lack of institutional regulation, agents have the incentives to behave in a corrupt manner to gain wealth at the expense of citizens. By creating a space for dialogue between extractive industries, civil society (representing the voice of citizens) and governments, the EITI could be seen as a powerful tool to counter the detrimental dynamics of agent-principle relations within the context of the resource curse.

However, research on countries implementing the EITI suggests that the adoption of an institution demanding transparency does not constitute its successful transmission. Extant studies on EITI implementing countries demonstrate that the Initiative is mainly ineffective, 'symbolic' or used as a 'window dressing' tool for authoritarian practices and is unlikely to trigger change (Shaxson, 2007; Aaronson, 2011; Pleines and Wostheinrich, 2016). Studies on the participatory model of the EITI find that the Initiative did not

improve local resource management or the well-being of the community (Soreide and Truex, 2013). A number of authors and policy advocates remain sceptical about the Initiative and its capacity to produce tangible effects in mitigating the resource curse syndrome within non-democratic countries (Kolstad and Wiig, 2009; Bauhr and Grimes, 2013). Empirical investigations of EITI pioneering countries, like Nigeria and Azerbaijan, suggest that a lack of stakeholder leadership and pre-existing institutional constraints are obstacles to the effective functioning of the Initiative (see Acosta, 2013; Oge, 2014; Meissner, 2013). For instance, the recent publications of Kerem Oge (2014), Benjamin Sovacool and Nathan Andrews (2015) on EITI implementation in Azerbaijan suggest that the adoption of the norm and the institution of transparency does not trigger real change in practice. Problems related to the institutional designs of the extractive sector, the monitoring of revenue use and the autocratic politics of patronage networks all pose challenges to effective implementation and lead to only small governance improvements in the extractive sector. Kolstad and Wiig (2009) argue that in resource-cursed countries that implement the EITI, transparency in form of information disclosure has little effect on reducing illicit behaviour as individual incentives are weak to act on available information and do not come with the power to punish abuse of office. This argument is further supported by Collier (2010) who notes that transparency in revenue collection does not ensure accountability, if an effective judicial system is not in place (Collier 2010, p. 1127) and if the public is not able to question information and use that information to hold to account its governments and institutions. Similarly, Kaufmann and Bellver (2005, p. 14) also point out that the provision of information alone is insufficient. To be effective, it is critical for different social groups to participate in the decision-making process and have the capacity to analyse and act on it. Within the EITI framework, the predatory nature of the extractive industry is identified as an obstacle for reaching a consensus among actors with competing interests. Indeed, as several authors point out the process of deliberation and negotiation poses a major challenge in a multi-stakeholder context as participants often lack incentives to act in the interest of common and public goods (see Soreide and Truex, 2013; Bostrom, 2006; Jensen, 2001; Wollenberg et al. 2007).

Olcer (2009) in his report for the OECD further outlined that the adherence to the Initiative made no visible improvements in EITI countries. The report highlights that perceptions of corruption in EITI countries are worse than in non-EITI countries. Although corruption indices are not limited to extractive industries, a change would still

be expected given the size of these industries in the economies of countries adopting the Initiative (Olcer, 2009, p. 3).

In addition, a newly emerging strand of literature in public policy on indicators of global governance and its regulation remains critical of global indicators as “accountability enhancers” (Cassese and Casini, 2012; Cooley, 2015b). The literature on global indicators points out that they are mainly part of state ‘branding’ strategies. For example, in a study of Georgia and its accession to World Bank Doing Business Indicators (DBI), Sam Schueth (2015, p. 176) demonstrates how DBI were used by the Georgian government to reconfigure institutional relationships both within government and to attract a broader international policy network but without making any institutional changes to illiberal aspects of business activities in Georgia. For the Georgian government, it was ‘business as usual’. As Schueth further argues: “then country rankings may reflect little else than relative success at transferring specific policies” (Schueth, 2015, p. 176). David-Barrett and Okamura (2013) also notice in their analysis that many countries join international organisations for ‘reputational concerns’ and to bolster their access to foreign aid. Consequently, such findings call into question the significance of both global governance and indicators as well as their institutional quality.

As the empirical observations above demonstrate, it is certainly true that decision-making procedures and state access to specific institutions are motivated by rational choice and the calculations of individuals. Such claims find broader resonance within the literature on institutional theory and realist perspectives where institutions are defined as “persistent and connected sets of rules (formal and informal) that prescribe behavioural roles, constrain activity and shape expectations” (Keohane, 1989, p. 3). Writing on institutional theory, DiMaggio and Powell (1991, p. 28) claim that “actors and their interests are institutionally constructed”. Authors such as Finnemore and Sikkink (1998), and Risse (2001) demonstrate in their work how normative ideational concerns shape state’s behaviours. Accordingly, the literature on authoritarian regimes acknowledges that the accession to global governance initiatives in non-democratic countries is often used as an instrument for regimes’ domestic and international survival, legitimacy and power maintenance (see Lewitsky and Way, 2002; Hollyer et al., 2014). It is therefore perhaps not surprising to see such behaviour in the framework of the EITI.

Such debates broadly relate to the tensions discussed in chapter 1 on globalisation, international market integration and global governance institutions—to what extent do

global challenges find an adequate response from global governance institutions? Throughout chapter 1, we saw that such platforms of governance cooperation have difficulties reconciling the pursuit of an agenda of democratic sustainable governance, on one hand, and the power and interests of its individual actors, on the other hand. As O'Brien and colleagues argue, "complex multilateralism has not challenged the fundamentals of existing world order, but it has incrementally pluralised governing structures" (see O'Brien et al., 2000, p.3). As discussed in the previous chapter, the tensions over global governance further ramify over its form, i.e., its institutional design and structure, and its content and internal decision-making process.

Moreover, as mentioned previously, processes of global governance are based on a Western centric view and tend to adapt a 'one size fits for all' approach. Such governance forms span across a variety of social, political economic and cultural spaces that differ from Western constellations. Hence, this broad application hampers the effective implementation of global governance institutional and tends to undermine the effective delivery of promised services or programmes.

Consequently, the literature examining the effectiveness of global governance arrangements as discussed in chapter 1 demands that greater attention is given to the contextual dimension in which transnational norms are diffused and adopted by domestic agents. Global governance institutions and their manifestations are embedded in a wide web of networks that impact on the life of people within. As such, it is crucial to study and understand what sort of effects they produce on people at the receiving end, and what sort of institutional structures and policy formulations they create further.

In this sense, while the current literature on the EITI mainly emphasizes the rapacious behaviours of actors within the MSG and paid far more attention to the general standards of the EITI, transparency and accountability in particular (see Aaronson, 2009; Kolstad and Wiig, 2009; Acosta, 2013; Locke and Henley, 2013; Sovacool and Andrews, 2015; Oge, 2014), it provided little evidence about how such a form of governance translates into domestic practice in an autocratic context. The current enquiry mainly focuses on questioning the effectiveness of the norm of transparency under the EITI framework rather than analysing how such a form of governance translates into the domestic regime configuration of autocratic states, in the present cases, imprinted with post-Soviet legacies. Hence, my argument is that current conceptualisations of the EITI have the

tendency to underestimate the importance of those structural domestic and contextual factors in which the EITI initiative operates.

Laura Adams (2008) in her article ‘Globalization, Universalism, and Cultural Form’ calls for the need to analyse global forms from an analytical perspective. As she states in her article on the globalisation of culture, there is a need to distinguish between the form and content of global models, since in much of the existing studies “the evidence of form is taken as evidence for content” (Adams, 2008 p.616). Discussing global governance anti-corruption indicators, Mlada Bukovansky (2015, p. 66) further states that many global governance initiatives are based on a technocratic approach that mainly focuses on formal aspects but fails to embed in their analysis the “problem of cultural and moral relativism”. Therefore, she argues (p. 71, 2015) that “the practice of global corruption rankings has been a central part of the construction of the corruption issue as a global, rather than comparative, country-specific issue”. Such features are particularly distinct within the Soviet traditions. Writing about the end of Soviet socialism, Alexie Yurchak (2006) provides a clear example of the dynamics between human agency and its interplay with language and discourses of power. As he argues in his analysis, although the authoritative representation of the Soviet system was reproduced uniformly, the meaning of Soviet life was reinterpreted and displayed from within.

“They were the system’s heroes, who lived according to script of reality provided by authoritative discourse, and, at the same time, the system’s authors, who created their own new, unanticipated interoperation of the reality with the parameters afforded by performative reproductions of the form of that authoritative script” (Yurchak, 2006, p. 290).

The above authors highlight in their analysis the importance to distinguish between form and its rituals (performative reproduction), on the one hand, and the interpretation or reinterpretation of reality, on the other—i.e., how form is given meaning by recipient actors.

Scholarly literature and research formulate a clear demand to give weight to the content of global governance initiatives, and how it is interpreted at the recipient level. Giving weight to content and its structural factors in the realm of the EITI enables detailed examination and allows to explain how global governance initiatives based on the concept of limited plurality work in non-democratic settings, marked with Soviet legacies and authoritarian regimes as in the case of Kazakhstan and Kyrgyzstan. Existing research on

the EITI manifest in case studies of EITI implementing countries and policy reports conducted by non-governmental organisations such as the World Bank, Publish What You Pay Campaign or Resource Revenue Watch Institute fails to use its findings to critically reflect on the broader theoretical and political implications of these practices for governance in contemporary authoritarian states. It remains poorly explored how the EITI platform operates to consolidate divergent actors' interests and how different actors within such regimes consolidate EITI demands. Consequently, such an approach demands to examine the implementation of the Initiative at multiple layers.

To examine this question, the work of recent scholars working on international organisations promoting authoritarian norms is important. Although much of their analysis focuses on the role of 'autocratic' international institutions promoting illiberal norms, I argue that the same argument can be applied to democratic global governance organisations that authoritarian states choose to adhere and implement through MSG initiatives in their domestic context.

One of the main mechanisms for norm transmission is made through international organisations. The literature on democratisation largely demonstrated by looking at Europeanisation or European external governance how norms are diffused by international organisations via processes of conditionality, adaptation and socialisation (Schimmelfennig and Lavenex, 2009; Economides, 2005). Such literature further examines questions of how and under what conditions norm transfer is successful.

More recent literature in the field of norm promotion started extend the research agenda and looked at how international organisations promote authoritarianism and non-democratic norms. Thomas Ambrosio (2008) demonstrates via the example of the Shanghai Cooperation Organization (SCO) how an international organisation can promote not only democratisation but also authoritarianism. As he shows, international organisations such as the SCO have the power to act against democratic norms and to become an instrument to sustain authoritarian rule. As Ambrosio (2008 p. 1326) states in his analysis: "Regimes would create and utilise international organisations to establish regional or global norms which make it illegitimate to criticise or interfere in the domestic politics of countries". Another example of such practices is OSCE and Kazakhstan's chairmanship in 2010. As Shkolnikov (2011 p. 4) reports, "the Astana OSCE Chairmanship was mainly a public relation event and resulted in the curtailment of civil and political rights for Kazakhstan's population rather than producing any advancement

for democratic reforms”. In this case, international democratic organisations and the promotion of norms of good governance enabled the autocratic state of Kazakhstan to shield and coordinate its activities against external critics.

It seems that increasingly the form of global governance is becoming more important than the content of its formulations and its meaning. But to what extent do such formal and standardised procedures matter in the context of authoritarian regimes? Are they simple intended to mimic the process of standardisation of the form or is there a meaning attached to it? And if so what sort of meaning is it, and what effect does it produce?

As it was demonstrated through the cases of formal democratic institutions (see the work of Shedler, 2009; Levitsky and Way, 2010), I argue in this thesis that global governance arrangements contain some instrumental value for the authoritarian regime in place. When writing about democratic institutions in autocratic contexts, Andreas Shedler (2009, p. 327) observes that “dictators are likely to respond not to isolated threats, but to configurations of threats”, which will trigger the tendency to create “not isolated institutions, but configurations of institutions”. In this sense, the following chapters stretch the existing boundaries of institutional analysis of authoritarian regimes. The following section focuses on the Extractive Industry Transparency initiative (EITI) as a global governance initiative in practice.

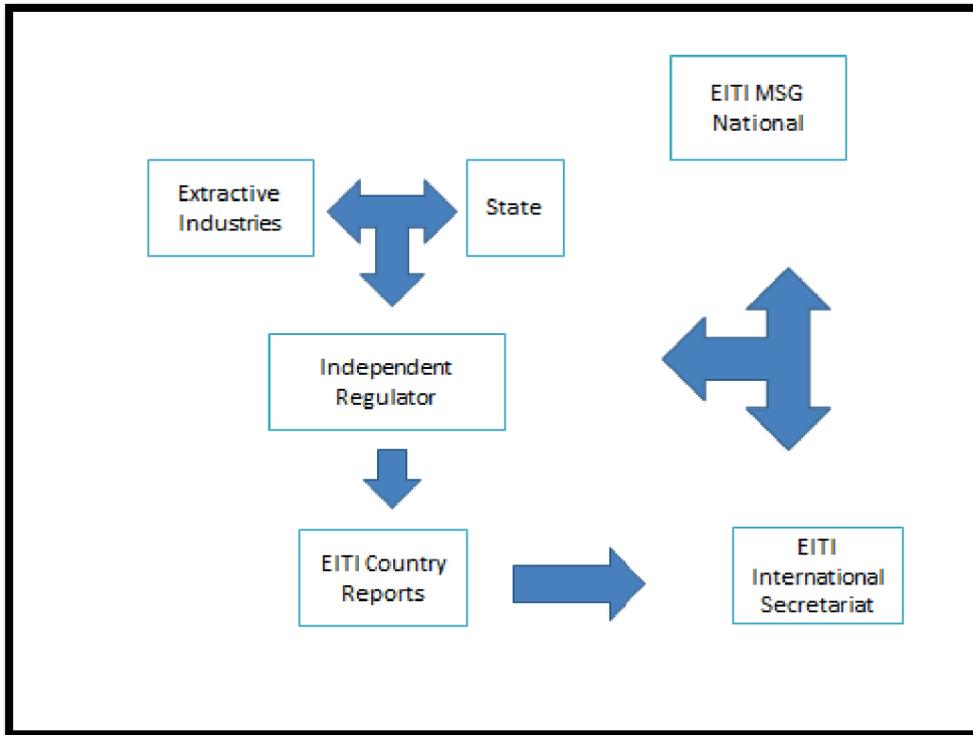
### **3.3 The EITI in Practice**

The EITI initiative is a public private partnership or a multi-stakeholder group between state, companies and civil society. The cooperation of all stakeholder groups addressed through a multi-stakeholder platform was considered one of the most suitable ways for achieving a better and sustainable management in natural resource sector with broader positive spillover effects on the domestic level.

The EITI provides a clear schematic framework with its institutions implemented at both local and global levels. At the international level, the EITI operates through the EITI International Board, which provides checks and balances to protect against abuses at the national level. At the national level, the EITI is represented through the multi-stakeholder group (MSG), which involves states, civil societies and companies. An independent administrator supervised by the MSG reconciles and reports disclosed information (payments and revenues) made by companies and governments in the respective EITI country reports (the EITI website n.d.-b; Olcer, 2009; Locke and Henley, 2013).

**Figure 1. EITI Framework**

The framework below illustrates the functioning of the EITI processes:



(Table 1: adapted from Olcer, 2009)

It is voluntary for governments to enter the Initiative but all companies and agencies operating in a country implementing the initiative are required to disclose their financial transactions to the implementing country (see EITI website n.d.-b). The cornerstone of the EITI initiative are its 12 principles to increase transparency in the resource sector and its seven requirements which must be met by countries implementing the Initiative. To become a member of the EITI, i.e. to comply, a country intending to implement the EITI must undertake a number of steps which can be broadly categorised into: initiation, implementation and review phases (see EITI Source Book, 2005).

*The initiation phase*

To become a EITI candidate country, a country must go through four ‘sign-up’ steps and submit an application to the international EITI Board (EITI Standard, 2013). These four steps require the government to make an unequivocal public statement of its intention to implement the EITI; government’s commitment to work with civil society and companies on EITI implementation; the appointment of a senior individual to lead EITI

implementation; the publication of a work plan with measurable targets and an implementation timetable that has been agreed on by the multi-stakeholder group (EITI Standard, 2013). After the government completed these four sign-up steps, it can proceed further with the application to the international EITI Board. The application needs to demonstrate activities with evidences undertaken within the sign-up steps. Once the application satisfied the EITI Board, the country can proceed further to the implementation phase.

#### *The Implementation Phase*

The implementation phase consists of the publication of annual reports and periodic audits compiling and evaluating payment and revenue figures from extractive industries and governments. Since the 2013 EITI Conference in Sydney, published EITI reports must contain disaggregated company-by-company data with respect to each company and each revenue stream. The MSG is required to set up the level of disaggregation for the publication of data (EITI Standard, 2013). Additionally, reporting at the project level is to be consistent with US and EU rules and requirements. Under the revised version of EITI standards, state-owned companies (SOEs) are required to report their financial activities (expenditures and revenues) with other government entities. SOEs are also required to disclose their level of ownership in any extractive companies operating in the country (EITI Standard, 2013). In addition, the new provisions further mandate the disclosure of subnational transfers and payments received from transit-related activities in natural resources. Moreover, the new requirements also demand the full disclosure of expenditures for social contributions made by extractive companies (see further EITI Standard, 2013). The implementation phase as such forms a key aspect in pursuing the objective of the EITI—to provide information about the revenues and receipts for the citizens.

#### *The Review Phase*

The review phase consists of validation processes. For candidate countries, validation measures progress in their implementation, while for compliant countries, they act as a litmus test of whether or not they are compliant with EITI standards (principles and requirements). When a candidate country meets all the EITI requirements, the Board grants the country the status of EITI compliant. Under the new EITI requirements, EITI compliant countries are required to conduct validation ever three years, instead of every five year as previously (see EITI Standard, 2013; EITI Rules, 2011). In this process, the

EITI Board deserves special attention, as it holds the ultimate power to make a country an EITI candidate, to specify corrective actions or to suspend or delist a country. If the validation report indicates that a country made progress but does not meet all the EITI requirements, the country remains a candidate, or if no meaningful progress was made or where the maximum candidacy period is exceeded, the Board may revoke a country's candidate status (see the EITI website n.d.-b). The EITI Board members have also the power to suspend or delist a country where significant aspects of the EITI principles and requirements are not met or adhered to by the implementing country (see EITI Report). Following reform (EITI, Standard 2013), the EITI established a new Board Committee and an Outreach and Candidacy Committee which is tasked to review the candidacy of applicant countries and to make amendments if required.

The organisational structure also relies on the World Bank Group and a multi-donor trust fund (MDTF) supported by bilateral and international development agencies and civil society organisations, such as the Revenue Watch Institute, to provide financial and technical assistance to countries implementing or considering implementing the Initiative.

One of the key differences of the EITI compared to other transparency initiatives (e.g., the Kimberley process) is the EITI's tripartite structure with an emphasis on civil society. Under the EITI implementation framework, civil society plays an essential role in the design, monitoring and evaluation of the whole EITI process and is tasked to contribute effectively to public debates about the outcomes (see EITI Rules, 2011). In doing so, it entrusts civil society with monitoring and whistle-blowing power enabling it further to constraint the power of political and economic elites (see Carbonnier et al., 2011; Soreide and Truex, 2013). Hence, it is mandatory for governments to ensure that civil society is fully, independently, actively and effectively engaged in the process at all stages of the EITI process (see EITI rules, 2011).

In 2016, the EITI adopted a new set of standards: 'The EITI Standard, 2016'. The new EITI standards, encourage countries to base EITI reporting on existing reporting systems rather than to duplicate the process through the EITI reporting. The new standards further ensure greater transparency and accountability in all facets of the natural resource sector now including tax transparency, commodity trading and licensing. In addition to this, the new 2016 EITI standards further strengthen validation which ensures that all EITI requirements are met. Under the new EITI, assessment within the validation process pays greater attention to the diversity of EITI members among implementing countries and additional efforts that go beyond minimum standards in EITI implementation. The

ground-breaking new aspect of the Initiative is that now it contains provisions about beneficial ownership that requires disclosure of the full identity of the oil and gas companies operating in EITI countries.

The EITI 2016 Standard state:

“By 1 January 2017, the multi-stakeholder group publishes a roadmap for disclosing beneficial ownership information” (EITI Standard, 2016, p. 20).

“As of 1 January 2020, it is required that implementing countries request, and companies disclose, beneficial ownership information for inclusion in the EITI Report. This applies to corporate entity(ies) that bid for, operate or invest in extractive assets and should include the identity(ies) of their beneficial owner(s), the level of ownership and details about how ownership or control is exerted. Any gaps or weaknesses in reporting on beneficial ownership information must be disclosed in the EITI Report, including naming any entities that failed to submit all or parts of the beneficial ownership information” (EITI Standard, 2016, p. 20).

There are currently 51 resource-rich countries affiliated with the EITI, 31 of them with the status of fully compliant. Kyrgyzstan and Kazakhstan are among the 51 resource-endowed implementing countries under the EITI umbrella. The Initiative is supported by 90 of the world’s largest mining, oil and gas companies, 17 supporting countries, 21 international organisations and 95 blue-chip institutional investors representing over \$19 trillion in assets under management (EITI, 2015).

The governments of Kazakhstan and Kyrgyzstan initiated and validated the EITI process and became fully compliant countries. Kazakhstan and Kyrgyzstan are the only Central Asian countries to have implemented the Initiative. Kyrgyzstan was among the pioneering EITI countries that launched the Initiative in 2004. The two post-Soviet countries provide a good example of contemporary authoritarian regimes. They are resource-rich and suffer from weak governance institutions, corruption and poor socio-economic development. In addition to this, Communist legacies still shape both countries. Corruption in these countries is described as an ‘omnipresent phenomenon’, the adoption of the EITI was hence viewed as a progressive movement and much acclaimed both nationally and internationally. However, despite the adoption of the Initiative, none of these countries achieved significant levels of improvement. According to Transparency International, both states are the highest ranking countries in their corruption performance index (see

Transparency International, 2015a; Transparency International, 2015b). Recent studies on the EITI and wider transnational anti-corruption regimes note that the lack of improvement is caused by the important role that patronage networks play in those countries implementing measures (see Pleines and Wostheinrich, 2016). Kerem Oge (2014, p. 1496) in his study on the EITI in Azerbaijan concludes that “institutions are very resistant to change, especially in countries where power is concentrated”. Such observations provide a perspective to address the functioning of global governance initiatives in practice: How does such a form of global governance coagulate in the domestic context and whose constituencies does it serve?

## **Conclusion**

The present chapter provided an overview of the EITI as a global governance transparency initiative. Michael Zurnand colleagues (2012, p. 7) note that dynamics of the transnational rule of law embed mechanisms, modalities and processes promoting the rule of law. As such this also includes the recipient actors (states, transnational actors and institutions), and how they react (resistance, reception or adaptation) to the promotion of the rule of law both internally and externally.

On paper, the EITI provides a very clear institutional design for its participants to follow, however how it is enforced and translated into practice remains to be explored. Further, there is a lack of evidence about the extent to which transnational standards and procedural conditions as formulated in the EITI documents affect the behaviour of recipient states? And to what extent recipient states are committed to non-binding declarations and ideals expressed under the EITI? The procedural standardisation of EITI takes place at the contextual level, however echoing Yurchak’s analysis (2006) here the meaning of an act is never determined in advanced because of the indeterminacy of the context. Hence, the EITI process and its standardisation only assume concrete meaning within the context in which it is implemented. Given the social, political and economic context of Kazakhstan and Kyrgyzstan as implementing countries, the EITI provides an excellent avenue to study empirically how its schematic and procedural provisions are transferred to and interpreted in these countries. Consequently, the enquiry further aims to answer what meaning and function standardised governance initiatives acquire in such contexts?

Therefore, there is a need to examine the institutional configuration of global governance in practice and critically analyse the relationship and role of different actors within. In

doing so, the thesis questions and reflects on the underlying logic of global governance initiatives and their functioning within authoritarian contexts. Against this backdrop, it becomes then increasingly relevant to study the functioning of the EITI as a global governance initiative to answer the central research question formulated in this thesis. The subsequent chapters (Chapter 5 and Chapter 6) focus on the functioning of the Initiative in the post-Soviet and authoritarian states of Kazakhstan and Kyrgyzstan. However, before the analysis is presented in the empirical chapters let me first introduce the research design that guides my empirical enquiry.

## **Chapter 4. Research Design and Methodology**

### **Main Points of this Chapter**

The present chapter presents the research design and methodologies applied in the conduct of the PhD research project. The chapter starts by outlining the central research question addressed in the thesis. It further elaborates on research design and challenges that relates to conducting field research in authoritarian or ‘closed settings’. The chapter describes the various methodological tools used and their justification in light of the research project and the central research question.

### **4.1 Research Design: Setting up the Context**

The central research question of the thesis is framed as follows:

What is the functioning of a global governance initiative such as the EITI in the post-Soviet autocratic states of Kazakhstan and Kyrgyzstan? This means: How does the authoritarian governance structure of post-Soviet states accommodate global governance demands within their domestic context, and what sort of organisational and institutional practice does such a governance form acquire?

To answer the central research question, the thesis will further explore additional sub-questions:

How do inherited Soviet legacies in Kazakhstan and Kyrgyzstan impact on the functioning of the global governance initiative? What happens to shared self-regulatory governance practices based on state and non-state actors’ association, when they are instituted in an authoritarian context? What are the links or degree of interactions between state and non-state actors represented in the Initiative, and to what extent do they diverge between Kazakhstan and Kyrgyzstan? What role do shared self-regulatory governance practices as prescribed under the EITI play in the authoritarian countries of Kazakhstan and Kyrgyzstan, and whom or which constituencies do they serve? In doing so, the research pays special attention to regime type, Soviet legacies and the domestic authority structures in which shared self-regulatory global governance practices take place.

The dissertation research relies on qualitative case study methodology. Using the cases of Kazakhstan and Kyrgyzstan, this research is based on an in-depth study of complex interactions, along with an analysis of the interacting forces and their possible

combinations contrasting them by looking at different elements of the two countries. In doing so, the research further establishes how causal processes work in such settings and affect outcomes.

Conducting social enquiry within ‘closed’ regimes (Koch, 2013) can be challenging compared to more open political contexts. The selection of reach objects and field work techniques is greatly exacerbated by the challenges of the domestic context.

As studies in political geography, development research and anthropology demonstrate, research design tools and textual methods geared towards the Western and democratically open political context prove to be challenged or unfit to be applied to institutional regime configurations that are not Western democracies. As, for instance, Natalie Koch (2013, p. 393) writes when reflecting her experience in conducting focus research group in Kazakhstan: “Opinion is itself a technology of government in democratic systems. But in various places around the world, people are not necessarily governed and do not govern themselves through this technology”. As such the fact that such elements are subject to research necessitates the researcher to show critical awareness when engaging with intermediators as well as the research objects per se.

Therefore, it is important to note that given the scope of the topic studied in the context of authoritarian regimes, the time constraints, my research funding and the availability of information in different languages, it would be misleading to assume that my research offers a comprehensive analysis of the topic studied. My methodological considerations are therefore geared towards how I will best answer the central research question with the help of available research tools within the given research context.

#### **4.1.2 The Site of Research: Conducting Research in a ‘Close’ Context**

Olaf Heidelbach notes in his field work experience (2005, p. 46) on surveying Kazakh agriculture:

“Field research is always a complex process involving many contextual factors, discontinuities, negotiations, and compromises. Comprehending cultural and historical peculiarities of the research area, learning how local institutions function, and being willing to adapt personally to new circumstances that affect planning and negotiation strategies are key qualifications for conducting successful data surveys, especially in transition and developing countries.”

Stefan Malthaner (2014, p. 173) distinguishes two elements when conducting field work: 1) Field work takes place in a social environment that spans beyond the researcher's control or upon which the researcher depends and which can "hamper, restrict, and shape the research process in various ways" 2) field research involves personal relationships, the process of interacting with people or being part of social situations are one the main sources of the data collection process.

These contextual factors (domestic and PhD research funding constraints) impacted on my research design and the methods applied. The conduct of my field work in 'close' contexts further shaped the strategies of research design and methods used to collect data on my cases. In addition, due to time constraints of my PhD funding as well as challenges related to organisational and transport logistics, I only met major stakeholders that were city-bound or ready to commute to cities. As such, I was not able to do further interviews or rural observations with EITI MSG implemented a regional levels<sup>15</sup>.

Nathalie Koch (2013) argues in the special issue on 'Field Methods in Closed Contexts' (in *Area*, 45: 390-395) that conducting research in 'spaces of closure' or 'closed context' can be a challenging task for Western academic researchers or practitioners. 'Closed context' involves coercive and more productive forms and relations of power (Koch, 2013). Such an interpretation is broadly inspired by the work of Michel Foucault. Foucault (2007, p. 16) defines power as "the set of mechanisms through which the basic biological features of the human species became the object of a political strategy, of a general strategy of power". Such a perspective implies that subjects are shaped by the practices of actors and institutions in power. Such productive forms of power are particularly prevalent within closed and controlled contexts as in the case of autocratic regimes, where there is an absence of liberal freedom, or where freedom is used as a government tool "a key invention and most significant resource tool" of governing the others and the self (Rose, 1999; Foucault, 1997).

However, within such settings, it is important to distinguish variations in practices of freedom. In this sense, the degree of freedom varies according to regime type, the more open a regime is the more spacious and dimensional is the degree of freedom practiced. Consequently, existing variations in political regime types, local institutional structures and underlying power impedes or facilitates the conduct of fieldwork (Malthaner, 2014,

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<sup>15</sup> The principle of EITI MSG has been also extended to regional levels through 'Public reception Desks' particularly in Kyrgyzstan, in Kazakhstan this is still in its launching phase.

p. 175). Variations in the levels of autocratic regime types are: Kyrgyzstan as being defined as illiberal or hybrid democracy and Kazakhstan as being a 'hard core' authoritarian regime impacted on research design and data collection processes of the research project. It was more difficult for me to collect data in Kazakhstan than in Kyrgyzstan. The stronger and more entrenched hierarchy in Kazakh domestic institutions posed obstacles for conducting interviews or doing participant observations, as many of the institutional structures demanded additional bureaucratic paperwork as, for example, security clearings and further administrative checks. Janine Clark's survey (2006 p. 418) on conducting field research in the authoritarian context<sup>16</sup> concludes that challenges of conducting field work under an authoritarian context and cultural differences represent greatest impact upon field work.

The degree of 'hard core' authoritarianism practiced in Kazakhstan and the political sensitive nature of the topic had an impact on my field research. In this context, many of my interviewed participants in Kazakhstan feared to speak openly about the topic of my PhD research. Therefore, the conduct of my field work conducted in Kyrgyzstan and Kazakhstan shows some variations: For example, the number of interviews conducted in Kazakhstan is smaller than in Kyrgyzstan. In Kyrgyzstan, I could conduct a participant observation while in Kazakhstan I could not.

In this dissertation, although I am using survey data, research is predominantly qualitative with the principal research method of the semi-structured, open-ended interview. I have further used document analysis and observed meetings related to the EITI to corroborate my interview data.

Access to my informants was established through formal and informal channels. Initial formal inquiries were made through the EITI International Secretariat based in Norway. Informal personal networks emerged through internships in Kyrgyzstan and Kazakhstan. Therefore, the institutions where I was based during the period of my field work were used as intermediaries to get access to respondents. As Malthaner, (2014, p. 179) writes about the conduct of field work in conflict zones: "Informal personal networks are particularly important in conflict settings as they can create trust through common acquaintances and introduction by a familiar person who, in some way, 'vouches' for the researcher". In my case, colleagues both in Kyrgyzstan (organisation SIAR/Bishkek) and

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<sup>16</sup> Although her study focus primarily in the Middle East, the results of her analysis are transferrable to other autocratic contexts,

Kazakhstan (Public Opinion Institute/Astana) greatly assisted me to liaise with key stakeholders of my research project. Through them I got numerous opportunities to be invited to conferences and events related to my research. In some cases, formal and informal access was combined upon recommendations of my interviewees.

Pre-existing informal ties were crucial in my research for opening doors but also for establishing trust in situations where people were reluctant to talk.

One of the main ethical requirements of field research is to obtain consent of subjects participating in the research project and the potential risks related to it (Wood, 2006; Malthaner, 2014). In my research, I have used 'do not harm' principles to ensure that subjects made their own decision to participate and that participants to the research project did not run into any risks as a result of my research project. Prior to my field work, I prepared research protocols and consent forms that were approved by my Research Centre for East European Studies in Bremen and by BIGSSS at the University of Bremen, Germany.

However, once in the field I realised that adherence to protocol proved to be inadequate to the context of my field work. I therefore used my own ethical judgement to solve ethical dilemmas. As authors (see Wood, 2006; Koch, 2014; Malthaner, 2014) note there is a necessity for the researcher to adapt to the contextual conditions of field work when conducting field work in 'risk prone zones'.

One of the main ethical challenges that I encountered was the consent form. During my first round of interviews, I presented written consent forms and protocols related to my research project; all my interviewees were very reluctant to take part in the research project and suspected me to be a spy or other form of intelligence service member (in two of my interviews conducted with EITI members in Kyrgyzstan, I was asked whether I was a 'foreign agent spy'<sup>17</sup>).

Moreover, as Mitchell argues (1990), local views can be structured by the culture of hegemonic fear. The population of post-Soviet Kazakhstan and Kyrgyzstan is subject to state surveillance (Gentile, 2013; Privacy International, 2014). While state surveillance is more entrenched in Kazakhstan than in Kyrgyzstan, there was fear of written consent, as any record could link them directly to my project and would expose them to public or government officials and turned out to be a real security issue. Paradoxically however, all

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<sup>17</sup> These reflections were related to draft Law on Foreign Agents (2014).

my interviewees were happy to be mentioned in my research and gave me interviews without a written consent form. Therefore, in the course of my field work I used oral consent procedures. All my participants were contacted prior to the interview via email or phone explaining my research purpose, institutional affiliations and examples of questions to be asked (this was mainly upon the participants' request). In all my email communication with participants, I had attached a brief overview of my research project, my institutional affiliation and the ethical consent form<sup>18</sup>. The majority of my interviews conducted in Kyrgyzstan and Kazakhstan were tape recorded. Participants also gave me their consent to be named in my research project. Anonymity was guaranteed when requested. In some instances, particularly in Kazakhstan (with government officials of the EITI Board and KazEnergy Association) I was not allowed to record the interview. In such cases I took written notes. Moreover, as observed during my field work and echoing the work of James C. Scott (1990), the discourse of my interviewees was very much conditioned according to social power relations and the concepts between "hidden and public transcripts". According to Scott, public transcripts are the "open interaction between the dominant and the subordinate groups" (Scott, 1990, p. 2) on the other hand, hidden transcripts represent "the critique of power" (Scott, 1990 p, xii) and specific behaviours that are practiced behind the scenes, far from the view of the dominant groups. The degree of authoritarianism in a regime appears to influence the practice of hidden transcript outside the earshot of power holders (Scott, 1990, p. 20). In this regard, the number of informal interviews conducted in Kazakhstan was significantly higher than Kyrgyzstan. Moreover, the act of responding to my interview questions also varied between the two countries. In Kazakhstan many of my respondents, particularly those working for the government, responded to a rehearsed and nearly unified script, while in Kyrgyzstan the answers to my questions were more nuanced. Such dynamic further displays features of power dynamics: the more severe is the domination of power the more unified is the act of performance. As Elisabeth Wood (2006, p. 385) notes, "even with research practices and protocols tailored to specific field conditions, inevitably field researchers rely on their judgment in interpreting those norms". In this sense during the data collection process, I tried to articulate the findings of my field work in the most objective manner, however the data collected and knowledge produced in this thesis is also the product of my own interpretation, situations and collaborations encountered during the research.

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<sup>18</sup> See Appendix 1: Consent Form and Ethical Considerations

## 4.2 Research Design Framework

My research design was guided by the question addressed by Peter Hall (2013): *What are we doing when we do Social Science?* Citing Imre Lakatos (1970), Hall looks at science as a project entailing the formulation of theories and their examination in light of empirical observations (Hall, 2013, p. 20). This statement forms the guiding point of my research design. The conduct of my research is largely qualitative and is based on interpretive thought commonly associated with the work of Max Weber in which knowledge stems from experiences, senses and perception as opposed to positivist thinking (Weber, 1949). The interpretivist approach includes questions that relate to meaning—in particular *individual* meaning—or the ways in which cultural meanings affect the actions of individuals (Benton and Craib, 2001, p. 76); and how this meaning is constructed and understood within the social context of the material conditions of people's lives (see Weber, 1949; Cupchik, 2001; Beach, 1990). Hence, participants' perceptions are being studied and interpreted, as they provide a window into a reality beyond those perceptions (Healy and Perry, 2000, p. 119). In this sense, the extrinsic view of reality is discerned through a reconstruction of the perceptions of respondents (see Stake, 1995).

In doing this, my enquiry strives to select the most appropriate inductive research methods to discover and build theory and address the research question, rather than to test theory through analytical lenses and deductive approaches as applied in positivist paradigms. Qualitative research practices in this study reflect the use of methods which attempt to provide a holistic understanding of research participants' views and actions in the context of their lives in general with the key feature of striving for objectivity and neutrality in the collection and interpretation of data. Locke et al. (2013) point out that when research is exploratory or qualitative, it is sufficient to work with a research question rather than a hypothesis or hypotheses. In fact, as Punch further argues, hypotheses should be included, if appropriate (Punch, 2016). In my case, working with hypotheses and a theory testing paradigm was not deemed practical for conducting my research.

The scientific method of enquiry often involves a circular process, where the researcher goes back and forth between the reality observed and theoretical assumptions. As many students who start their research project, I embarked on the PhD project with some initial conceptual thoughts taken from my literature and desk-based research, primarily focusing on the resource curse and authoritarian regimes as well as the role of good governance transparency institutions. Hoover and Donovan (2004, p. 34) outline five components of

scientific enquiry. One of their five elements involves a ‘reality test’, in which changes in variables are measured to see if the hypothesised relationship is evidenced and ‘evaluation’, in which the measured variable is compared with the original hypothesis. In doing so, one can observe a two-level process, one level is based on priory assumptions and another one is the field of testing and emerging observations. Hence, the conduct of my scientific enquiry involved moving back and forth between these two paradigms. In this sense, once in the field, it became clear to me that working with hypotheses was not helpful and that the formulation of my hypothesis was misplaced, as my research was taking a merely explorative form and moved rather towards theory building than theory testing research designs.

#### **4.2.1 Qualitative Case Study Approach**

The reason for employing a case study design is to allow the study of complex phenomena within their specific contexts (see Rosenberg and Yates, 2007; Baxter and Jack, 2008; Scholz and Tietje, 2002) with the help of a method that is implicitly based on the existence of micro-macro links in social behaviour (Alexander et al., 1987, cited in Gerring, 2007 p. 1). In other words, as described by Robert K. Yin (2002a, p. 13), a case study approach allows the researcher “to cover contextual conditions—believing that they might be highly pertinent to the phenomena of study” because “the case study method allows investigators to retain the holistic and meaningful characteristics of real-life events” (Yin, 2002, p. 2). As further argued by Gerring (2007, p.65), a case study design is the best fit for intensive and in-depth studies of a single or small set of cases with the aim of generalising across a larger set of cases of the same general type. Perri 6 and Bellamy (2012, p. 103) distinguish case studies from other research designs in their ability to look at a whole set of interactions rather than at the principal or interdependent contribution of one or few variables. In doing so, case-based research designs adapt a holistic approach. In addition, as Ragin (1987) points out, the relations between parts of a whole are understood within the context of the whole, where causation is understood in terms of conjuncturality and instances of the way in which variables operate in concert (see further Becker, 2000, p. 226) and outcomes are analysed in terms of the intersection of conditions and settings. Eisenhardt (1989, p. 540) further writes that within-case analysis typically involves detailed case study write-ups for each site. As a result, such a process gives the investigator rich data and familiarity with it, which in turn allows cross-case comparison. In addition, case studies are able to provide an in-depth and detailed study of phenomena and to unpack causal mechanisms or particular conditions prompting a causal mechanism.

Case studies also have the advantage of being particularly helpful in the process of theory development. As Achen and Snidal (1989, pp. 167-168) write: “analytic theory cannot do without case studies, because they are simultaneously sensitive to data and theory, case studies are more useful for these purposes than any other methodological tool”. Hence, it is precisely for these reasons that the case study design approach was chosen to help addressing the central research question posed in this dissertation.

By looking at the internal and cross dynamics of the countries of Kazakhstan and Kyrgyzstan, the research employs a comparative case-orientated approach on most similar systems designs. As defined by David Collier, comparison is a fundamental tool for analysis; not only does it sharpen the power of description, but it also plays a key role in the process of concept formation by highlighting similarities and contrasts among cases (Collier, 1993, p. 105). As Ragin (1987, p. 1) further adds, comparison allows statements to be made about empirical regularities and to evaluate and interpret cases relative to substantive and theoretical criteria. In this sense, most social scientific studies are comparative, yet in the social sciences the term ‘comparative method’ is defined as a comparison of large macro-social units (Ibid) concerned with cross-societal differences and similarities (Eastrope, 1974 cited in Ragin, 1987, p. 1). In qualitative enquiry, this involves comparing configurations where cases are examined as a combination of the characteristics they exhibit. In other words, as defined by Gerring (2007, p. 20), a comparative cross-case study is “the shift point from a study from an individual case to a sample of cases”. Consequently, the focus on cross-case comparison rather than a single case study was further motivated by the aim to draw stronger inferences.

The selection of cases followed the approach advanced by Adam Przeworski and Henry Teune (1970) based on the most similar systems design. In such a framework, intersystem similarities and intersystem differences are the focus of the approach. Systems in such designs constitute the original level of analysis, and variations occurring within systems are explained in terms of systemic factors (Przeworski and Teune, 1970, p. 35). At the opposite end, the most different systems design is based on the logical opposite to the most similar systems design, where the selection of cases is based on the assumption that the phenomenon being explained resides at the lower level of that systems.

In the cases of Kazakhstan and Kyrgyzstan, countries were chosen as follows: The two countries exhibit a very similar historical, institutional and cultural context, but very different patterns of authoritarian styles of rule. Both Kazakhstan and Kyrgyzstan feature high levels of corruption, and both have endorsed the EITI standards on a voluntary basis.

They are both former states of the Soviet Union and, therefore, share a common history and institutional setup in the political and economic spheres. They are characterised by varying degrees of neo-patrimonial and authoritarian regime aspects with strong perceptions about sovereignty (Pomfret, 2006; Spechler, 2008; Franke et al., 2009) and are rentier states (Jones Luong, 2000; Kalyuzhnova et al., 2009). Yet, despite these similarities, the countries also exhibit the following variations: A significant difference exists with regard to how their political regimes can be categorised. That is, while both countries exhibit a high level of authoritarianism, their regime structures differ in significant ways. Kazakhstan is described as an authoritarian regime (see Jones Luong, 2000; Bayulgen, 2005), while Kyrgyzstan is characterised by a neo-patrimonial regime (see Engvall, 2007, 2011). The Bertelsmann Transformation Index (BTI), which evaluates the quality of democracy, categorises Kazakhstan as a “hard-line autocracy” (BTI, 2016a) and Kyrgyzstan as a “highly defective democracy” (BTI 2016b). Such striking differences, as noted by Jones Luong (2000), also manifest themselves in the different trajectories of institutional democratisation. Indeed, Kyrgyzstan implemented the greatest amount of democratic reforms since its independence compared to its neighbour Kazakhstan. Consequently, the countries further differ in terms of their institutional design and state capacity.

Although case studies by now are recognised as a form of empirical investigation, many critique the rigour of its research designs. As Gerring (2007, p. 7) notes, case studies often are labelled as “non-rigorous”, “non-systematic” or as applying “non-scientific methods”. In addition, a small sample of cases, as further observed by Gerring (2007, p. 43) as well as George and Benett (2005, p. 23), also raises the issue of representativeness when attempting to make generalisations. Critics also point out issues of reliability and validity when applying case study designs, as they are based on interpretive judgements (see Gerring, 2007).

The notions of reliability and validity demand particular attention. As Polkigorne (1988, p. 34) notes, a central focus of the social sciences is concerned with justifying findings as objective and free from personal and cultural bias. This makes the notion of reliability and validity important in assessing the quality of research produced. The *SAGE Encyclopaedia of Research Methods* (2008 p. 2) defines reliability as:

“an instrument or the measurements of a test will consistently produce the same result, measure, or score if applied two or more times under identical conditions.

A technique is reliable, or has achieved a high level of agreement, if it yields consistent results on repetition”.

Various tests are designed and applied for evaluating the reliability and validity of research, with the most common ones known as: construct validity, internal validity, external validity and reliability (see more in Drost, 2011, Yin, 2003, p. 34; Riege, 2003). However, there is an ongoing debate among scholars about how appropriate these tests are when applied to case study research, as most of these tests are based on positivist epistemological assumptions (Salner, 1989 p. 47; Kvale, 1995; Lincoln and Guba, 1985). Some scholars categorically reject the notion of reliability and validity when applied to qualitative research enquiry (see Taylor, 1987). As Bryman further observes (2012), the relationship between rationalistic (quantitative) and naturalistic (qualitative) paradigms is often muddled and confused, which in return mirrors the blurriness surrounding the concepts of reliability, validity and generalizability.

Within these debates and ‘tests’, an interesting approach is the one advanced by Patton (2002), which argues that triangulation would be a typical strategy for testing the validity and reliability of findings. This approach is also adopted by proponents of case study research such as Yin (2002, see also Voss et al., 2002). In response to the critics of the case study approach, they too propose to use multiple sources of evidence to increase the reliability and validity pertaining to the phenomena studied. Gerring (2007, p. 68) further suggests that case studies should not be defined by distinctive methods of data collection. Therefore, the triangulation method of data collection in this dissertation is not only used as a data collection strategy but also as a strategy to enhance the quality of the research project. Triangulation, as defined by Patton (1999, p. 1192), is based on the assumption that no single method could ever adequately solve the problem of rival explanations; this is because each method reveals different aspects of empirical reality. Therefore, the premise of triangulation implies collecting data from a variety of perspectives and drawing upon a variety of sources (Guba, 1981, p. 87). Using multiple sources and methods of data collection in the analysis of the study provide “more grist for the research mill” and further, as noted by Guba (Ibid), strengthen the credibility of research. The advantage of using such a strategy further strengthens the process of interpretation of the overall study. As Gerring (2007, p. 69) points out, all techniques of evidence based data are interpretive, hence subjective in nature, which in turn affects the meaning of each individual part (see Ragin, 1989, p. 24). Further, Ragin (1989, p. 89) argues that the use of multiple sources of evidence through the use of different techniques provides an in-

depth grasp of causation. Hence, the key consideration for social scientists, as pointed out by Ragin (1989), is to find how different conditions or certain factors affect each other or interact. Determining causality and its complexities therefore represents a challenging task for researchers in their construction of knowledge statements. Triangulating different types of evidence enables one to overcome such challenges. Using multiple sources of evidence contributes as such to avoid a judgemental bias of the social scientist, establishes a meaningful dialogue between evidence and ideas and offers a compelling representation of causation and causal inferences. This dissertation therefore focuses on the triangulation of data collection sources, collecting information from multiple sources but at the same time seeking to corroborate the same phenomenon (Yin, 2002, p. 203) and strengthening the methodological justification employed in the study. As such, to conduct this research, the dissertation relies on: document analysis, interviews, participant observations and survey methods. The next section describes the methods used in the data collection process.

### **4.3 Methods**

#### *Ethics*

As a part of the ethical aspects of doing research, the researcher adhered to the code of conduct of the employed institute: The Research Centre for Eastern European Studies at the University of Bremen<sup>19</sup>. The researcher developed an information guide on the nature of research conducted and consent forms for interviews and participant observation. The researcher also took time with each targeted participant to explain the nature of the research and the reasons for engaging with different stakeholders. Confidentiality and anonymity were guaranteed upon the consent of participants.

#### *Data Sources*

To do my analysis, I used different sources based on secondary and primary data on global governance, authoritarian regimes as well as documents and reports which were mentioned to me by participants during my interviews and by my colleagues. This enabled me to assess different aspects of the research question. Therefore, my empirical study is based on a wide variety of sources and include interviews, document analysis (official reports, policy reports of international organisations and statements, legal policy documents) as well as the existing academic literature, participant observations and

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<sup>19</sup> See Appendix 1: Interview Consent Form and Ethical Considerations

survey analysis. Each of these sources and the respective data collection methods employed enabled me to draw a full picture to answer my central research question and its sub-questions. In addition, it is important to emphasise that because my study delves into often informal practices and organisations of involved actors, comprehensive and detailed written information on such topics is scarce and quantitative data on such practices is hardly available. Therefore, I relied primarily on qualitative sources, such as interviews and participant observations, to obtain such information. The following sections provide a detailed examination of the specific methods of data collection used.

### *Interviews*

Andrew Benett and Jeffrey Checkel (2014) note that interviews are important ways to measure causal mechanisms. The authors further argue that the respondents' behaviour (jokes, laugh, gestures and silences) during the interview process should be considered as valuable data in its own right, as it provides information on how the socio-political landscape shapes what people are willing to say (Bennet and Checkel, 2014, p. 24). Similarly, Tansey (2007) observes that interviews, in particular elite interviews, play an important supportive role in process tracing analysis and more attention should be devoted to such methods of data collection. Elite interviews are particularly important as they enable one to reconstruct events and shed light on hidden political actions and meanings. In this sense, they form an important source of information about the topic of interest. Further, the advantage of using such an interview method is that it is not static but enables direct interaction with the subjects and probes for questions which go beyond describing events or episodes, gathering information about the underlying context or the motives of the actors involved (Tansey, 2007).

In-depth interviews and open-ended questions were used as interview strategy in this dissertation. The in-depth interview and open-ended format enables a deeper and fuller understanding of participants' meaning-giving by allowing the respondents to express their opinion, knowledge as well as their beliefs, feelings and reasons in their own way and manners (Legard et al., 2003, p. 141; Aberbach and Rockman, 2002).

To conduct my interviews and with the purpose to answer the main research question of the thesis, I have elaborated a topic guide<sup>20</sup> with questions and themes to be covered. I have adjusted the guide according to my interview contexts. In-depth and open-ended elite interviews were conducted with state officials and non-governmental actors in order

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<sup>20</sup> See Appendix 5: Contacts of the EITI MSG

to capture the underlying value configuration unique to individual cases, reconstruct an event or set of events, explore possible divergent views among partners as well as the cost and benefits of EITI association, and draw larger inferences from the more general relationship between the EITI and policy outcomes. The interviews included key stakeholders, such as EITI Board members, members and executives of extractive industries, public officials and civil society actors.

Interviewing was based on purposive sample of participants taking part in the EITI MSG group. The full names and their contacts were provided by the EITI International Secretariat in Norway. The interviews in Kyrgyzstan were conducted in the cities of Bishkek and Osh from October till December 2014. In Kazakhstan, the interviews were conducted in the cities of Astana and Almaty from end of May to June 2015<sup>21</sup>. Additional data for conducting my interviews were also provided through to conferences and events related to my research as well as snowballing technique. I therefore used this snowballing technique to gain access to their close friends and official whose expertise was relevant to my research purposes.

The interviews in both countries were conducted in Russian and English. In total 27 interviews were conducted in Kyrgyzstan: 23 were tape-recorded and four of them were not. In Kazakhstan 11 interviews were conducted, among them 10 were tape recorded and one was not. In addition, many unofficial discussions were held with key stakeholders involved in the EITI coalition. Moreover, additional primary data on the EITI was supplemented during the conference on 'Insights into Regional Development' held in Almaty (2-3 June 2015), where a panel on the EITI was presented.

The interviewees were guaranteed confidentiality. In addition, I had obtained individuals' consent to publicise their opinion. Interviews were transcribed and translated into English. On average the duration of each interview was 45 minutes<sup>22</sup>. To analyse data from my interviews I have used coding categories. To analyse data interviews from Kyrgyzstan I have applied a manual coding while for Kazakhstan I have used the NviVo Software tool.

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<sup>21</sup> See Appendix 2: Topic Guide

<sup>22</sup> See Appendix 6: Interview List

### *Document Analyses*

In this study, document analyses are considered to be a valuable source of information, as they help to contextualise, trace and provide historical insight on the events studied. In this study, document analysis was used as a systematic procedure for reviewing and evaluating documents in both printed and electronic formats (Bowen, 2009). Document analysis focused on EITI reports and formal communications and included case reports, legislation reforms, media articles and reports from newspapers as well as official statements and policy documents. To collect these data, the research also relied on the LexisNexis database.

### *Participant Observations*

Participant observation, as defined by Atkinson and Hammersley (2007), is when the researcher plays an established participant role in the scene studied. As noticed by Schensul et al. (1999), it is “the process of learning through exposure or involvement”. Using such a technique allows penetration of phenomena, which are obscured from the outside. In doing so, the method of participant observation provides a window into interactions, perceptions and meanings, as experienced from the standpoint of insiders (Kawulich, 2005; Jorgensen, 1989).

Participant observation was used during an EITI workshop ‘EITI implementation problems within the EITI Standard: Kyrgyzstan’s case’ held in Bishkek on the 9 December 2014,

The workshop brought together all members of the MSG participating in the EITI process. The utility of using such a technique is that it allows deeper penetration of the studied phenomenon, which would otherwise be obscured externally. Participant observation can be conducted with or without revealing research purpose and research identity to those researched (Li, 2008). However, as Dewalt et al. (1998) suggest, it is advisable for researchers to be transparent about collecting data for research purposes. In this sense, participants in the EITI workshop were informed about my presence, the purpose of my research and could raise questions related to my project. Actions of the participant observations were recorded in notes in my field work journal, via photography and documentation received during the workshop<sup>23</sup>.

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<sup>23</sup> See Appendix 3: EITI Workshop, Participant Observations

One of the ethical concerns related to participant observation is the preservation of anonymity of the participants in the writing up of the analysis. It is important to note here that prior to the workshop most of my participants were already interviewed,<sup>24</sup> hence, I cannot fully guarantee full anonymity; it can only be guaranteed for those participants who were not interviewed but were present in the workshop.

In Kazakhstan, I had an opportunity to conduct such analysis during a meeting held in Astana on the 8 June 2015, however as I could not obtain the security clearing form from Kazakh authorities, this method of analysis was not used in this case.

### *Survey methods*

Survey methods are a particularly useful method of analysis to discover relationships common across organisations and, hence, to provide generalizable statements about the object of study at a certain point in time (Barnett, 2002; Gable, 1994). As Gable further states, survey methods are used as a tool of verification rather than discovery, as they fall short of providing information on the underlying meaning of data. Therefore, surveys in my study are used as a technique to corroborate my findings. The survey data collection process in this study relied on national public-opinion polls based on face-to-face interviewing. The advantage of using opinion polls is that they provide personal views or preferences about a given topic. In my research, it enabled me to quantify, map and assess national public opinion about the EITI and transparency.

The opinion poll survey in Kyrgyzstan was conducted by SIAR, a marketing research consultancy firm based in Bishkek. The survey was based on face-to-face structured interviews and was conducted in the seven regions and the two cities of Kyrgyzstan (City of Bishkek, Batken, Chuy, Jalal-Abad, Naryn, Osh, Talas, Issyk-Kul, Osh City), in October 2014. The sample of the survey consisted of all member of 1,000 households over 18 years of age. The survey was conducted in both urban and rural settings in the Russian and Kyrgyz languages from 24 October to 18 November<sup>2014</sup>. The results have a margin of error of  $\pm 3.1$  percentage points at a 95 per cent confidence level. The analysis of the survey data was based on statistical correlation and frequency techniques.

Additionally, I also conducted an opinion survey in Kazakhstan with a local social research based organisation called 'Public Opinion' in October-November 2015. The survey was administered in the 14 provinces of Kazakhstan and the cities of Astana and

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<sup>24</sup> I had obtained their individual consent on data confidentiality.

Almaty. The sample of the survey consisted of all members of 2000 households over 18 years of age. The margin of error consisted of  $\pm 1.99$  per cent.

However, it is important to note that because I was not able to administer the survey myself, the survey responses need to be considered carefully. I therefore use the survey responses as an indicative tool<sup>25</sup>.

The questions addressed in the survey in both Kyrgyzstan and Kazakhstan were the following<sup>26</sup>:

1. Did you hear about the EITI (The Extractive Industries Transparency Initiative)

Yes  
No

2. Are you receiving enough information about the extractive resource sector in your country?

Yes  
No

3. From whom did you receive the information?

Civil Society Sector  
Government  
Companies  
Others

## Conclusion

The research design chapter demonstrates that conducting field research in authoritarian setting is challenging and affects the research design and the methods used in data collection. In the case of Kazakhstan and Kyrgyzstan, the degree of authoritarianism had a significant impact on the methods used as well as the amount of data collected. The study further used a variety of data sources to make up for missing data and corroborate findings from the interviews. As the research design demonstrates, cultural and contextual

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<sup>25</sup> For more information on the results of the surveys see Appendix 4

<sup>26</sup> For Kyrgyzstan I have received the full questionnaire of the survey administered by SIAR team however for Kazakhstan due to client confidentiality I could only obtain the questions on EITI that I have asked to be included in the survey.

factors are important and significantly affect the conduct of the field work, which, as a result, demanded greater flexibility in research design and methods applied in this study.

## **Chapter 5. Case Study One: Kyrgyzstan and the Implementation of the EITI**

### **Main Points of this Chapter**

This chapter introduces my first case study country: Kyrgyzstan and the implementation of the EITI in the country from 2004 to 2014. The first part of the chapter provides an in-depth overview of the case study country and focuses on political and economic contexts dating from the first President Askar Akayev in the 1990 to the present times in 2014. This is important as domestic context and the respective dynamics significantly impact on the functioning of the EITI. The second part of this chapter focuses on the implementation of the EITI in Kyrgyzstan. I start this section by reporting my field work findings. Then I move on to the discussion part, and what the findings mean for the functioning of the EITI.

### **5.1 Kyrgyzstan at a Glance**

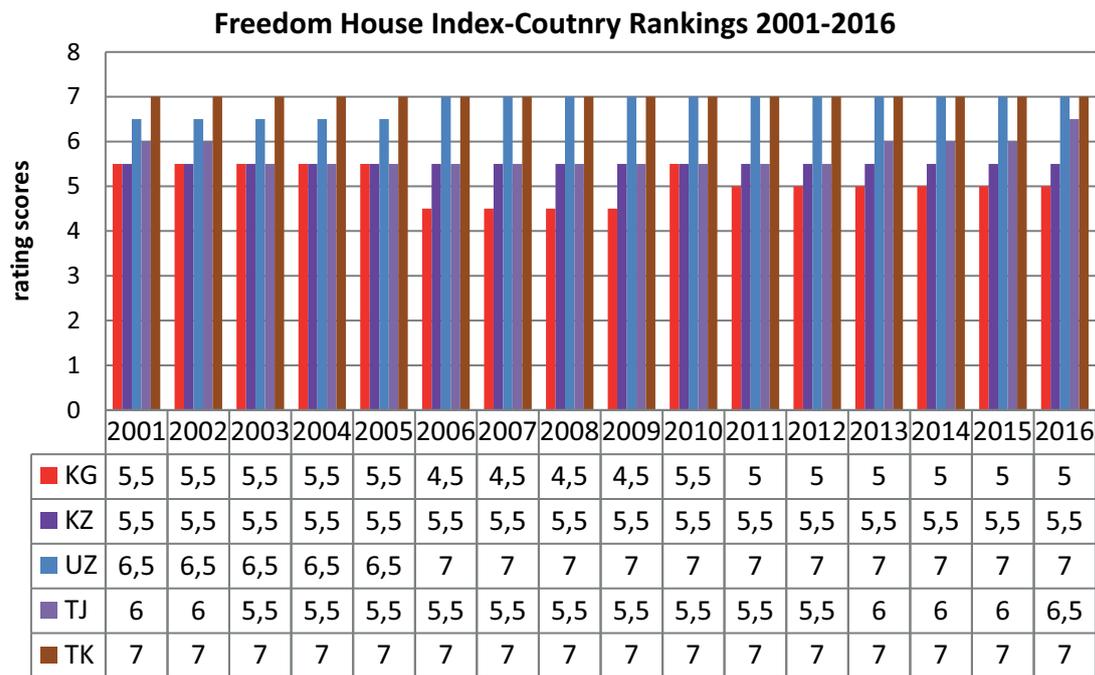
#### **5.1.1 Political Context**

Among the five states of Central Asia, Kyrgyzstan presents a softer form of authoritarian regime practiced in the region. Freedom House (2016) characterises Kyrgyzstan as “semi-consolidated authoritarian regime” with a score of 5.89<sup>27</sup>.

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<sup>27</sup> The ratings are based on a scale from 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. 2001 was chosen as the starting point, as they were missing data for the year 2000.

**Table 1. Freedom House democracy scores for Central Asia (2001-2016)**<sup>28</sup>



Under its first President Akayev, Kyrgyzstan was in desperate need of rebalancing its economy. The break-up of the Soviet Union, the breakdown of inter-republican trade links and division of labour severely damaged the economies of the newly independent states. In the years of proclaimed independence in 1991, Akayev adopted many liberal political and economic reforms which helped him to secure donor resources in financial and development aid. Under its first President Akayev the country used the language of internationalism and democracy to receive international assistance to boost its economy and promote its sovereignty. In doing so, the strategy pursued under Akayev’s regime was to gain the trust of international actors and investors, which meant making Kyrgyzstan a democratic project or, as Eugeny Huskey (1997, p. 242) put it, “an oasis of democracy”. By accepting international standards for reforms, Kyrgyzstan seemed to be set on the path of radical transformation. Unfortunately, the prospect for democratisation was short lived and began to wane in the mid 1990s. Ethnic tensions underlying many of the political conflicts (Anderson, 1999, p. 83), inefficient and corrupt state bureaucracies coupled with the economic crisis, shored up the political leadership towards anti-democratic measures (Huskey, 1997, p. 242). Further, corruption involving Akayev’s family further contributed to his unpopularity (McGlныchey, 2011; Radnitz, 2010;

<sup>28</sup> Based on author’s compilations on sources available at Freedom House website’s Individual Country’s Rankings data. [Online]. Available at: <https://freedomhouse.org/report-types/freedom-world> [Accessed :4 April,2016].

Cummings, 2009). Akayev was thrown out in the 2005 'Tulip Revolution'. Following Akayev's fall, Kurmanbek Bakiyev took the reins of power. Ironically, however, rather than to impose radical changes as suggested during his protest speeches, Bakiyev's rule recreated his predecessor's regime. The corrupt network machinery of the Bakiyev's era, also talked of as 'mafia', is well documented. A prominent example of such practices is the case of the British company Oxus Gold<sup>29</sup>. The case demonstrated the danger for foreign actors and the unanticipated costs relating to property rights and the rule of law encountered in Kyrgyzstan during the Bakiyev's time (McGlynchey, 2011). Eventually, Bakiyev's term came to an end with his overthrow in 2010. He left behind a bankrupt state hollowed out by corruption and crime (Crisis Group, 2010). After his removal from power, a provisional government formed by his former supporters took charge of Kyrgyz politics. Roza Otunbayeva took the reign of the country as the provision interim President. When Roza Otunbayeva came to power, Kyrgyzstan was in political turmoil. Ethnic clashes that flared up in Southern Kyrgyzstan in June 2010 triggered a state of emergency. Accordingly, the short tenure of Roza Otunbayeva's regime was characterised by building stability and security in the region. Otunbayeva's foreign policy consequently tried to attract foreign aid and humanitarian assistance to mitigate the conflicts. Otunbayeva's short tenure in office ended in 2011, when she formally turned office over to Almazbek Atambayev, making her the first president in Central Asia to leave office at the end of his or her designated term. In October 2011, Almazbek Atambayev was elected as the President of the Republic in what most observers describe to be a relatively free and fair voting procedure, despite some significant irregularities observed in vote counting and tabulation (OSCE, 2011). The political situation in the Kyrgyz Republic is now more stable, however, the regime under Atambayev experienced a melange of measures for democratic developments, on one side, and others gravitating towards greater authoritarianism. As Carnegie analysts Quinn-Judge and Stronski (2016) note, the mixed presidential-parliamentary model has not produced more transparent democratic government, as the electoral system is based on close-list process, in which the party leadership, not the voters, determine the deputies entering parliament. This results in a non-transparent system of governance, in which party leaders use their parties as patronage networks allowing them to arbitrate between competing interest groups (Quinn-Judge and Stronski, 2016). Moreover, Kyrgyzstan's legal system is still subject to

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<sup>29</sup> Simpkins, E. (2006). Oxus asks PM to take action on Kyrgyzstan. *The Telegraph*, 23 Jul 2006 . [Online]. Available at: <http://www.telegraph.co.uk/finance/2943971/Oxus-asks-PM-to-take-action-on-Kyrgyzstan.html> [Accessed: 23 March, 2013].

government influence and lacks independence (Freedom House, 2016). More worryingly under the current regime, the realm of civil society deteriorated. As Freedom House rankings demonstrate, from 2014 to 2016 civil society scores increased from 4.50 in 2014 to 4.75<sup>30</sup> in 2016 (see Freedom House 2016).

### **5.1.2 The Economic Context**

Twenty-five years now passed since Kyrgyzstan gained its independence and embarked on open market economic reforms. Yet, these reforms are yet to bear fruit. According to Anderson (1999), the reforms adopted during Akayev's tenure disproportionately benefited a small elite rather than the population at large. Corruption, weak rule of law, poor functioning of market institutions and the politics of client-patron relationship eroded the effective implementation of reforms (see Christenssen and Pomfret, 2008). Further, a lack of diversified industries, as the country relies heavily on the production and export of gold, and the high energy dependency (mainly in petroleum resources) makes the country increasingly vulnerable to external trade shocks. Kumtor is the biggest gold producing company in the Kyrgyz Republic and operates the largest Western operated gold producing site in Central Asia. It further forms up to 50 per cent of the country's industrial exports (see Centerra Gold Inc. website, 2016<sup>31</sup>). In 2014, Kumtor's share in Kyrgyzstan's GDP was 7.4 per cent (see Centerra Gold Inc. website, 2016<sup>32</sup>). Such dependency makes the country increasingly vulnerable to external shocks, such as a fall in gold prices or increase in energy prices. Instead of using earlier privatisation reforms as spring board to increase efficiency a dysfunctional economy emerged characterised by a poor state governance system, where resources are inefficiently allocated and subject to rapacious behaviours of various actors. With a population of 5.9 million people of which 64 per cent live in rural areas (UNCTAD, 2015) and a GDP per capita of \$1,103.2, Kyrgyzstan is one of the poorest economies in the world (World Bank, 2015a).

### **5.1.3 The Role of the Natural Resource Sector: Gold**

As noted above, the Kyrgyz economy is highly reliant on gold. The largest resource of the country is the gold mining company Kumtor, owned by the Canadian mining company

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<sup>30</sup> Note: the highest level of democratic progress is 1 and 7 the lowest.

<sup>31</sup> Centerra Kumtor Gold website, (n.d). Kumtor Gold Company basic indicators for the entire period of activities [Online]. Available at: <http://www.kumtor.kg/en/infographic/> [Accessed: 4 November 2016]

<sup>32</sup> Centerra Kumtor Gold website, (n.d.). Contribution to the economy [Online]. Available at: <http://www.kumtor.kg/en/media-relations/contribution-to-the-kyrgyz-economy/> [Accessed: 4 November 2016]

Centerra Gold<sup>33</sup> through its wholly owned subsidiary, Kumtor Gold Company. Currently, the Kyrgyz government has a 33 per cent stake in the company through its state agency Kyrgyzaltyn<sup>34</sup>. Kumtor is the country's main source of income, a vital contributor to the country's GDP and the largest private employer. The agreement regulating the mining ownership structure and its operations changed several times over the years. In the first agreement signed in 1992, the Kyrgyzstani government had a 67 per cent interest via Kyrgyzaltyn JSC, whereas the Canadian company then called Cameco Corporation held 33 per cent (Fumagalli, 2015). In 2004, Cameco and the Kyrgyz government negotiated a deal governing the ownership of the Kumtor gold mine in Kyrgyzstan. The 2003-2004 agreement signed by the former President Askar Akayev provided Kyrgyzstan with only a 16 per cent share of the company and stipulated that 2 to 4 per cent of the profit should be distributed among the local population. Cameco, the main investor in Centerra, is exempt from profit and other taxes for ten years (Marat, 2008). In April 2009 Centerra signed a new agreement with President Bakiyev that gave Kyrgyzstan a 32.7 per cent share in the mine. As part of the new agreement, Centerra Gold Inc. pays the Kyrgyz government 14 per cent tax on gross revenue from Kumtor, which Kyrgyzstan wants to increase to 17 to 20 per cent, as paid by other mining companies working in the country (Daly, 2013). The government had been in talks with Centerra for more than three years to swap its 32.7 per cent stake in Centerra for a 50 per cent stake in Kumtor, but the two sides failed to reach an agreement, and the government pulled out of the talks in December 2015. Centerra is continuously in the centre of political dispute in Kyrgyzstan, and the government desperately aims to tighten its grip on the Kumtor gold mine. Periodic protests over Kumtor but also other mining sites in Kyrgyzstan continued ever since. In this regard, the example of the Kumtor gold mine may point out the danger of corruption and rapacious behaviours that is behind such protests. During my interviews in Bishkek, the representative of the EITI MSG at the regional level as well as experts from the Soros Foundation and GIZ told me explicitly that "some people involved in these protests are seeking to promote their own interests and take over the profits rather than promoting community interests"<sup>35</sup>.

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<sup>33</sup> Centerra was founded in 2004 as a spin-off from Saskatoon-based Cameco Corp.

<sup>34</sup> Liezel Hill, 2013. Centerra to Look for Acquisitions After Kumtor Resolutio. Bloomberg, September 23, 2013. [Online]. Available at: <https://www.bloomberg.com/news/articles/2013-09-23/centerra-to-look-for-acquisitions-after-kumtor-resolution> [Accessed: 4 April,2016].

<sup>35</sup> Author's Interview with employees of the Soros Foundation, Bishkek ,31 October, 2014. Author interview with Nathalie Lee, GIZ, Bishkek, 16 October, 2014.

Corruption in the mining sector in Kyrgyzstan is endemic and spans through several layers of the industry. Since the gold mining industry appears to be an attractive business, throughout the years the gold mining sector was highly exposed to corruptive practices and fraud (see Doolot and Heathershaw, 2015; Gullette and Kalybekova 2014). Until 2012, there was no transparent bidding process to license trade in the country. As such many licenses in the extractive sector are subject to illegal practices by the different governments. From the times of Akayev on, the newspaper *Respublika* run by Zamira Sydykova condemned the government for corrupt acts revolving around the production and sale of gold by Kyrgyzaltin that involved the illegal transfer of gold bars to Swiss banks (Hiro, 2009, p. 293). After the removal of Bakiyev in 2010, at least a dozen officials at the State Geology Agency (which oversees licensing and tenders), including the former head, were arrested on suspicion of mishandling licenses and corruption<sup>36</sup>. Recently, in June 2016, Len Homeniuk a former Centerra Gold chief, in a letter addressed to the general prosecutor, alleged that Kumtor Operating Company (KOC) and Cameco Gold Inc. periodically made payments to the state agencies and Presidential family and its entourage upon the request of two former senior managers (Dastan Sarygulov and Ernest Karybekov) of the state-owned gold company Kyrgyzsaltyn, which holds the government's current stake in Centerra<sup>37</sup>. Such payments varied in form from payments to the Finance Ministry to donations to charitable funds, as the Meerym foundation run by Mrs Akayeva. The amount of money requested from government agencies and actors represented more than \$200,000 in month (KitcoNews, 2016).

The revelations of Mr. Homelniuk are important, as they highlight important features of authoritarian states and their power to shape foreign investors' practices and to influence markets to their advantage. Following the statement of Homelniuk, in June 2016 the Kyrgyz President Almazbek Atambayev ordered state prosecutors to probe the legality of investment agreements signed with Canada's Centerra Gold in 2003, 2004 and 2009 based on the suspicion that previous deals made with Centerra Gold might have involved corruption (The Globe and Mail, 2013; The Diplomat, 2015).

Moreover, large-scale investments in the mining sector are constrained by a weak legal and regulatory regime and non-transparent licensing procedures (ADB, 2013). In the

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<sup>36</sup> EurasiaNet (2013). Kyrgyzstan: Amid Price Plunge, Gold Mine Auction Faces Multiple Hurdles. [Online]. Available at: <http://www.eurasianet.org/node/66845> Accessed: October 3, 2016].

<sup>37</sup> See KitcoNews, 2016. Kyrgyz president questions legality of Kumtor mine deals after-corruption allegations. [Online]. Available at: <http://www.kitco.com/news/2016-06-15/Kyrgyz-president-questions-legality-of-Kumtor-mine-deals-after-corruption-allegations.html> [Accssed 16October 2016]

Kyrgyz government, the State Geology Agency is responsible for licensing decisions, but it remains weak in its administrative capacity and lacks independence from the central government. The government regulates private sector participation in the extractive sector. Trust in licencing agreements made with the government is shaky, in particular when it comes to license renewal. In 2013, some gold mining licenses were annulled for the two major gold deposits—Jerooy and Taldy-Bulak Levoberezhny—and assigned to different investors, because the original investors were allegedly not meeting contracted exploration investment obligations (ADB, 2013; EurasiaNet, 2013). Lately, in 2015, the State Geology Agency issued overall 12 licences for subsoil exploitation of all kinds. Through this very year, 11 existing licences were withdrawn due to insufficient performance by their holders<sup>38</sup>. Such facts indicate the uncertainty revolving around licence agreements and their renewal.

In addition, the economic benefits of the extractive sector that mainly operates in rural areas are weak. According to the latest World Bank report (2015c), almost two-thirds of the Kyrgyz population lives in rural areas. The poverty level is much higher in rural areas with 41.4 per cent in 2013 compared to 28.5 per cent in urban areas (Ibid). Further, the lack of communication between government bodies, companies and civil society in recent years led to serious popular unrest against mining activities resulting in violent conflict and road blockades in the country (Gullette, 2013). In late August 2012, around 50 protesters blocked the first-ever attempt of the Kyrgyz government to sell the country's mineral deposits through an open tender. Other mining protest also erupted in the regions of Jalal-Abad and Naryn. Reflecting the general sentiment among the population, the core claim of the protesters is that they do not get enough benefit from the extractive sector<sup>39</sup>. In sum, the mining sector in Kyrgyzstan is characterised by poor institutional governance structures and mechanisms, a lack of transparency coupled with corruption related to licensing agreements and royalties, and widespread distrust and tensions between government, mining companies and communities (see Doolot and Heathershaw, 2015; Gullette, 2013). Moreover, the frequency of Kumtor gold mine disputes and arbitrary renegotiations of concession agreements also undermined foreign investor confidence in the country (ADB, 2013). Given the significance of the extractive gold sector for the

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<sup>38</sup>See: The Times of Central Asia (2016). Gold mining in Kyrgyzstan: too many licenses, little performance. [Online]. Available at: <http://www.timesca.com/index.php/news/26-opinion-head/16577-gold-mining-in-kyrgyzstan-too-many-licenses-little-performance> [Accessed: October 3, 2016].

<sup>39</sup> Author's interview with Soros Foundation. Bishkek, 2014

country's domestic budget, the EITI can be viewed as an important tool to address multiple domestic challenges addressed in this section.

## **5.2 The Implementation of the EITI in Kyrgyzstan**

Kyrgyzstan was the first Central Asian country to initiate the EITI process. In the EITI framework, it was also the first pilot country (among Nigeria and Azerbaijan) to launch its implementation. The government of Kyrgyzstan initiated and validated the EITI process in 2004 and received its compliant status in March 2011 (EITI website Kyrgyzstan, 2016). In line with the requirements of the EITI initiative, Kyrgyzstan created an MSG composed of government officials, industry representatives and non-governmental organisations and submitted several national reports to the EITI International Board, the most recent covering 2012 (see EITI website Kyrgyzstan, 2016).

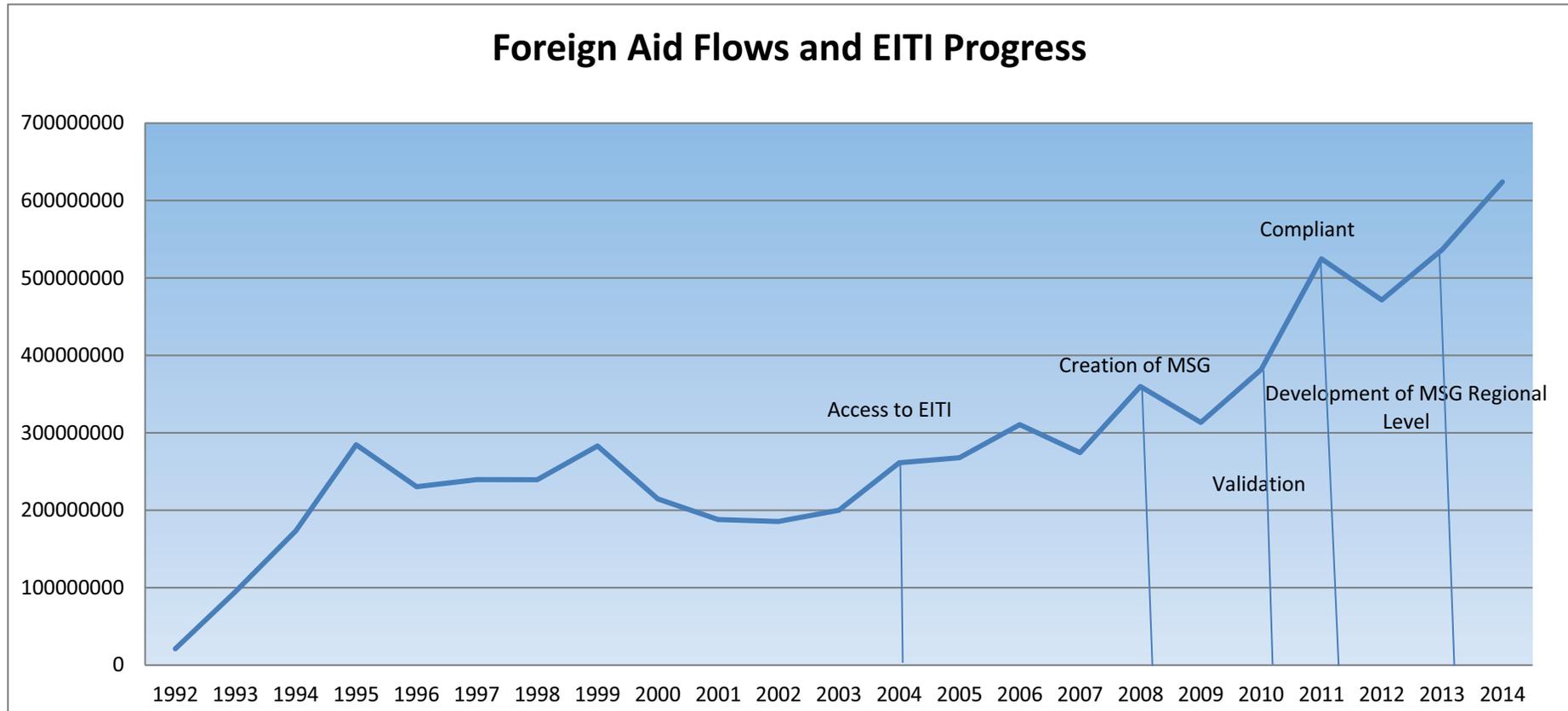
The EITI implementation in Kyrgyzstan is coordinated by the State Agency for Geology and Mineral Resources and is overseen by a Supervisory Board, which involves five representatives from each stakeholder group in the MSG. Additionally, the Supervisory Board is further complemented by observatory bodies from each sector. As a means to address the shortcomings of the EITI MSG at the national level, the Kyrgyz Republic implemented subnational MSGs at the local level in 2012, known as 'Public Reception Desks'. Similarly, to the role of MSG, the 'Public Reception Desks' operate as tripartite groups and are viewed as a 'neutral' platform between local communities, mining industries, local administration municipalities and representatives of civil societies. The study of EITI in Kyrgyzstan reveals that the Initiative operates largely as a dysfunctional MSG platform disconnected from its initial purpose. Although at the surface, the form the EITI takes appears to be compliant with international demands, its internal procedures, however, and the roles of its actors within give a different picture. By a large part, the Kyrgyz government adopted the Initiative purely for instrumental reasons, which have little to do with the Initiative's aims. The meaning of the Initiative in this sense needs to be carefully considered, as it is largely down to the interpretations of its recipient actors, and what sense they make of it. More importantly, a finding from the analysis of the EITI in Kyrgyzstan is that the layout of the Initiative is largely designed to serve government needs at the expense of the targeted population. In this sense, the role of different actors within the initiative is subject to the influence of government rule. In fact, the government affects and steers indirectly all aspects of the Initiative. Moreover, client-patron relationships and the weak capacity of civil society actors further impedes on the

functioning of the Initiative. The following sections examine each of these problems in turn.

### **5.2.1 EITI as a Mechanism of State Interest-Driven Strategies**

One of the main reason explaining the adoption of the Initiative relates to the access to foreign aid revenues. A sharp decline in socio-economic conditions and the desperate need for foreign aid as consequence prompted the country to adopt and advance the implementation of the Initiative. This is particularly significant during both Akayev and Roza Otunbayeva's tenures. During Bakiyev's time, the Initiative stagnated. Bakiyev's tenure demonstrates that the adherence to the Initiative does not always reflect actual practical commitment. In the Atambayev time, the motivation to make further progress in the Initiative was largely motivated by regional socio-economic instabilities stemming from the mining sector. The graph below illustrates the inflow of foreign aid into the country. Each time when the country is faced with a period of strong socio-economic decline and instabilities stemming from the mining sector, as in 2013, there was a deepening of the Initiative, which systematically triggered an increase in foreign aid. As the chart of aid flows below demonstrates, each time there is a willingness from Kyrgyzstan to reach a mile stone in the Initiative, aid flows also increase in the country's overall budget.

**Figure 2. Foreign Aid Flows and EITI Progress**



Sources: The World Bank Indicators<sup>40</sup>

<sup>40</sup> See: The World Bank Indicators. [Online]. Available at: <http://data.worldbank.org/indicator/DT.ODA.ALLD.CD?locations=KG> [Accessed: 4 April,2016]

*Akayev's Tenure: 1990-2005*

The implementation of the EITI in the 2004 coincides with the unpopularity of the Akayev's regime at the end of his tenure. One of the main accusations against the regime in place was the widespread use of corruption for private gains. Although, during Akayev's time, the Kyrgyz government had made well-publicised, visible rhetorical commitments to curbing corruption; they were, however, short in practice. As Scott Radnitz (2010 p, 62) further argues, the "Akayev regime was marked by ceding power to regional elites and adopt reform that could win him friends from abroad". As many note, the nature of Kyrgyz politics is increasingly influenced by regional elite dynamics between the North and South. Akayev's cabinet was heavily staffed by people of his wife's native northern region, excluding the Southern part of the country (Radnitz, 2010, p. 63). As McGlincy further writes, the disproportionate capture of economic resources undermined the regime's ability to maintain stable winning coalitions. As the analysis of McGlincy (2011, p.81) demonstrates, during Akayev's tenure, foreign aid flows rather than to be directed towards reforms and the wider population were embezzled by the regime in order to sustain the regime's fragile winning coalition. At the end of Akayev's tenure, aid flows decreased. Moreover, the end of Akayev's era was further characterised by the President's image being tarnished by corruption scandals, weak domestic economic performance with low financial flows in capital. Among the sources of rents open to the Presidential family, the US air base Manas is a prominent example of corrupt practices<sup>41</sup>.

In this context, the adoption of the Initiative was instrumental. It was important for Akayev's regime to renew the image of Kyrgyzstan at both the domestic and international levels, and, in doing so, to attract foreign aid which form a significant part of domestic revenues. As Gillies (2010) notes, state reputational concerns play a crucial role in state's interest-driven strategies. In the case of the Akayev's regime, the benefits for taking up international norms and thus cooperation outweighed the short-term costs of compliance (Brewster, 2009). The accession to the EITI through the World Bank Multi-Donor Trust fund gave Akayev's regime the opportunity to renew donors' aid flows. As the World

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<sup>41</sup> According to United States contractors who oversaw the payments and transactions, the United States military steered more than \$100 million in sub-contracts to the Akaev family's fuel monopoly (Roston, 2013). That windfall to the Akaev family businesses represented about 5 per cent of Kyrgyzstan's annual gross national product (Information clearing house, 2006). After Akaev's removal from power, a commission compiled a list of 42 businesses (including a cement factory and the Kumtor gold mine) allegedly owned or partially controlled by the Akaev family (EurasiaNet, 2005).

Bank indicators show, aid flows picked up in 2005, just one year after Kyrgyzstan's accession to the EITI.

*Bakiyev's Tenure: 2005-2010*

Corruption and nepotism continued during Bakiyev's tenure. The case of Oxus Gold demonstrated the danger for foreign actors and the unanticipated costs relating to property rights and the rule of law encountered in Kyrgyzstan during the Bakiyev's time (McGlynchey 2011). In 2006, an Oxus representative claimed that it had been corruptly deprived of the mine by oligarchs with the political backing from leaders in Kyrgyzstan (Simpkins, 2006). The case took a sinister turn, when Sean Daley, the Oxus representative in Bishkek, was badly injured by gunmen, who ambushed him outside his home one day before his representation in court. In January 2005, before the incident, Tony Blair had written to the President of Kyrgyzstan requesting the continuation of Oxus' license (Cooley and Heathershaw, 2017). Blair reportedly accused the country of failing to live up to its obligations under a global anti-corruption initiative (referring to the EITI), to which Bakiyev angrily replied that he did not need to be reminded of his obligations and claimed the reason for the withdrawal of Oxus' licence was that the company was "irresponsible" and "unlawful"<sup>42</sup>. Shortly after the incident, the mining licence to operate the Jerooy mining site was awarded to the rival bidder company 'Global Gold', an Austrian registered group ultimately owned by offshore funds (Simpkins, 2006).

Similarly, in WikiLeaks cable, the President of Kumtor Operating Company, Andrew Lewis, reports that problems caused by officials associated with President Bakiyev pose difficulties for the company to operate on Kyrgyz soil. He quotes the Parliament's vice speaker Kubanychbek Isabekov who according to Lewis employed increasingly "petty" tactics to squeeze more money out of Kumtor operations (WikiLeaks, 2007). Lewis further denounced illegal practices of Isabekov, such as demands for additional revenue from the company and unlawful requests violating KOC's existing agreement with the Kyrgyz government. Unfortunately, as Lewis cable report states, legislation and judiciary

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<sup>42</sup>Armitage, J. (2015) London property used for money laundering: the curious case of a despot's son. The Independent. 2015. 2 April 2015. [Online]. Available at: <http://www.independent.co.uk/news/business/analysis-and-features/the-curious-case-of-a-despots-son-10150608.html> [Accessed: October 3, 2016].

are of only little importance during Bakiyev's time, as the nomination and approval of Supreme Court judges was decided from above, in this case, from Isabekov<sup>43</sup>.

Andrew Lewis' revelations as well as the case of Oxus Gold prompting an intervention by Tony Blair demonstrate that the signing of the transparency initiative for the extractive sector did not restrain the government to engage in corrupt practices in the mining sector. At the international level, however, Kyrgyzstan was committed to fight corruption in the extractive sector. In 2008, Kyrgyzstan formed a multi-stakeholder group, which is also a major prerequisite for access to the Initiative. At the end of the 2009, EITI reports disclosed payments from mining companies from 2004 to 2008 (EITI website, Kyrgyzstan, 2016). Bakiyev's tenure in the EITI process demonstrates the often naïve perception of the international community that autocratic leaders would fully commit to respect international norms laid down in the Initiative. For instance, a statement of the German Federal Ministry for Economic Cooperation and Development clearly supports the argument above:

“For Germany, Kyrgyzstan's commitment to the EITI is an important sign on the part of the government to both the Kyrgyz population and the international community. This commitment not only signals the government's desire for transparency but also its intention to implement reforms, tackle corruption and foster close cooperation between the state, the private sector and civil society” (German's Federal Ministry for Economic Cooperation, 2016, para.2).

As the case of Oxus Gold and the whole Bakiyev's tenure demonstrated, the signing of international norms at the domestic level does not translate into effective implementation in practice. Hence, as Michael Zurn and colleagues rightly point out, in the process of international norm adaptation one must think in terms of *translation* thus in terms of a transfer of meanings that are changed or transformed (Zurn et al., 2012, p. 6).

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<sup>43</sup> Other corrupt cases directly linked to Bakiev's family include the Manas United States air base as well as fuel and petroleum industries and money laundering activities (see further Global Witness Report Grave Secrecy, 2012).

*Roza Otunbayeva's Tenure: 2010-2011*

When Roza Otunbayeva 'picked up' the Initiative, it was mainly to restore the image of Kyrgyzstan at the global stage and increase foreign aid that Kyrgyzstan was much in need of. Kyrgyzstan at that time suffered from political turmoil alongside with poor working institutions inherited from Bakiyev's tenure, coupled with ethnic conflicts tearing up the country. It was, therefore, vital for Roza Otunbayeva to redress the country and restore order. After the removal of Bakiyev, her main task was to put Kyrgyzstan back on the map. Drawing on her legendary diplomatic reputation, in the aftermath of Bakiyev's eviction from power she searched for alliances with both the United States (US troop flights to Afghanistan) and Russia (the Russian role in Central Asia),<sup>44</sup> but she was also desperate for foreign aid to mitigate ethnic clashes in the regions. Otunbayeva's foreign policy consequently included to attract foreign aid and humanitarian assistance. At a donor conference entitled 'High Level Donors Meeting for the Kyrgyz Republic', organised in Bishkek in July 2010, The World Bank and the Kyrgyz government invited donors and international organisations to pledge support for humanitarian aid and reconstruction efforts (see European Commission Press release, 2010). In total, representatives of 14 countries and 15 international organisations pledged \$1.1 billion in response to appeals from Kyrgyz interim government leaders (Radio Free Europe, 2010). Given the country's past in squandering financial aid, she reassured the international donor community by reaffirming that there would be tight control over the use of international aid:

"The new Constitution adopted in the July referendum has greatly strengthened legal barriers to corruption, and will help to destroy the schemes of grand larceny of people's money that were devised by the previous regimes". (Otunbayeva speech *The High Level Donors Meeting* for the Kyrgyz Republic, extracted from the World Bank Press release, 2010, para.4).

Roza Otunbayeva was a fervent opponent of corruption. However, given the history of corruption linked with foreign aid, in order to regain trust from the international donor community she needed to show her commitment to anti-corruption measures. It was crucial for her to regain trust from Western leaders and attract much needed foreign aid. The EITI initiative allowed her to accomplish both of these aims. Hence, the EITI was a

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<sup>44</sup> See Reuters 2010. Otunbayeva draws on diplomacy to seal Kyrgyz rule. Reuters, 13 April 2010.[Online]. Available at: : <http://uk.reuters.com/article/idUKLDE63C14V> [Accessed : 8 December 2016].

tool to demonstrate this commitment in practice. This is why many reforms and the validation phase took place in that time. In a remarkably short period of time (exactly one year 2010-2011), Kyrgyzstan passed the validation phase in 2010 and acquired the compliant status in 2011. Moreover, under Roza Otunbayeva's tenure, it was the first time that the format of the initiative was applied to other sectors, such as in the Fuel and Energy Sector Transparency Initiative (FESTI), aiming to increase transparency and accountability in the energy sector; however, as my interviews informed me, this process was slow to implement. In this sense, it is important to note the 'transformational' role of the leader in his/her capacity to interact with followers in a way which changes their behaviour (Peele, 2005; Sebudubudu and Botlhomilwe, 2011). Personal features of Roza Otunbayeva such as her commitment to fight corruption as well as her will and skills (acquired through her diplomatic career in the West) and her cosmopolitan personality certainly played an important role in this process. As such, one should not underestimate strong conscious state leadership and the willingness of state leaders to commit to norms laid out by the Initiative as remedies for a lack of progress.

#### *Alzambek Atambayev's Tenure: 2011-Present*

Since the tenure of Alzambek Atambayev's, protests against mining activities dominate the political landscape of the country. From 2011 to 2012, environmental issues played an important part in the conflict in villages near deposit sites throughout the county (Gullette, 2013), yet the biggest clashes in the mining sector are related to the Kumtor gold mine. Protests over Kumtor culminated in 2013 with violent clashes and hundreds of demonstrators blocking the road to the Kumtor site and cutting its power supply. The intensity of clashes between police forces and the protesters led the government to declare a state of emergency (BBC News Kyrgyzstan, 2013; Global Risk Insights, 2014). The main demands of the protestors relate to the nationalisation of the gold mine, as they claim that the 2009 deal was unfair and that the mine contributes to little in taxes and social welfare while damaging the environment. More specifically, such protests highlight the fragility of the Kyrgyz government and its difficulty to establish stable governing coalitions. Given the history of protests in Kyrgyzstan, protests over Kumtor nationalisation were linked to attempts to seize power from the current government (Muzalevsky, 2013). As Dally (2013) reports, the 2013 demonstration over Kumtor nationalisation was the outcome of an opposition rally (Daly, 2013). Similarly, Matteo Fumagalli (2015, p. 4) also points out in his analysis that disputes over the mine are complicated by the positions of political actors within the government, who campaign

“for either a renegotiation of the deal on more favorable terms (for the state) or outright nationalization”. At the same time, the government of Kyrgyzstan also understands that full nationalisation of Kumtor would be difficult to achieve alone, as it requires technological know-how and capital that the country lacks.

The events in 2013 and frequent government disputes over nationalisation of the Kumtor mine, together with low gold prices have as a result weakened investor confidence in the mining sector in Kyrgyzstan (Gullette, 2014). Given the fact that the economy of Kyrgyzstan is highly gold-dependent, a decline in foreign investment can have detrimental effects for the development of the country. To curb these negative effects and attract foreign investment, the country needed to introduce significant reforms in the mining sector in order to boost investor confidence. Therefore, in such a context, a further deepening of EITI reforms was facilitated by the country’s incentives to favour reform. In the case of Kyrgyzstan, this incentive was domestic economic security. In this sense, the deepening of the EITI MSG at the regional levels (through the introduction of Public Reception Desks) and amendments made to the legislation ‘On Subsoil Use’<sup>45</sup> are strategies aimed at making the mineral resource sector more attractive for corporate investors. In this sense, the EITI MSG at regional levels (‘Public Reception Desks’) represents important government tools to mitigate the mining conflicts in the regions. As the foreign aid graph above demonstrates, the deepening of EITI reforms, further boosted the inflows of foreign aid into the country.

However, although such changes can be seen as positive, it is also important to examine to what extent such reforms hold strong. As the subsequent analysis demonstrates, compliance with the deepening of EITI reforms is, however, weak and manifests in a precarious state of implementation.

Although an important step was achieved with the mentioning of the EITI in the legislation on the ‘On Subsoil Use’ in 2012, the EITI has no obligatory status. Article 35 clause (5) ‘On Subsoil’ states:

“Subsoil users are entitled, within the framework of the Extractive Industries Transparency Initiative (hereinafter, the EITI), to submit on an annual basis, before the end of the first quarter of the year following the accounting year, to the

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<sup>45</sup> Kyrgyz Republic. The Law of the Kyrgyz Republic "On Subsoil" 2012. ЗАКОН КЫРГЫЗСКОЙ РЕСПУБЛИКИ *г.Бишкек, от 9 августа 2012 года N 160*. [Online]. Available at : <http://www.geoportal-kg.org/index.php/investor-s-guide/law/mining>. [Accessed: October 3, 2016].

authorised government body for implementation of state policy on subsoil use, reports on all taxes and payments made by subsoil users on a cash basis. The procedure for submitting reports under the EITI, the forms of reporting and the indicators shall be governed by the laws and regulations of the Government of the Kyrgyz Republic.”

Hence, this implies that it is not an obligation for companies to comply with EITI standards and reporting procedures. This weak involvement of the government is further reflected in the representation of the EITI Supervisory Board. In contrast to other EITI compliant countries in the region, as, for example, Kazakhstan, the EITI Secretariat in Kyrgyzstan is not a member of the parliament or part of the ministry and thus has weak power over the decision-making process at governmental level. In fact, the EITI in Kyrgyzstan is considered to be an independent working body. Interviews with members of the governments, as well as with former President Roza Otunbayeva, clearly demonstrated that the EITI is not a priority for the government:

“When I picked up the EITI it was buried under inside the resource sector, no one was interested by it or looked at it”.

“I don’t think that people in the government know about this initiative, people change very fast in the government, I don’t think that they know that there is something like EITI”.

“You understand we always need to engineer the mechanisms of this process, working on this, there is need for people who have the desire to work on this”.

(Roza Otunbayeva, Bishkek, December 2014)

This statement was later confirmed by the World Bank official of MDTF representative<sup>46</sup>, who further argued that the biggest challenge was a lack of prominence of the Initiative in the Kyrgyz government. Due to the lack of financial support from the government, Kyrgyzstan is currently the only post-compliant country in Central Asia requiring support by the World Bank MDTF Grant (see World Bank, 2013). As a result, the government’s weak participation in the Initiative and its poor support for providing stable financing of the Initiative impedes its effective functioning overall. The organisation of EITI consultations and meetings is often dependent on available financial resources. The organisation of such events is often led and initiated by donor groups, as the Kyrgyz

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<sup>46</sup> Author’s Skype Interview with Gary McMahon, The World Bank MDTF, Bishkek, 18 December 2014.

national EITI secretariat is under-resourced and relies on external funding continue its work. This is demonstrated by a statement of the director of the Tree of Life, EITI-NGO consortium coordinator in Kyrgyzstan:

“We try to meet at least once in a year with the consortium, if we have financial resources to organise such meetings, if not then of course we don’t gather because we need to have financing to reimburse transport cost of the participants, we need to rent the conference space, need to provide accommodation, so yes if we do have such resources we hold these meetings otherwise we communicate via emails, telephone calls, discussion on the website as we have EITI forum were we also held discussion platforms” (Tree of Life, Author Bishkek , October 2014).

The issue of stable financing as a result affects the effective participation of stakeholders with a lack of travel reimbursement being highlighted as a burden for their participation in the meetings. This was mentioned by several interviewed members of civil society, who report that because of the fact that meetings are always held in Bishkek, it is not always possible for all regional civil society representatives to travel to the city<sup>47</sup>. The interviewed EITI stakeholder members further indicate that due to the high turnover of staff in government offices, the decision-making process is very slow and has a negative impact on the functioning of the EITI initiative<sup>48</sup>. With Kyrgyzstan’s domestic politics that saw two subsequent revolutions within the EITI implementation time, rapid turnover of ministers in the government made difficult to build sustainable relationship.

The observations above demonstrate that the commitment to the initiative is not reflected in its implementation in practice. Such issues lead us to explore the role of non-state actors in the EITI, to what extent is their function aligned with the global requirements of EITI standards? The following sections examine the role of each of the non-state actors in the EITI multi-stakeholder group.

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<sup>47</sup> Author interviews with members of civil society and members of ‘Public Reception Desks’ Bishkek, 2014

<sup>48</sup> Author interview with employees of Soros Foundation, Bishkek, 31 October 2014. Author’s interview with Nathalie Lee, GIZ, Bishkek, 16 October 2014. Author’s interview with interview with Toleskan Ismailova, Chairman of the “Bir duino–Kyrgyzstan” Humna Rights Movement Bishkek, 31 October 2014

## 5.2.2 EITI and Non-State Actors

### *Public Reception Desks*

The implementation of the EITI from being solely based at the national level to the regional level can be viewed as positive indicator of government commitment to the Initiative. Yet, as the field work demonstrates, the implementation of ‘Public Reception Desks’ is weak. The inclusion of the MSG at the local level aims to represent the perspective of the population affected by extractive mining activities. The MSG at the local level encompasses the local governments, affected communities and grass-roots civil societies and is known as ‘Public Reception Desks’<sup>49</sup>. The role of ‘Public Reception Desks’ is to create a platform for discussion among these three stakeholders, particularly for the local community, as it has extremely limited access to information related to extractive industries and their resource revenue management. Currently, there are six public reception centres operating in the regional districts of Kadamjai, Ala Buka, Chatkal, Naryn, Chong Alay, Talas. In the EITI MSG coalition, the regional MSG is represented by the Public Reception Desk from Chatkal.

The inclusion of the local MSG in the EITI coalition is crucial for deepening the EITI at the national level. Both the interviewed members of the regional MSG and participant observation analysis, however, demonstrate that members representing the MSG at the regional level do not understand their role within the coalition, nor do they seek to ascertain the views of their wider public constituency and, hence, are marginalised in the national EITI coalition. There is also a lack of liaison and outreach procedures between the regional MSG and EITI members. One of the main civil society actors in the coalition is Tree of life, however, as my interview reports the interaction between civil society and the ‘Public Reception Desks’ is weak. As the MSG regional representative states: “it is very rare that we enter in contact with Tree of Life or other members of the EITI coalition, most of the time we solve the issues among ourselves”<sup>50</sup>. This lack of liaison is also apparent between the ‘Public Reception Desks’ themselves. The frequency of MSG regional cooperation is influenced by regional proximity and mining conflicts. Thus, members are often isolated from each other and enter into contact only if necessary.

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<sup>49</sup> The Public Reception Desks stems from the United States Agency for International Development USAID initiative under the project ‘Local Transparency and Cooperation Initiative’ Project (Cooperative Agreement No AID -176-A-12-00004) and is incorporated within the EITI framework. ( Authors, Personal Communication, December,3 2014)

<sup>50</sup> Author interview with representative of Public Reception Desk representative of Chong-Alay District, Osh, 17 November 2014.

Usually, members enter into communication via phone or an Internet portal, where they can login and see the activities of other members as well as important EITI announcements. However, the procedure is not standardised; members usually visit the website once every two weeks, which partly depends on the Internet network coverage, as most of the 'Public Reception Desks' are implemented in remote regions where coverage is weak.

These observations highlight the weakness of the EITI process that is characterised as top-down implementation carried by central coalitions situated in Bishkek versus the regions. This is clearly reflected in the EITI organisation, where all actions and decision-making are centralised in Bishkek, leaving the regions aside. There is a clear lack of coordination by the State Agency for Geology and Mineral Resources and civil society in Bishkek to effectively oversee the implementation of EITI policies at the local regional levels. As the study of Jailobaeva (2006) on NGOs in Kyrgyzstan also demonstrates, most professional (highly educated) NGOs are based in cities and mainly in Bishkek remote from rural areas. Too much of their knowledge and understanding of what is needed is based on assumptions rather than facts. Hence, this situation creates a deep fragmentation between 'urban and local' based communities. The fragmentation is further influenced by interest-driven purposes that in turn curtails collective action and responses to specific community needs. Such an image further demonstrates that the role of the 'Public Reception Desks' is negligible in the whole EITI process. As such, although on paper and at the institutional levels, the role of the MSG at regional levels is well acclaimed, in reality, however, their role is purely representational and symbolic.

### *Civil Society*

Civil society together with the representatives of the EITI national secretariat are the key active drivers in the Initiative. In the national opinion poll survey conducted in this study, only 16.7 per cent of respondents had heard about the EITI, of those, 33.2 per cent had received the information from civil society organisations<sup>51</sup> (in comparison to 24.5 per cent from media, 24 per cent from state agencies, 12.2 per cent from extractive industries, and 6.1 per cent from friends and family). The interview statements from donor agencies and the extractive sector further confirm that civil society organisations are the main drivers of the EITI process<sup>52</sup>.

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<sup>51</sup> See SIAR National Opinion Poll, October-November 2014.

<sup>52</sup> Author interview with Author interview with representatives of GIZ, Bishkek, 16 October, 2014.

The main activities of civil societies engaged in the EITI process revolve around creating public awareness, transparency and disclosure of revenue data in extractive industries, particularly at the community level. In addition, civil society plays an important role in supporting the different phases of the EITI process and their implementation.

Civil society representation in the EITI MSG in Kyrgyzstan, however, is fragmented and lacks a strong consolidating approach. There is a clear disconnect between different groups of civil society. This is partly due to their activities and the timing of their entry into the EITI process. In Kyrgyzstan, civil society represented in the MSG is composed of five actors working on environmental and human rights issues as well as seven observatory bodies composed of donor agencies and independent experts.

Among the five permanent civil society organisations represented in the MSG, Tree of Life acts as the EITI-NGO consortium coordinator in Kyrgyzstan and is the main group representing environmental civil society in Kyrgyzstan. In 2011, the director of the centre, Kalia Moldogazieva, served as deputy chair of the Interagency State Commission on the Evaluation of Compliance with Environmental and Industrial Safety Standards at the Kumtor gold mine. One of the interviewed stakeholders described Tree of Life as being 'The EITI': "I think EITI is Tree of Life, the only one who does something"<sup>53</sup>. Tree of life was the first NGO to enter the EITI process in 2004. The organisation was formed by activists hoping to ensure safe environmental development surrounding the exploitation of the Kumtor gold mine. The group mainly engages with communities affected by environmental damages caused by mining exploration. The organisation has no regular funding source and is mainly dependent on donor funds and their projects. Due to its reputational capital, however, and its organisational ties, it has the tendency to attract the biggest donor agencies, leaving little opportunities for other smaller organisations to participate in the process. As the interviews demonstrate, there is a tendency of NGOs within the coalition to meet and work with the same people<sup>54</sup>. This observation is further supported by Tiulegenov (2008), who rightly argues that parochial networks tend to dominate NGOs' organisational structure and serve the self-comfort of their members and supporters. In this sense, Petric (2005) and also Roy (2000) further note that the Western concept of civil society needs to be broadened when applied to Central Asia. As Roy (2000) argues, traditional society solidarity networks dominate the functioning of civil society in Kyrgyzstan. In this sense, as Petric (2005, p. 325) rightly observes:

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<sup>53</sup> Author Interview with Author's Interview with Karibek Isaev, Aarhus Centre, Osh, November 2014

<sup>54</sup> Author Interview with an employee of Soros Foundation, Bishkek October 2014

“the solidarity networks that existed within the state are present in today’s NGOs. A new elite—or rather a reincarnation of an old one—has evolved through NGOs. They are not driven by the values of not-for-profit work or volunteerism. Rather they benefit from salaries and privileges that make them accountable to their foreign patrons”.

Such views are echoed in my field work observations. As stated during the interviews by some donor agencies, “some civil societies have seen EITI as an opportunity for their organisational survival and ‘sat’ on the Initiative for their own interests”<sup>55</sup>. As a result, this created a monopolistic organisational system with patterns of civil society reproducing elements of authoritarian behaviour in their own organisational structures and operations—with associations being dominated by patron-client relations (see also Lewis, 2013). Traditional hierarchical relationships are strongly present in the structure of civil society as such, which further determine its functioning in society. As Isabekova (2014) argues, modernisation does not make relationship based on clientelist patronage irrelevant in Kyrgyzstan, rather such forms of traditional relationships evolved and adapted to the new conditions in their environment. As she further observes, “patronage is an important mechanism through which those involved in it mutually benefit and one that selective distributions of resources” (Isabekova, 2014, p. 81).

The evidence from the EITI demonstrates that civil society actors are replicas of local authority and the regime in power. The EITI enabled the emergence of a new elite or ‘expert groups’ that are closely linked to government, international organisations and donor groups. The EITI provided them with opportunities for gaining recognition and access to strategic resources (funds and expertise); in return, these organisations, as in the case of Tree of Life, used this social capital to build their own network in civil society in which Tree of life decides ‘who is in or who is out’, or who or which village will benefit from Tree of life, thus EITI funds. This reminds me of a conversation with Global Witness representatives in April 2014<sup>56</sup> in London who referred to the EITI civil society meeting as: “It was Kalia and her friends”. Similarly, ‘Public Reception Desks’ representatives refer to Kalia as their ‘patron’ in the EITI.

Such forms of association further entail a complex and an interwoven web of relationship between local villages, civil society and international institutions: local MSG that are

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<sup>55</sup> Author Interview with representatives of Soros Foundation and GIZ, Bishkek, October 2014

<sup>56</sup> Author’s conversation with Global Witness representative, London, April 2014

directly dependent on Tree of life, which itself is dependent from donor agencies or international organisations, which are in return dependent on their Western countries' budget allocation. As such, the process of NGO participation in Kyrgyzstan, as Petric (2005) also points out, is top-down rather than bottom-up. This top-down fragmentation further reflects a lack of communication, cooperation and participation among members of the EITI MSG from the centre and the regions. Consequently, it further is mirrored in the budget allocation of EITI implementation programmes, which significantly impede development for planning and implementing EITI programmes at the local village level, where much of the actions take place and donor money is distributed according to the interests of the most powerful civil society members. As Petric (2005 p. 327) further comments, it seems that the creation of NGOs corresponds to a strategy designed to tap into strategic resources; this applies in particular to the most vulnerable regions and issues at stake. Such views are further reflected in my interview with members of donor organisations, who question civil society representation within the EITI process and described the work of civil society as “activity based rather than output based”<sup>57</sup>.

The World Bank clearly acknowledges that the EITI national-level initiative does not have significant impact at the local level, mainly because of weak civil society capabilities (World Bank/EFCA study, 2014). A large part of civil society in Kyrgyzstan (as my EITI observations also demonstrate) are financed and sustained by donors or international organisation funds. Civil society in Kyrgyzstan and within the EITI mainly operate through donor-based projects, hence, they are only accountable on the delivery of the projects. Therefore, NGOs tend to focus on donor priorities rather than local problems and as such perhaps undermine and neglect some of the most pressing issues.

The problem of civil society is further exacerbated by a lack of knowledge and public support. As the spokesman from Kumtor Gold states<sup>58</sup>: “Some members of the civil society critique the work of extractive industries but without prior adequate knowledge on the topic”. As Kasybekov further notes (1999p. 80), “public sector officials are reluctant to collaborate with NGOs because in part they are seen as possible competitors or opponents, and in part because NGOs themselves have too often provided evidence of weakness and unreliability”. My interviews with representatives of Kumtor and with the donor partners GIZ and Soros Foundation indicated that CSOs are not always playing the

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<sup>57</sup> Author interview with an employee of Soros Foundation Bishkek, October 2014

<sup>58</sup> Author interview with an employee, Kyrgyzaltin, Bishkek, November 2014.

role of mediators but rather are “good criticizers” they usually claim that either “companies are bad or governments are bad”. In this regard, as Petric (2005, p. 330) notes, NGOs in Kyrgyzstan “are an element of a complex power system that has replaced the state. They are tightly dependent on powerful entities that are redefining the limits and opportunities of the Kyrgyz state’s sovereignty”.

Civil society and MSG regional actors are supposed to be the main channel for spreading EITI information and inform the population about the use of resource budgets. However, there is a great lack of sufficient knowledge to read budget reports. For instance, at the regional level, the EITI MSG is represented by two to three people, and these are the ones who ought to be capable of reading the budget. Moreover, the use of budget information is further complicated by technical complexities, hence, it is difficult for the ordinary citizens to understand financial data<sup>59</sup> (World Bank/EFCA study, 2014). Hence, such conditions make access to information on budget readings (revenues and spending) inefficient. Consequently, this further explains the low level of citizen participation in decision-making processes, and more importantly, it demonstrates the inability of citizens to hold their representatives accountable for revenue spending. In 2016, the EITI introduced beneficial ownership and disaggregated reporting as requirements in the EITI reporting countries. Such steps were very welcomed, as it allows for more transparency and accountability. Disaggregated reporting enables anyone to see what each company operating in Kyrgyzstan is paying to the government in terms of licencing, taxes, royalties and social contributions. Beneficial ownership enables to see who the ultimate owners of the company are. Although such steps are important and would help to increase accountability and contribute to ease social tensions between the population and companies in the mining sector, their benefits are, however, limited as the population is not interested or badly educated in reading budget reports. Civil societies are considered to be the key actors steering and implementing global governance tasks. Therefore, giving their weight in this process, the weakness in capacity building significantly devalues their role and ability to influence collective actions. In sum, the functioning of civil society and ‘Public Reception Desks’ becomes largely ‘virtual’, characterised by technocratic procedures and behaviours imposed by external donor demands or the state apparatus. The problem is further exacerbated by weak state-civil society relations. As seen by the case of the EITI, civil society in Kyrgyzstan lacks legitimacy from the state and public

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<sup>59</sup> Author interview with Turgunbek Atabekov, Head of the “Foat” Public Association, Bishkek, November 2014

support. Yet, as the evidence from the EITI shows, despite their limitations, civil society actors (including the Public Reception Desks) created an internal life of their own independent of the EITI.

### *Donors*

Donor agencies also play an important role in supporting EITI activities. They are mainly engaged in community development and the effective management of revenue resource transparency projects. Kyrgyzstan relies on both bilateral and multilateral aid funds. What we can see is that during the time of Alzambek Atambayev until the present day, the role of donors in the EITI transformed from a simple supporting role to an integrative part of activities helping the decentralisation process in Kyrgyzstan. Such a trajectory further transformed the EITI from being a stand-alone Initiative to a more integrative project. Such arrangements parallel domestic developments related to decentralisation. Decentralisation involves the transfer of powers and responsibilities (administrative, fiscal and political) from the central government to local constituencies or their intermediaries (Bichsel et al., 2010; Jones Luong, 2004b; The World Bank, 2001). In doing so, decentralisation enables the establishment of mechanisms by which citizens can hold different tiers of government accountable. The process of decentralisation in Kyrgyzstan is messy and is ongoing. Local governments and communities have limited capacity to establish and maintain participatory approaches to governance and development. A study of the German Development Institute published in 2006 on decentralisation in Kyrgyzstan reports that local governments are limited in their ability to meet the high expectations associated with decentralisation and the introduction of local self-government (Gravingholt et al., 2006). In particular, the report further highlights that many barriers (such as unclear legal and real divisions of competencies between the different levels of government, insufficient financial resources and a lack of qualified personnel) pose problems for the effective participation of the population in local political decision-making processes. The problem of decentralisation is further exacerbated by the weak legal framework of revenue allocation from the centre down to the regions. A study of the IMF in 2008 found that although a legal framework defining revenue responsibilities exists, it does not provide adequate guidance on determining revenue sharing in practice (IMF, 2008). Such a situation leaves local self-governed administrations economically dependent on the centre. Additionally, the report of the IMF further states that the process of budget sharing allocation is not transparent.

The process of decentralisation and, particularly, the mobilisation of local community development is largely supported by donor communities that operate through grant provisions, subcontractors (local and international NGOs) or specially created projects operating under or with various state agencies. As such, with the aim to improve transparency and accountability in local self-governance and to strengthen local self-governance capacity over all, the EITI has been incorporated as an instrument of the World Bank and donor organisations. This is, for instance, reflected in the implementation of the World Bank/EFCA project on 'Improving Civil Society Awareness and Engagement in the EITI Process in the Kyrgyz Republic for the year 2012-2013' (Contract numer 7164963)<sup>60</sup>. The project intended to strengthen civil society engagement in the EITI process in the Kyrgyz Republic. More explicitly, through the MDTF project grant, it aimed to enhance "local CSOs with greater knowledge and skills to enable them to engage in the EITI process and to act as a local resource to transfer the benefits of EITI to their communities in a way that makes the initiative relevant and accessible" (The World Bank/EFCA, 2014, p. 4). This move coincides with the National Sustainable Development Strategy for the Kyrgyz Republic for the period of 2013 to 2017. Many of the EITI aims converge with the National Sustainable Development Strategy and, more specifically, with decentralisation goals. For instance, the actions planned on decentralisation in the 'National Poverty Reduction Strategy from 2002 till 2010'<sup>61</sup> (2002 p. 15) specifically states:

"Policy for decentralization of public administration and development of LSGs will be oriented at the following: formation of harmonious legislation; continuation of political and administrative reforms; economic and financial decentralization; improving effectiveness of property management on community level; developing municipal services; enhancing human potential of LSG structures; increasing openness and accountability of agencies; building civil society partnership; and enhancing social mobilization in local communities".

Further among the key decentralisation and local self-government development principles the 'National Strategy for further Decentralization and Local Self-Government

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<sup>60</sup> Author's personal communication with a representative of The World Bank, December 12, 2014.

<sup>61</sup> See Kyrgyz Republic. National Poverty Reduction Strategy from 2002 till 2010 Comprehensive Development Framework of the Kyrgyz Republic to 2010 EXPANDING THE COUNTRY'S CAPACITIES National Poverty Reduction Strategy. [Online]. Available at: [http://siteresources.worldbank.org/INT/PRS1/Resources/Country-Papers-and-JSAs/Kyrgyz\\_PRSP.pdf](http://siteresources.worldbank.org/INT/PRS1/Resources/Country-Papers-and-JSAs/Kyrgyz_PRSP.pdf) [Accessed 8 December 2016].

Development in the Kyrgyz Republic till 2010'<sup>62</sup> highlights partnership, transparency and effective management as one of the main tools to support decentralisation processes. It explicitly states:

“The government of the Kyrgyz Republic, local self-government bodies, civil society, the private sector, international organisations and donor countries direct their efforts at implementation of the aims and tasks of this strategy based on partnership and consent”. (National Strategy for further Decentralization and Local Self-Government Development in the Kyrgyz Republic till 2010, para 7).

The recent National Sustainable development strategy for the Kyrgyz Republic for the period of 2013-2017<sup>63</sup>, Article 2.5 and 2.6 (pp. 14-17) further emphasise “the legal and institutional side of preventive anti-corruption measures also requires strengthening and involvement of the civil society institutions as an integral part of any anti-corruption measures”. Article 2.6 ‘Increasing effectiveness and ensuring transparency of governance Strengthening cooperation between the government and the civil society’ explicitly states:

“State agencies and local governments must operate under the close supervision of the civil society. Increased collaboration with civil society, inclusion of citizens and their associations into discussion and making coordinated decisions, constant informing of the public about their work should become integral elements of the work of public authorities, local governments and their officials” (National Sustainable Development Strategy for the Kyrgyz Republic for the Period of 2013-2017, pp. 16-17).

Accordingly, several programmes of donor agencies, such as the USAID/EFCA project ‘Local Transparency and Cooperation Initiative Project’ (Cooperative Agreement No AID -176-A-12-00004) issued under tender grant agreement in Kyrgyzstan, included the EITI as a part of their tools. Similarly, the GIZ promotes the EITI as a part of their local self-governance development strategies<sup>64</sup>. They further fill the gap left by the state in delivering governance provisions to the local population. The main objectives formulated

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<sup>62</sup> National Strategy For Further Decentralization and Local Self-Government Development in the Kyrgyz Republic Till 2010.[Online]. Available at: [http://www.citykr.kg/en/decentralis\\_rash.php?ify\\_id=1](http://www.citykr.kg/en/decentralis_rash.php?ify_id=1) [Accessed: 8 December 2016].

<sup>63</sup> Kyrgyz Republic (2013). *2013-2017 NATIONAL SUSTAINABLE DEVELOPMENT STRATEGY FOR THE KYRGYZ REPUBLIC*. Текст Национальной стратегии устойчивого развития Кыргызской Республики на период 2013-2017 годы. [Online]. Available at : [http://www.president.kg/ru/news/ukazy/1466\\_tekst\\_natsionalnoy\\_strategii\\_ustoychivogo\\_razvitiya\\_kyrgyzskoy\\_respubliki\\_na\\_period\\_2013-2017\\_godyi/](http://www.president.kg/ru/news/ukazy/1466_tekst_natsionalnoy_strategii_ustoychivogo_razvitiya_kyrgyzskoy_respubliki_na_period_2013-2017_godyi/) [Accessed: October 3, 2016]

<sup>64</sup> Author Interview with representatives of GIZ Bishkek, October 2014

under local self-governance concerns the promotion of accountability, transparency and participation of all stake-holders involved. In this sense, the EITI through its institutional formulations came to be embedded into donor agendas that directly align their aid with recipients' national development strategies. In doing so, what we can observe here is that under such circumstances the work of donors and civil society within the EITI becomes increasingly state-orientated and confined by state regulatory frameworks, which undermines their power for individual actions and agenda setting. In doing so, both donors and civil society become embedded in domestic political spaces, which makes them instrumental in supporting state actions and consequently, the state's political survival.

### *The Extractive Sector*

The extractive sector in EITI Kyrgyzstan is represented by companies and mining associations. The latest EITI country report indicates that 73 companies are submitting reports under the EITI umbrella, however, critics point out that the submitted company reports are not always complete and in line with EITI requirements (EITI, 2012). In addition, the latest report also highlights discrepancies between the amounts reported by mining companies and government agencies. Despite this critique, important steps were made in the way reports are presented; since 2012, companies are now obliged to submit disaggregated reports which break down their expenditures by sectors and their individual contribution to public funds. Interviews with Kumtor and Kyrgyzaltyn state that the biggest challenge in revenue reporting in Kyrgyzstan lies in convincing smaller companies that transparency in their reporting is beneficial and that it brings advantages to the local community and their overall business<sup>65</sup>. Convincing smaller Chinese or Russian companies of transparency in revenue reporting is complicated, as most of these countries are not EITI members. Due to the voluntary aspect of the Initiative, it is not a prerequisite for them to comply with transparency norms. In addition, smaller companies often lack resources for doing EITI reporting, or they are situated in remote, hard to reach locations. Therefore, the challenge of transparency in revenue reporting lies in the creation of a common standard for all companies involved in the extractive industries.

The case of Oxus Gold and Kumtor demonstrates that in an authoritarian context, when rules are bound by the regime in power and the judiciary is weak and insufficiently independent from the state apparatus, companies have little space for manoeuvre. As these prominent cases show, foreign companies pay lip service in exchange for running

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<sup>65</sup> Author interview with George Glukhov, Kyrgyzaltin Bishkek, November 2014.

their business in the country. As such, mining industries have little power to resist governments. Companies operate under the government's umbrella and avoid interfering with domestic politics, as this would run the risk of government backlash and consequently compromise the 'survival' of their activities in the country. In fact, rather than being active rule and norm entrepreneurs, as the literature suggests (see Haufler, 2001; Fuchs, 2007), the contribution of companies was limited at best to the function of norm followers. Importantly, the environmental and social unrest around the mining sector explained their rationale for joining the Initiative. Therefore, corporate participation is best described as 'practical instrumental engagement' and as an embodiment of their corporate social responsibility. All of the interviewed confirmed that the issue of Kumtor was not discussed in the EITI<sup>66</sup>. It is, however, unavoidable to note that the political sensitive topic of Kumtor—perhaps as consequence—prevented active engagement of the company in the Initiative. As discussed in this Chapter, Kyrgyzstan is subject to several mining conflicts as, for instance, the disputes involving Kumtor nationalisation that had led to the Kyrgyz state of emergency in June 2013. Yet, such critical issues are hardly discussed in the respective meetings. Moreover, as the Kumtor Wikileaks cable demonstrates, only one aspect of reporting is shown in EITI reports, the rest is signed and negotiated behind closed doors. As such, transparency in the reporting of the EITI does not reflect transparency in practice. Most importantly, however, EITI reporting does not show how revenues received by the government from extractive companies are spend and redistributed. During both Akayev's and Bakiyev's tenure, the EITI certainly failed to reveal the lavish spendings of both Presidents and their personal enrichment from mining companies, while leaving large parts of the population in misery.

There is a strong divide in the perception of mining associations in the EITI process and their role in the Initiative. The role of mining associations is undefined within the EITI process and is characterised by tensions among its members. Out of the three mining associations participating in the Initiative, two are fueled by anti-American sentiments and criticise the Initiative as being a 'plaything' of American interests<sup>67</sup>. Due to the voluntary nature of the EITI and the lack of leverage from the members representing the Initiative, for some mining associations the EITI is 'useless'. For some others, it is a 'good

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<sup>66</sup> Author's interviews in Bishkek, October-December 2014

<sup>67</sup> Author interview Orozbek Duisheev, Chairman of the Association of Miners and Geologists of the Kyrgyz Republic, Bishkek, December 2014. Author interview with Vyacheslav Isaev, President of the "Guild of Miners" Association, Bishkek, December 2014.

Initiative' for the country, but lack of support from companies and government agencies compromise its implementation. It becomes increasingly evident that just as in case of the 'Public Reception Desks', the role of mining associations is purely framed as symbolical and figurative without substantial meaning attached to it.

## **Discussion**

As the observations above reveal, non-state actors in the EITI are subject to state manipulative practices and lack the power to challenge the regime. In the EITI, the state of Kyrgyzstan exercises 'discretionary state control' with economic resources concentrated in state hands. As Levitsky and Way (2010, p. 66) argue, "rulers exert discretionary control where they can routinely use tax system, credit, licencing, concessions and government contracts, and other economic policy levels to punish opponents and reward allies". Such discretionary use of economic power provides the autocratic rulers with tools to effectively co-opt the opposition, compel compliance and punish the opposition (Levitsky and Way, 2010, pp. 66-67). In the case of Kyrgyzstan, the government effectively applies these tools to the individual non-state actors within the EITI. The weak financing to support the EITI and civil society groups is an indication of how the state manipulates the allocation of resources to render the functioning of the EITI platform ineffective and the work of civil society groups unsustainable. By using tactics, such as centralised decision-making processes, revocation of licence contracts, bribery, tactics of intimidation against extractive companies or civil society, weak source of financing and the oppression of critical voices against the government (typically human rights activists), the regime carefully manages the scope of space assigned to its non-state actors. In a context, when the sustainability of business is tightly linked to the decisions of the government and where civil society is coerced and has no source of financing, non-state actors as the EITI demonstrates abide to the rules laid down by the government. However, as Wilson (2005, p. 41) argues, the stability of such form of governance requires a united elite; in the case of Kyrgyzstan, the fragmentation of elites within the local and central state structures further distort the effective implementation of the Initiative, as elites at the local levels do not always respond to demands emanating from Bishkek. In Kyrgyzstan although regional network ties and elite fragmentation between North and South play a critical role in shaping the governance of the country (see further McGlynchey, 2011; Radnitz, 2010), there is also a larger divide between the state and its representation in local practices as consequence of decentralisation policies. This is discussed in more depth in the following section.

### **5.2.3 Decentralisation and Fragmentation of Elite Structures between Rural and Urban Areas**

The process of resource sharing with the wider population is further exacerbated by the complex and weak decentralisation process in Kyrgyzstan. Decentralisation saw major accomplishment in the transfer of state-owned assets to rural municipalities. Under these conditions, municipalities are responsible for their own budget management without direct accountability to the national government. The 1992 Act on ‘Local Self Government and Local State Administration’ ensures the transfer of local government powers to local councils (Alymkulov and Kulatov, 2001 p. 526). The principle of local self-government was subsequently codified in Article 7 of the Constitution (1993): “Local self-government in the Kyrgyz Republic is exercised by local communities, which govern affairs of local importance according to the law and at their own initiative” (Ibid). It provides a base for the operation of local self-governance at the village level. The Land Code under the Act ‘On communal property’ further defines the land as the property of village communities. Village administrations as such are independent from the central government. According to the law on self-governance, the use of natural resources should be managed via local self-governance. In reality, however, the hybrid institutional bricolage of Kyrgyzstan prevents the effective redistribution of rents stemming from the natural resource sector. Most of the natural resources are based at the community level and are managed by local self-government bodies. However, there is a lack of interaction between local and central state structures as well as between local populations and extractive companies (see also World Bank, 2015d). Moreover, local self-governments at the village level represents the first source of power and help. Yet, how effectively these authorities respond to population needs depends significantly on the degree of accountability, by whom and how they are formed, and how they relate to the population. The World Bank/EFCA (2014) study notes that in many communities the vision of state agencies do not fall in line and is sometimes conflicting to the one of the local population. As the study further emphasises, the influence of state agencies on the opinions of the local populations is small. My interviews conducted with regional MSG representatives and also donor organisations working at village level reported that, although the post-Bakiyev<sup>68</sup> government is trying to introduce regulatory mechanisms, their effective implementation is complicated or blocked at the local regional level, where

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<sup>68</sup> Interviews with representatives of ‘Public reception Desks’ and GIZ, Bishkek, 2014

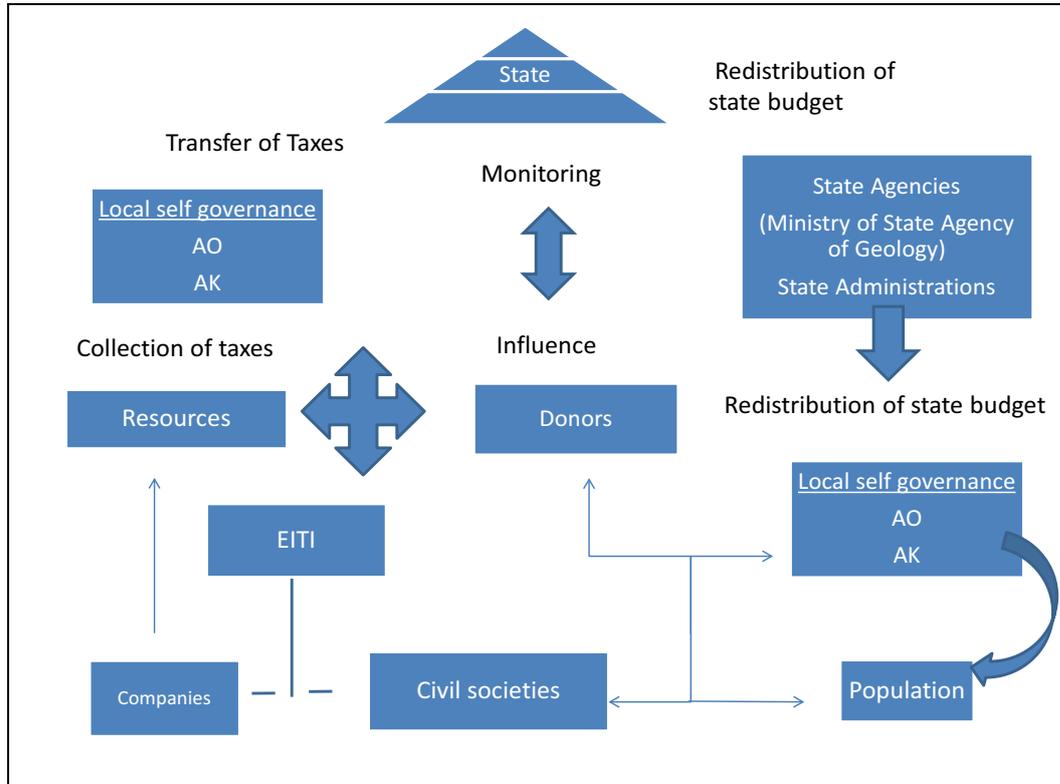
local power structures override central authority<sup>69</sup> rules and instead impose their own governance system, which in return further serves to fuel local tensions. In fact, as Pauline Jones (2004b) describes in her analysis, subnational leaders exercise much greater influence in practice than they are allowed to on paper. The anthropologist Judith Bayer (2007, p. 3) notes “what we can observe in local political action are not representations of the state or state practices, but often entirely new practices”. The implication is that the state in Central Asia must often engage in political negotiations with its peripheries in order to implement its policies. Therefore, the context of political and economic decentralisation in Kyrgyzstan further explains the ineffective implementation of the EITI. Such a fragmentation between the national and local levels poses significant challenges to EITI implementation at regional levels. As a result, money is not always adequately distributed or lost in transfers between different structures of money allocation. The study of Baimyrzaeva (2011, p. 32) indicates that self-government bodies are ought to retain 90 per cent of the locally collected revenue, but in practice they retain only 10 per cent. To complicate matters further, the budget is redistributed by the national government and also filtered through *oblast* and *rayon* levels of territorial state administrations before reaching local self-government bodies (Ibid). Taxes collected from mining industries at the local self-governance level directly go to the state national budget that later distributes the respective monies to relevant state agencies and regions to reach at the end local communities. As the graph below illustrates the multi-layered process makes resource distribution untransparent and consequently creates losses in the system.

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<sup>69</sup> Similar findings were reported by David Trilling in EurasiaNet 2013. Kyrgyzstan: Amid Price Plunge, Gold Mine Auction Faces Multiple Hurdles. [Online]. Available at: <http://www.eurasianet.org/node/66845> [Accessed 8 December, 2016])

**Figure 3. Decentralisation and EITI process in Kyrgyzstan**

The graph below shows decentralisation and the EITI process:



What we can clearly observe is that the decentralisation process follows a top-down approach marked by weak accountability and monitoring processes. Moreover, many of the rural councils in Kyrgyzstan are subsidised, and those subsidies are allocated for earmarked targets (CABAR, 2016). Hence, such a system creates an inequitable structure of budget allocation with some rural villages receiving more resources than others<sup>70</sup>. In such a fragmented system, it becomes then evident that budget allocation does not match local conditions and the needs of the population. This further explains why central government rules and expectations mismatch with local village levels. Clearly, as the graph demonstrates, there is a huge gap between the central level, civil societies and the population. Donors interact with the government to mainly support governance development of the state, however, their work is tightly monitored by the state. Interviews from the field work show that in the overall process extractive companies mainly deal

<sup>70</sup> Author interview with Turgunbek Atabekov, Head of the “Foat” Public Association, Bishkek, November 2014 Author Interview with an employee of Sorous Foundation, Bishkek, October, 2014

with the natural resource sector in providing revenues for the government budget and have little interaction with civil societies and local communities.

#### **5.2.4 Soviet Organisational Culture**

As discussed above, the EITI has clearly limited impact on improving the way resource revenues are shared. The problem is further exacerbated by organisational managerial cultures dating back to Soviet times. When I interviewed a state member<sup>71</sup> from the EITI coalition and asked her, if she had received a specific training on the EITI prior to joining the coalition, she blankly told me “No”. She had simply taken over the EITI dossier and work from her colleague. This is perhaps why the EITI in her views was transparency in reporting revenue. For this state employee, the EITI is just a function of her job. Such observations are important to consider, as they highlight the Soviet legacies of a management style, which includes highly hierarchical structure of commands and orders that follow a top-down approach as well as avoiding risk and accountability, mistrust towards others and a lack of entrepreneurship (McCarthy et al., 2005; Intrac, 2007). As Nielsen and colleagues observe: the transition to the market economy did not occur in a “institutional vacuum” but depended on “a dense and complex institutional legacy such that the (often invisible) remnants of previous economic and political orders still shape expectations and patterns of conduct” (Nielsen et al., 1995, p. 4). Studies on management in post-Soviet transition economics demonstrate that socialist culture was characterised by a lack or absence of investment in human resource management (HRM) (see the literature review study of Horie and Kumo, 2015). Most of the personal or cadre management was carried out by state level departments in accordance to central economy planning. The job of the cadre department was characterised by narrowly defined job contents with the main objective to meet administrative functions on paper (Gurkov and Settles, 2013). A lack of broader analytical vision further features such forms of organisational culture and is also visible among the members of the coalition. Interviews and my personal observations reflect that the EITI for all the members of the coalition represent a function of their work duties. As such, they are so absorbed to work on EITI tasks that they fail to analyse how their micro-level activities contribute to the wider development of the Initiative at the national level.

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<sup>71</sup> Interview with representative of First Deputy Chairman of State Customs Service under the Government of the Kyrgyz Republic, Bishkek, 1 December 2014.

### 5.3 The EITI—A Technical Success?

However, despite its limitations, the EITI has achieved some substantial progress, mainly categorised as ‘technical successes’. EITI consultations are designed to create a knowledge-sharing platform and peer-to-peer learning. The analysis of the EITI MSG consultations in Kyrgyzstan reveals that although consultations do not occur regularly, they however created a space for discussions and deliberations, where different actors from the sector meet to express their opinions. It is also a platform for learning and exchanging information related to the extractive industries in the mining sector among different organisational actors. This is confirmed by the statement of the State Agency for Environmental Protection under the Government

“First the EITI broadens our horizons, if we wouldn’t take part in the initiative we wouldn’t know about the activities of each other, here we see opinions of others and what happens in other regions. Before that we were completely unaware about ‘how and why’ revenues flows related to resource management now we somehow understand it”. (Elmira Usupova, Bishkek, December 2015)

In addition to having received the status of compliant, there is now a systematic process and standardisation of procedures guiding revenue earning reporting. Companies are aware of the necessity to submit reports on transparency, and local administrations now understand the importance of such reporting procedures. The EITI National Board also realised the necessity of implementing the EITI deeper and of making reporting available to all segments of the population. The implementation of the EITI principles at the subnational levels through the ‘Public Reception Desks’, and the current translation of the reporting and documentation from English into Russian and Kyrgyz are significant steps taken in this direction. Moreover, the capacity of local communities, government officials, NGOs and companies to understand the importance of reporting in the extractive industries has increased considerably since the implementation of the Initiative.

The improved ability of these actors to read EITI reports and to understand financial flows of the extractive industries has been noticeable. Moreover, there is an increase in demand for getting detailed analyses of revenue flows stemming from mining industries. Local communities gradually start to raise questions about revenue expenditures and their management. Prior to this, the mining sector of the Kyrgyz Republic was extremely opaque. In this sense, partnership agreements have the capacity to produce a

transformative effect and shape the behaviours of their parties, but this very much depends on the political will and mobilisation of the actors involved.

## **Conclusion**

The empirical observations from the EITI MSG in Kyrgyzstan demonstrate that the effective functioning of the MSG in Kyrgyzstan is influenced by the relative paucity of actors involved in the procedure of the EITI. Kaufmann and Bellver (2005, p. 14) point out that the provision of information alone is insufficient. To be effective, it is critical for different social groups to participate in the decision-making process and to have the capacity of analysing and acting upon an analysed situation. In a client-patron society, such as in Kyrgyzstan, the public sphere is not a space based on the ideas of common good and social justice, but a place where individuals strive for power and personal gains (see Luong, 2002; Cummings, 2012; Shulte, 2008). Consequently, the relatively weak representation and accountability in the national governance systems, where wide gaps exist between local representatives as to *who* they represent and *how* (see Huskey and Isakova, 2010), has negative consequences for the development of effective representation and, hence, on multilateral global governance initiatives, such as the EITI. What the study further demonstrates is that it is important to question who the actual NGOs are, and how they are connected to the population they claim to represent within the EITI. The study of the EITI in Kyrgyzstan shows that a deliberative and neutral form of governance in a non-democratic setting reproduces rather than challenges practices of power relations and serves personal gains rather than constituencies they ought to represent. It seems that the pursuit of anti-corruption efforts in Kyrgyzstan is increasingly entangled with elements of authoritarian governance and is more about 'who is in the network and who is not'. The close association of some local NGOs with international donors created powerful gate-keepers, who use their access privilege or status to favour some groups over others and to cement and further strengthen their position. The state (under different leadership) used the EITI as a political tool to enhance its legitimacy at both national and international levels, to curb domestic security threats and present itself as compliant with international norms while in practice largely ignoring them. The little reforms that were adopted in relation to the EITI, as for instance the adoption of the EITI in the 'Subsoil use law' or the 'Public Reception Desks' are weak and easy to bypass. Further, the government's weak participation and lack of financial support also demonstrate the unwillingness of the Kyrgyz government to commit to transparency reforms in the management of the resource sector. What we depict from these

observations is that the Kyrgyz government merely adopted the EITI to please its international and domestic audience but with little commitment to alter its everyday politics. In this sense, the adoption of the EITI merely represents a ‘performative or virtual act’. Just as in the analysis of Andrew Wilson (2005) on ‘Virtual Politics’, what we can depict from the analysis of Kyrgyzstan is that the government seeks to control and steer the EITI according to its interests. In this sense, the EITI plays largely an instrumental role. As a result, the process reproduces the dynamics of a neopatrimonial regime in which formal institutions help to consolidate client-patronage relations. As such, although at the surface the EITI operates as a multi-stakeholder group, its inside dynamic is, however, carefully orchestrated by the regime and its close allies. Clearly, by bringing different non-state actors into the EITI, the regime had ‘virtually’ assigned some forms of opposition or ‘simulated forms of plurality’ largely designed to please the international EITI community.

Further, the process of the EITI is further problematised by weak decentralisation processes and regional dynamics between urban and rural areas. In Kyrgyzstan, as the study demonstrates, top-down state authority is not always followed by the individual leaders of rural communities. As a result, such developments further exacerbate the implementation of the Initiative. Additionally, domestic organisational culture marked by Soviet institutional legacies and traditional clientelistic behaviours impede on the well-functioning of the Initiative. As a result, the EITI implementation process in Kyrgyzstan suggests that, although the Initiative has a standardised path of implementation, its structural governance mechanisms follow a distinct internal logic, which disconnects it from the rules and principles imposed externally<sup>72</sup>. However, this is not to say that the Initiative is a complete failure. The benefit of the EITI became largely visible to the actors involved in the Initiative through various organised trainings and workshops rather than to those individuals it is targeting. As the observations on the EITI demonstrate, the population remains largely excluded from the EITI process. The need to share the benefits with the local population is one of the pressing issues that was poorly addressed so far. Additionally, in Kyrgyzstan, the population saw two subsequent revolutions that did not bring any promised change from the government. After seeing a parade of corrupt

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<sup>72</sup> On March 9, 2017, the board has suspended the status of Kyrgyzstan due to its failure to comply with EITI standards. Main points of concern in Kyrgyzstan relate to insufficient state participation and inadequate representation of the MSG as well as data quality related to revenue disclosure and mandatory social expenditures. Kyrgyzstan has until 8th of September to address corrective actions and pass the second Validation process (for further information see EITI Website: Kyrgyz Republic 2016 Validation [Online]. Available at: <https://eiti.org/validation/kyrgyz-republic/2016> [Accessed: 5 April, 2017])

government and being ‘accustomed to corruption’, there is low trust in official state bodies; more generally, there is a general feeling of ‘laissez-faire’, as the population believes that any promised reforms or changes would be left unfulfilled. In the context of Kyrgyzstan, where economic development is weak, jobs are scarce and poverty rampant, the major concern for the population is to ensure their own survival. Hence, the meaning of the EITI and benefits that the Initiative could provide for the population are barely noticed. In the national opinion poll survey conducted in this study, only 16.7 per cent of respondents had heard about the EITI, of those, 33.2 per cent had received information from civil society organisations<sup>73</sup>.

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<sup>73</sup> Survey results, SIAR National Opinion Poll, October-November, 2014

## **Chapter 6. Case Study Two: Kazakhstan and the Implementation of the EITI**

### **Main Points of this Chapter**

Since gaining its independence from the Soviet Union, Kazakhstan's politics was dominated by President Nazarbayev and its inner family circle and elites. The hypercentralised regime build by the President enabled him to create a strong coalition of elites, active in both political and economic domains to appropriate public resources for the regime's personal gain. Resource-rich Kazakhstan combines enormous rent income that stems from the natural resource sectors of energy (oil and gas) and mining directly lining the pockets of the President and its autocratic regime, while leaving the large part of the population outside of these rent sharing. The first part of this Chapter provides an overview of the political and economic context of the country. The reason for describing these parts in details is to provide a basis for understanding the functioning of the EITI in the country. The second part of this Chapter discusses the implementation of the Initiative and its shortcomings. What the case of Kazakhstan reveals is that the implementation of the EITI was instrumental in growing domestic and international pressures. Faced with domestic instabilities in the mining sector, corruption scandals and international pressure of the EITI secretariat, Kazakhstan responded by adopting the Initiative mainly for reputational concerns and state legitimacy. As the case demonstrates, the adoption of the Initiative does not mean norm compliance. As the case further illustrates, domestic institutional structures and neopatrimonial practices shape the functioning of the Initiative.

### **6.1 Kazakhstan at a Glance**

#### **6.1.1 Political Context**

The latest Freedom House data described Kazakhstan as a "consolidated authoritarian regime" (Freedom House, 2014). Since gaining its independence from the Soviet Union, Kazakh politics was single-handedly ruled by President Nazarbayev and its inner family circle and elites (Peyrouse, 2012; Cummings, 2005). As Sally Cummings notes (2002 p. 63), "the president is at the epicentre of all state- and institution-building efforts, and the presidential office and executive order have come to dominate all branches of government". Political openness, independent media and civil society are present by 'design' and remain largely underdeveloped. Since the 2007 reforms, the President can

seek re-election as many times as he wishes and stay in office for an unlimited number of terms. Democratic institutions are present, however, they are primarily for ‘window dressing’; the political arena is dominated by the party of the President, the Nur Otan, with very restricted or quasi absent space for the opposition to act (Freedom House, 2014).

As the report of Freedom of House (2014, p. 296) states “under President Nazarbayev’s rule, Kazakhstan has mastered the rhetoric of reform and democratization without demonstrating any genuine commitment to these processes”. The various democratic institutions including civil society and media are all tightly controlled under the President’s tutelage and its inner elite circle. It is almost impossible for civil society in Kazakhstan to function independently from the state. Although it was acknowledged in the 1995 Constitution in Article 23, Paragraph 1<sup>74</sup> on the clauses related to individual rights and the freedom of association and then again in 2006 with a presidential decree recognizing its space for social relations distinct from the state. Most of the existing civil society organisations in Kazakhstan are recognised as ‘non-commercial organization’ (NCO) instead of ‘non-governmental’ and are organised as GONGOs. The USAID Civil Society Sustainability Index (2014) gives Kazakhstan a 4.1, which reflects a moderately weak civil society<sup>75</sup> that is mainly characterised by limited political rights, weak capacity-building and low democratic freedom to participate.

### **6.1.2 The Economic Context in Kazakhstan**

In the last decades, the growth of the country’s GDP was primarily fuelled by the petroleum sector. In 2015, the oil and gas sector formed 30 per cent of the GDP, 70 per cent of exports and 20 per cent of budget revenues (UK Government, 2016). Thanks to its petroleum industry, the GDP per capita (PPP expressed in thousands \$) grew from 8,790.8 in 1991 to 25,876.5 in 2015 (World Bank data, 2015b).

The severity of the economic crisis in the late-nineties impelled the Kazakh leadership to pursue a hydrocarbon-based path to economic development by attracting foreign direct investment in the oil and gas sector (Ipek, 2007; Luong and Weinthal, 2010). The collapse

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<sup>74</sup> “Citizens of the Republic of Kazakhstan shall have the right to freedom of forming associations. The activities of public associations shall be regulated by law”. Kazakh Constitution 1995 [Online] Available at: <http://www.parlam.kz/en/constitution> .[ Accessed 2 November 2016]

<sup>75</sup> Score of 1 indicating a very advanced civil society sector with a high level of sustainability, score of 7 indicating a fragile, unsustainable sector with a low level of development (see USAID: CSO SUSTAINABILITY INDEX METHODOLOGY: <https://www.usaid.gov/what-we-do/democracy-human-rights-and-governance/cso-sustainability-index-methodology>)

of the Soviet centralised economy put Kazakhstan in an economic and socio-political crisis. The situation was further exacerbated by the departure of skilled ethnical Russians (Brauer, 2012, p. 167). Lacking technical know-how and investment to develop its economy, Kazakhstan very quickly realised that its survival depended on the development of its natural resource sector. However, with the Russian and European/Slavic population highly concentrated in the northern and eastern parts of the country and Kazakhs in the south (Melvin, 2001), the challenge for Kazakhstan was to maintain statehood (Ipek, 2007; Olcott, 1996). As Brigit Brauer (2012, p. 167) notes: “one of the main worry in Kazakhstan was that Russia might make claims on sizeable parts in the territory in the north”. Another worry of Kazakhstan was its border with China.

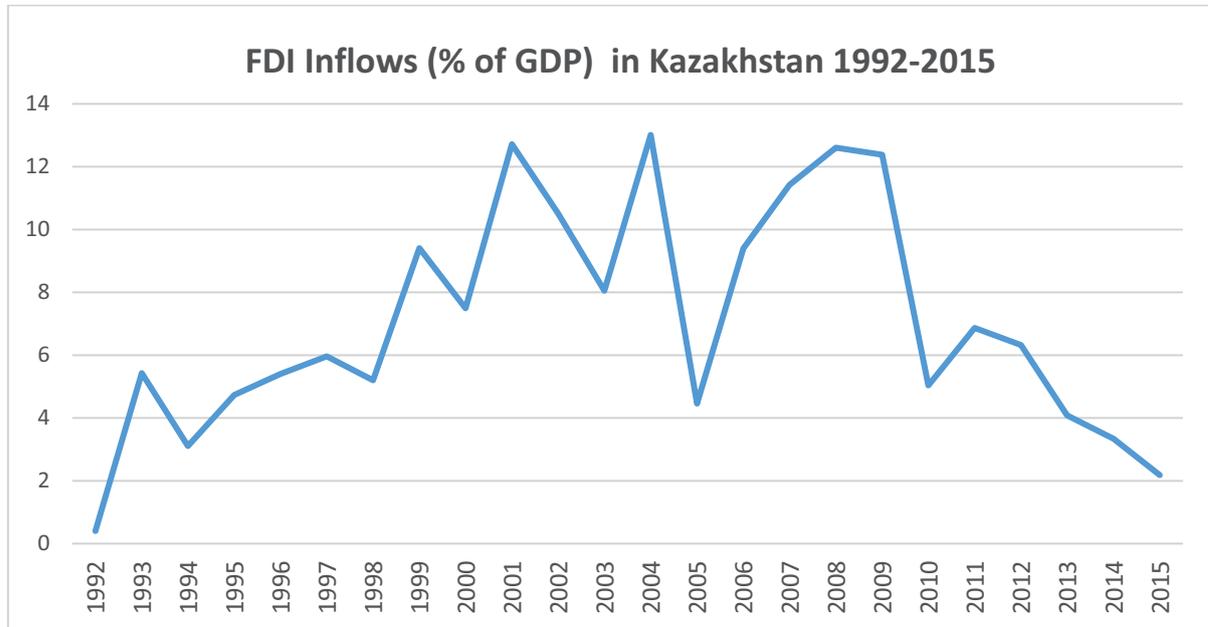
The geopolitical situation of Kazakhstan, i.e. being a landlocked country surrounded by Russia and China and being economically and military weak, prompted President Nursultan Nazarbayev to embark on pragmatic and multi-vector foreign policies trying to balance its immediate with interests in the wider neighbourhood (Cummings, 2003b; Ipek, 2007). Such policies, as Brigit Brauer (2012, p. 167) further argues, were also extended to the energy sector, where the national origin of oil companies was an important factor in concluding energy contracts. In the late 1990s, Nazarbayev’s foreign policy strategies took a multi-vector course in seeking to ensure economic stability via the economic assistance of multilateral agencies backed by the US and European governments, investment from big Western oil firms and cultivating a strategic partnership with Russia and China (Ipek, 2007; Cummings, 2003; Domjan and Stone, 2010).

### **6.1.3 The Role of Natural Resource Sector: Oil**

According to an OECD report, FDI inflows and exports from Kazakhstan are highly concentrated in the natural resource sector (mining and oil explorations) forming more than 70 per cent of capital inflows (OECD, 2012). By late 1998, the country ranked third in energy production among former Soviet Republics and was the second largest oil producer after Russia (Luong and Weinthal, 2001). Since this period and until 2008, Kazakhstan entered an oil boom; the country's gross domestic product (GDP) rose on average by 8 per cent per year, until the 2008 global financial and economic crisis led to a slowdown (Satpayev, 2014). This trajectory is primarily boosted by the Kazakh government in pursuit of a pipeline diversification strategy relieving its dependence from

Russia combined with the desire to attract world markets and to maximise profits<sup>76</sup>. Major investors in this sector were US companies, such as Chevron, followed by the UK, the Netherlands, Italy, China and Russia (OECD, 2002; OECD, 2012).

**Figure 4. FDI inflows (% GDP) in Kazakhstan 1995-2015**



Source: FDI inflows in Kazakhstan (per cent of GDP) 1992-2015. The World Bank, (2016b)<sup>77</sup>.

The largest oil reserves in Kazakhstan are situated in the western part of the country in four major oil fields: Tengiz, Karachaganak, Kashagan and Kurmangazy (Kaiser and Pulsipher, 2007). The energy ownership structure in Kazakhstan is organised based on a consortium of companies, where more than 50 per cent of the total energy production is provided by foreign investors operating in the field of extraction and exploration (Tsalik, 2003; Kaiser and Pulsipher, 2007; Guliyev and Akhrarkhodjaeva, 2009). Chevron and its consortium (which also includes Exxon Mobil and Russia’s Lukoil) are Kazakhstan’s largest private oil producers, holding important stakes in the nation’s two biggest oil-producing projects—the Tengiz and Karachaganak fields. Other important foreign companies include BP, BG, ENI-Agip, Royal-Dutch/Shell, Total and the China National Petroleum Company (CNPC). The establishment of these companies in the Kazakh natural resource sector date back to 1992, when the Kazakh government signed the first

<sup>76</sup> Since the drop of oil prices in 2014, the country entered a period of economic instability.

<sup>77</sup> FDI inflows in Kazakhstan (per cent of GDP) 1992-2015. The World Bank, (2016b), available at: <http://data.worldbank.org/indicator/BX.KLT.DINV.WD.GD.ZS?locations=KZ> [Accessed: 26th of September, 2016]

international joint-venture agreement with Chevron to exploit its Tengiz oil field. Recently, Kazakhstan and a group of oil companies led by Chevron have approved a \$36.8 billion plan to boost the production of the Tengiz field, a rare major investment in an industry hit by the recent oil crisis.<sup>78</sup>

However, the openness of Kazakhstan towards FDI does not mean that the business environment is easy to navigate. With the gradual reinforcement of autocratic power in Kazakhstan, domestic policies towards FDI openness and, in particular, towards the energy sector became more aggressive. At the end of the 1990s and from the beginning of 2000, Nazarbayev was confronted with discontent from parts of the Kazakh government and the business sector, which blamed FDI to harm their national interests (Ostrowski, 2010; Kuszniur, 2012). FDI were seen as exploiting the country's natural resources without giving anything back in return. As a result, Nazarbayev gradually tightened his control over FDI operations in the country. From then on and marked by the period of the oil boom in the mid-2000s and the discovery of the Kashagan oil field (the world's largest oil find), the Kazakh government embarked on strategies of resource nationalism seeking to increase its control over the management of the state's natural resources (Domjan and Stone, 2010; Brauer, 2012). The reinforcement of resource nationalism in Kazakhstan was mainly undertaken in two ways: 1) by placing cost burdens on international oil companies; 2) by increasing state ownership control in major projects through the state company KazMunayGaz. These strategies are discussed below.

### *1) Placing Cost Burdens on International Oil Companies*

The reinforcement of nationalisation policies significantly affected the contractual and regulatory arrangements of FDI operations in the country. The government became more assertive in determining the rules of the game in its favour or changing them as needed (Brauer, 2012, p. 169). In such an environment, FDI became increasingly vulnerable to the government's new strategies. International energy companies were highly pressured by the government in increasingly sophisticated ways. The government used fiscal threats and all sort of fines (such as the failure to respect environmental legislation) and other arbitrary practices to increase the fees on the contractual agreements or to renegotiate better terms for existing contracts (Domjan and Stone, 2010; Brauer, 2012; Ostrowki, 2010). As a result, international companies are often faced with the choice but to give in

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<sup>78</sup> Katakey, R. & Gizitdinov, N. (2016). Chevron Bets \$37 Billion on Expansion as Oil Rises, Costs Fall Bloomberg July 5, 2016. [Online]. Available at: <http://www.bloomberg.com/news/articles/2016-07-05/chevron-approves-37-billion-expansion-of-kazakh-oil-project> [Accessed: 2 November, 2016]

to the demands of the state. In such a context, foreign companies are secondary and lack leverage against the presidential regime. As my field work interviews reveal, foreign companies are very much dependent on government policies<sup>79</sup>. Many of my interviews indicate that Kazakhstan does not offer a friendly business environment and lacks a strong legal protection of investors, when their rights were violated. The country's judicial system further lacks accountability and independence (see further Freedom House, 2015b). It remains largely a political instrument that protects the interests of the regime rather than those of its citizens and other strata of the population<sup>80</sup>. In such a system, many individual rights are unlawfully violated. As one member working for a foreign company indicated: "the business environment is very bureaucratic—and government is ready to use fines for anything and nothing"<sup>81</sup>. Such a picture, as a result, creates an environment in which financial transactions linked to the exploitation of oil and gas are opaque and subject to the extreme influence of the state.

## *2) Increasing the State's Control through the State Company KazMunayGaz.*

In 2002 with the aim to consolidate power over the management of the natural resource sector and through the merger of TransNefteGas and KazakhOil, the Nazabayev government formed the state company KazMunayGaz. In 2008, the company was further integrated in the national welfare fund Samruk-Kazyna. Despite the transfer of decision-making authority to private ownership deals, the government of Kazakhstan retains the upper hand in determining the size, stability, composition and degree of transparency of its energy deals with foreign contractors (Jones Luong and Weinthal, 2010, p. 259). Since 2005, all major energy deals need to be signed with the national Kazakh state-owned company KazMunayGaz (Tsalik, 2003; Kuznir, 2012; Guliyev and Akhrarkhodjaeva, 2009). The state-run company KazMunayGas consolidates major contractual agreements in oil and gas projects. New consortiums must show a 50 per cent share owned by KazMunayGas (Olcott, 2010; Laruelle and Peyrouse, 2013). The Production Sharing Agreements (PSAs) sharing agreements further obliged foreign companies to source goods, services and employees locally (Kuznir, 2012, p. 113).

Although the state is the official shareholder in KazMunayGaz, Nazarbaev's family indirectly controls its financial and organisational activities through the appointment of

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<sup>79</sup> Author's informal interviews with the employee of KazTransOil 15 June 2015, Astana.

Author's informal interview with an employee of BG Group Kazakhstan, 4 June 2015, Astana.

<sup>80</sup> Author's informal interview with an employee of BG Group Kazakhstan, 4 June 2015, Astana.

Author's interview with Managing Partner of Parlink Consulting /Oil and Gas, 29 April 2015, Astana.

Author's informal interview with the employee of Friedrich Eberti Fond, 2 June 2015, Almaty.

<sup>81</sup> Author's interview with an employee of BG Group Kazakhstan, 4 June 2015, Astana.

family members or government allies. For instance, until 2011, Timur Kulibayev the President's son in law was the deputy CEO of KazMunayGas and was also the Chief Executive Officer, Chairman of the Management Board, and Director of Samruk-Kazyna National Welfare Fund JSC. In 2011, he was removed from this position<sup>82</sup>, however, he still holds a considerable influence in KazMunayGaz through KazEnergy Association, where he assumes the position of the Chairman, and through Samruk-Kazyna, where he is a member of the Board of Directors (see KazEnergy Association website, 2011). He is also of the richest man in the country and abroad, his business empire that touches almost every aspect of the oil sector is estimated to be worth \$2.1 billion by Forbes (FT, 2015b).

The above observations provide a good illustration of how the natural resource sector is embedded within the state's ruling elite. The role played by the natural resource sector in Kazakhstan is trivial, as it not only insures the well-functioning of the economy but also guarantees the survival of the regime. Consequently, as Pauline Jones and Erica Weinthal (2010) argue, what one calls a 'resource curse' in countries of Central Asia is strongly associated with the management and institutional ownership structure of the natural resource sector. In this regard, the relations between the petroleum industrial sector of Kazakhstan and the political sphere are very tightly intertwined with state-society relations. The presidential family and its circle are the major actors dictating the politics of the natural resource sector. Hence, a major challenge for the President lies in his ability to maintain a balance of power between these competing interest groups and to respond adequately to their demands. Therefore, the decision-making process is always connected to the regime's interests. As such, relations in the energy sector are both formally and informally subordinated to the President and its close circle. Such a situation results in a blurring of the boundaries between state politics and business. As many observe, corrupt and informal practices such as bribery, black mailing, proxy ownership and other illicit behaviours are all very common in Kazakhstan's public government and its energy resource sector (see Pleines and Heinrich, 2012). According to the statement of KazMunaiGaz First Vice President Maksat Idenov, in Kazakhstan "market economy means capitalism, which means big money, which means large bribes for the best connected" (Wikileaks cable, 2010). In the Transparency International Index (2015a), Kazakhstan ranks 123th out of 168, making it one of the worst performing countries in the world. McPherson and MacSerraigh (2007) further argue that because of the complex structure of the oil industry, revenues from these resources are largely opaque and

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<sup>82</sup> His removal was mainly due to the failure to deal with Zhanojen protests.

therefore are impenetrable to public scrutiny and transparency. Therefore, as a result of regime practices regarding resource rents, the economic boom of the petroleum sector in Kazakhstan was not accompanied by wider socio-economic development and rents sharing with the population. Although Kazakhstan succeeded to reduce its poverty rates from 46.7 per cent in 2001 to 2.8 per cent in 2014 (see World Bank data, 2015b), still significant disparities between urban and rural area impede the development of the country. Paradoxically, such disparities are hugely concentrated in resource-rich regions. About 70 per cent of the hydrocarbon reserves are situated in western Kazakhstan (KazMunaiGaz, website, n-d.). The western oil producing regions are Aktobe, Atyrau, West Kazakhstan, Karaganda, Kyzylorda and Mangystau. The IMF '2014(a) Country Report' observes a huge disparity between the western resource-rich regions and the resource-poor regions of the country. As the IMF report further points out, the oil sector in Kazakhstan acts as an enclave, "it is capital intensive and does not generate many jobs, and thus does not create significant economic spillover effects" (IMF, 2014a, p. 4). The poverty level is highly concentrated in rural areas (ADB 2012; IMF, 2014b; World Bank, 2015b). Such observations further demonstrate that much of the revenues is concentrated in the two major capital cities of Astana and Almaty. In this context, the development of the Extractive Industries Transparency can be seen as an important step towards improving transparency and resource sharing with wider segments of the population.

## **6. 2 The Implementation of the EITI in Kazakhstan**

In the year 2005, Kazakhstan endorsed the EITI initiative and became a fully compliant country in October 2013. In line with the requirements of the EITI, Kazakhstan created a multi-stakeholder group (MSG) composed of government officials, industry representatives and non-governmental organisations and submitted national reports to the EITI from 2005 on with the most recent report covering 2014. At present, the EITI implementation in Kazakhstan is coordinated by the Ministry of Investment and Development under the Committee of Geology and Subsoil Use. It is further overseen by a Supervisory Board, the National Stakeholders Council (NSC), which forms the EITI multi-stakeholder group (MSG) that is characterised by the representation of members from the sectors of civil society, state and extractive industries. In addition, the EITI NSC in Kazakhstan also includes deputies of the Majilis of Parliament.

However, the road to achieve the status of a fully compliant country in the EITI was not straight forward for Kazakhstan. Kazakhstan did not pass validation the first time. From 2009 to 2012, Kazakhstan struggled to achieve the full compliancy status. As many of

my interviews state, in “2009 there was a disagreement and split (raskól) among the civil society groups in the EITI MSG on the ways EITI was operating”<sup>83</sup>. Others refer to the companies and state disagreeing with civil society that resulted to veto civil society decisions on reporting<sup>84</sup>.

In 2010, it again failed to achieve full compliancy status, the EITI International Secretariat rather awarded Kazakhstan with the status of “Candidate Country close to compliance” (EITI report Validation in Kazakhstan, 2013a). The EITI official documents refer to coordination challenges resulting from a institutional reshuffling in the Ministry of Industry and New Technologies (MINT), responsible for overseeing the EITI implementation in the country (EITI report Validation in Kazakhstan, 2013a).

In 2011 and 2012, as the EITI official statement document (see EITI Validation Report, 2013a), the implementation of the EITI process in Kazakhstan slowed down, mainly because of a lack of consensus among the national stakeholders involved in the EITI process as well as a lack of coordination from the government side on the implementation of the Initiative. This was largely due to a cabinet reshuffle within the Ministry of Industry and New Technologies (MINT) and domestic oil protests as well as parliamentary elections in 2011. As the EITI official documents state: “The NSC did not convene in the period July-December 2011, nor did they respond to the Secretariat’s request for supplementary information” (EITI Validation Report, 2013, p. 2). In 2011, the EITI International Board set 12 June 2011 as the deadline for four corrective actions to achieve compliance to be implemented by Kazakhstan; two out of four corrective actions were achieved, but they were insufficient to achieve the full compliancy status. In 2012, the EITI International board decided to prolong Kazakhstan status as a candidate country by 18 months, during which a new validation needed to be held. In 2013, Kazakhstan was finally given the status of full compliancy. It is important to note that the 2012 ENI corruption<sup>85</sup> scandal implicating the Nazarabyev political clan and the parliamentary elections coupled with the external pressure of the EITI International board correspond

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<sup>83</sup> Author’s Skype interview with member of the EITI civil society coalition, 15<sup>th</sup> June Astana.

<sup>84</sup> Author’s Skype interview with representative of Soros Foundation, June 17<sup>th</sup>, 2015 Astana

<sup>85</sup> Reuters, (2012). REFILE-UPDATE 1-Eni probe will not stall Kazakh oil project. Reuters, May 11,2012. [Online]. Available at: <http://www.reuters.com/article/eni-kazakhstan-idUSL5E8GB89220120511> [Accessed: 27 September 2016].

to the year when Kazakhstan became again actively involved in the EITI implementation resulting in Kazakhstan passing the validation process in 2013.

**Table 2. Summary of the events and EITI implementations**

Kazakhstan	EITI Process
2004 James Giffin corruption scandal  Parliamentary elections  Presidential elections (2005)	2005 Kazakhstan accession to EITI
2007 Energy corruption scandal  Parliamentary elections  2010 Government cabinet reshuffle gives the state a more central role in the oil and gas sector.  Government dissolves MEMR	2008-2009 Continuous financing from the Republic budget to EITI reporting Appointment of government representative to the EITI 2009- split in the EITI coalition 2010 – Amendments to Subsoil use Legislation 2010- Kazakhstan fails to pass the validation 2010- EITI passes from MEMR to Ministry of Oil and Gas and the Ministry for Industry and New Technologies 2010-Transfer of duties in the cabinets over EITI implementation in the country
2011 Zhanojen protest  Transfer of duties in the cabinets over EITI implementation in the country  Parliamentary elections	2011 Kazakhstan fails to pass second validation  2012 The revival of the Initiative
2012 Energy corruption scandal Parliamentary elections EITI External Board pressure	2013 Kazakhstan full compliant country

The table above shows that just as in the case of Kyrgyzstan, changes in the Ministry and cabinet handling the Initiative delayed the process of EITI implementation in Kazakhstan. However, more importantly, we can see important patterns that impacted on the process of Initiative implementation. As such, each time there was a national election coupled with energy scandals involving the presidential family, in the subsequent year there is a positive boost in the implementation of the EITI. The year 2012 demonstrates a significant shift in government responses towards EITI implementation. The government decision to reinvigorate the Initiative in 2012 is the result of several factors: the Zhanaozen oil protests, parliamentary elections and the energy scandal involving the presidential family as well as external pressure by the EITI International Secretariat to pass the validation process. These observations illustrate that the autocratic leader of Kazakhstan could not ignore domestic and international pressure. A deeper analysis further reveals that responses were largely driven by government policies to use the EITI as a strategic governance tool to manipulate the political agenda protecting the regime's legitimacy and its public image.

### **6.2.1 The EITI as a Mechanism of State Interest-driven Strategies**

When I asked members of the coalition of what the EITI brings to Kazakhstan, all of them responded— “image and prestige”. Many also noted that losing the status of a candidate country would be a negative hit/ “udar” to the image of Kazakhstan<sup>86</sup>.

As the interview with the EITI National Secretariat states:

“Image of Kazakhstan is important, international initiatives bring visibility and creates knowledge and exchange platform as Kazakhstan interacts with international actors”  
(Interview with EITI NSC Secretariat, June 2015, Astana)

Access to the EITI represented diplomatic recognition from the international community and powerful states. Barret and Okamura (2015) argue that the adherence to international standards, such as the EITI, boost country's reputation and, in doing so, contributes to them gaining social and material benefits. Studies further demonstrate that the access of a country to the EITI is positively correlated with FDI inflows, as Kerem Oge (2016, p. 133) states: “resource-rich countries use the EITI to consolidate their international

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<sup>86</sup> Author's interview with Soros employee, June 2, 2015, Almaty

prestige as eager reformers, which serves to both maintain and lure foreign investment”. In this regard, certainly the adoption of the EITI in Kazakhstan is part of state image-building strategies to boost its international reputation. In 2012, after failing its first validation, Kazakhstan was facing pressure from the EITI International Board for completing its second validation process otherwise its status was to be revoked. For these reasons, the EITI represented an important tool for the nation’s reputational capital. As the members of EITI National Secretariat report:

“When EITI in Kazakhstan didn’t passed validation the first time it brought “shame on the country”. The president got personally involved and told everyone to reach the compliancy status. Image of Kazakhstan was at stake at the international level. So, we work hard to get the compliancy status”. (Interview with EITI NSC Secretariat, June 2015, Astana).

In order to pass the second validation, the government took decisions to introduce policies which would facilitate compliance with EITI requirements and pass the second validation. In this regard, as the EITI 2013 Validation Report shows, in addition to introducing technical changes related to the country’s national reporting and meeting EITI requirements, Kazakhstan pursued a strong ‘advertising’ campaign to promote the EITI in the country and abroad. In this regard, the Ministry of Foreign Affairs was instructed to promote the reporting and coverage abroad of the EITI process in Kazakhstan and to organise meetings with the International EITI Board (EITI Validation report, 2013b pp. 35-36). Also, the Ministry of Industry and Trade and the Ministry of Culture and Information were assigned to develop a plan on the media coverage of the EITI (EITI Validation report, 2013b, pp. 35-36). As such, it was crucial for Kazakhstan to pass the second validation process and achieve full membership in the Initiative. However, this only explains one part of the story, in Kazakhstan, as the analysis of the case study reveals, the Initiative was primarily adopted for domestic events related to corruption scandals and instabilities in the mining sector. As such, the implementation of the EITI in Kazakhstan corresponded with developments having a destabilising effect on Kazakhstan’s domestic image and its state leadership. In this sense, the use of the Initiative was strategic for the government.

*Corruption Scandals*

The decision of Kazakhstan to join the EITI transparency initiative can be closely traced to a high profile political incident, also called ‘Kazakhgate’, a scandal that occurred in 2004. The case is based on allegations that James Giffen, an American businessman and former Nazarbayev advisor had supposedly paid \$78 million in bribes to unnamed Kazakh officials to secure contracts for Western oil companies, such as Chevron (now Chevron-Texaco) and Mobil (now ExxonMobil) (Solach, 2010). The revelations were considered as politically damaging for the image of Nazarbayev in light of the parliamentary elections in 2004. The scandal highlighted the urgent need for President Nazarbayev to rebalance his political ‘clean’ status and restore his image. As many commentators observe, political tensions were growing and signs of a deepening split within the country's ruling elite became evident, following the founding of a new political movement, the Democratic Choice of Kazakhstan (DCK) on 18 November 2001. As Ostrowski notes (2010, p. 131) “Nazarbayev’s response to the looming crisis, which was only growing with the 2004 parliamentary elections, was to reinforce its domestic position and to appropriate at least on paper the opposition’s proposal’s for further political and economic reforms”. Writing about the 2004 parliamentary elections in Kazakhstan and in a similar vein, Dave (2005) warned that hearings on the Giffen case would affect the Nazarbayev regime and would have an impact on the 2005 presidential elections. Corruption is not new to Kazakhstan’s politics. In the words of Dossum Satpayev, an independent political analyst and director of the Kazakhstan Risks Assessment Group in Almaty, “corruption scandals involving government officials become almost normal feature of life” (Satpayev, 2014, p. 1). However, as the James Giffen incident demonstrates, when exposed, such scandals can have detrimental effects on the leadership of Nazarbayev, particularly in times of elections. In addition to the James Giffen corruption scandal, in 2007 the UK banker Robert Kissin was accused of playing the middleman helping Texas oil service company Baker Hughes pay \$4 million in bribes to the Kazakh government in exchange for an oil contract<sup>87</sup>. The year also

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<sup>87</sup> Leigh, D. (2010). WikiLeaks cables name UK banker as middleman in Kazakh corruption ring. The Guardian. 12 December 2010. [Online]. Available at: <https://www.theguardian.com/world/2010/dec/12/wikileaks-british-banker-kazakh-corruption> [Accessed: 27 September 2016].

coincided with parliamentary elections in the country. Similarly in 2012, a court in Milan had condemned the giant Italian energy company ENI due to corruption activities in Kazakhstan. According to the investigators, ENI had paid at least \$20 million in bribes to certain Kazakh politicians at the first development stage of the Kashagan field<sup>88</sup>. This also corresponded to parliamentary elections in 2012.

#### *Domestic Socio-Economic Discontent*

In addition to these corruption scandals, in 2011 Kazakhstan was facing mass protests from oil workers. The 2011 Zhanaozen mass protest (that took place across the Mangistau region) of oil workers expressed the grievances over the use of natural resources and the popular exclusion from its profits. The protests ended in violence, which left more than a dozen dead and temporarily shook the stability of the country leading the government to proclaim a state of emergency. The incident in Zhanaozen destabilised the country's autocratic rule by allowing the rise of opposition movements demanding accountability from the government of Nazarbayev. In the same year, Kazakhstan was facing presidential elections.

The Zhanaozen oil protests alarmed the regime about the stability of the country and its rule. As recent studies demonstrate, with the rise of Colour Revolutions, popular revolts increasingly posed a threat to autocratic leaders. The popular mass protests of the 'Colour Revolutions' more than ever highlighted that autocratic leaders did not only face threats from their elites but also from the popular masses. Popular protest sends costly signals to the leaders, as they represent a serious threat to regime stability. In such a context, as the study of Taylor and Frantz (2014) demonstrates, leaders are more likely to place greater emphasis on addressing threats from mass protests and respond to the demands of the population. Access to mineral resources is crucial for the Kazakh economy, hence, a halt in the extractive sector posed a threat to the country's economic stability. As Umbetalieva and Satpayev (2015) report, the oil strike caused great damage to state oil production. Moreover, the country's political and economic stability represent an important factor for FDI investments. More importantly, however, the incident demonstrated the

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<sup>88</sup> Reuters, (2012). REFILE-UPDATE 1-Eni probe will not stall Kazakh oil project. Reuters, May 11, 2012. [Online]. Available at: <http://www.reuters.com/article/eni-kazakhstan-idUSL5E8GB89220120511> [Accessed: 27 September 2016].

repercussions state practices of handling resource rents can have on peace and stability of the country. As mentioned in earlier Chapters, the resource curse has been associated with institutional causes of violence and civil conflicts (Ross, 2004; Le Billion, 2001; Collier and Hoeffler, 2005). In this regard, the government of Kazakhstan could not ignore protesters' demands in Zhanaozen, as they carried the power to bring about significant destabilisation. Moreover, as the academic literature further argues, repression against protesters (as in the Zhanaozen oil protests leading to the shooting of civilians) runs the risk of leading to high reputational concerns for domestic and international audiences, potentially increasing the base of support for opposition groups and placing greater pressure on the government (Giraud et al., 2016). Therefore, in 2012 in light of the Zhanozen events coupled with parliamentary elections, the government was pressured to respond to some provisions demanded by the oil protesters. The EITI served as a perfect tool to respond to the demands regarding greater transparency and sharing of revenues in the extractive sector. To further demonstrate its empathy with the oil workers, the President further dismissed his son-in-law Kulibaev from the post of CEO of Samruk-Kazyna and accused the entire management of irresponsibility. The move of firing his son-in-law, as many observe, was a strategic decision to stop the conflict and shield Nazarbayev and portray Kazakhstan as a haven of stability in Central Asia (Kusznir, 2012; BBC, 2012).

Domestic instabilities and corruption scandals, if left unaddressed can represent a real threat to the country's leadership. Therefore, as Gillespie and Okruhlik (1991, p. 80) argue, "the perception of and response to the corrupt activity among sizable or powerful groups can transform corruption into a politically salient issue". In this regard, the adoption of the EITI as an anti-corruption measure was mainly motivated by political calculus, as the accusation of corruption can represent a potentially powerful political weapon for the party's leadership. In such a context, as White (1996, p. 163) argues, the leadership tends to steal the latter's thunder by giving prominence to the issues themselves. In this sense, as Gillespie and Okruhlik (1991, p. 82) argue, political corruption clean-ups serve to legitimate the regime in place:

"cleanups are political instruments which may be used to achieve several objectives: to delegitimize the previous regime, to purge opposition, to manipulate

the political agenda, or to decrease the incidence of corruption and thereby legitimate the current regime”

In their study, the authors identify internal and external stimuli for political corruption clean-ups to occur. Internal stimuli stem from domestic socio-economic tensions posing challenges to the incumbent. External stimuli originate from outside the country having major implications for the domestic political development. Following this framework, in Kazakhstan both internal and external stimuli prompted the adoption of the Initiative.

As seen above, the largest incidents of corruption involve the international petroleum companies and the Kazakh government. The ensuing international publicity can have a damaging effect on the image of the President and its political leadership, particularly in times of elections. Moreover, in Kazakhstan the social feeling of injustice gradually spread among different layers of the population. In addition to Zhanozen in 2011, the 2016 land reform protests that spread in different corners of the country further highlighted the discontent among the population due to the worsening of the economic climate, the governance of the country and the pervasive effects of corruption. Such events raised concerns about stability and security in the country. Popular unrest can prompt a virulent press campaign against corruption and further pose a threat to the legitimacy of the regime in place (Gillespie and Okruhlik, 1991).

In such a context, the adoption of anti-corruption institutions, such as the EITI merely serves to divert popular attention from real socio-economic conditions. In addition to domestic pressure, in 2012 Kazakhstan was also facing pressure from the EITI International Board to complete the validation process, otherwise its status was to be revoked.

As Osin Tansey further observes (2016), when autocratic regimes face intense pressure from their domestic audience and certain quarters of the international community, authoritarian states may opt for international diplomacy, or in Tansey’s terms “diplomatic sponsorship”, as a strategic choice to reinforce its regime. Such form of “diplomatic sponsorship is designed to reassure and protect incumbents rather than to pressurise and compel” (Tansey, 2016, p. 69). Such measures further allow the government to control the rise of opposition movements and reinforce its domestic legitimacy. The EITI represented an important tool to foster the nation’s reputational capital and, therefore, the

government expressed its credible commitment to comply with the Initiative's requirements. By creating and engaging with anti-corruption measures, the government of Kazakhstan would appear to address the problem and ease the popular tensions, while in reality business as usual continued.

As the literature on autocratic regimes outlines, in times of elections (even if they are flawed) the leaders seek more than ever to get their power legitimised by their citizens (Morgenbesser, 2017; Gandhi, 2008; Levitsky and Way, 2002). In this regard, leaders would seek to conform to some established rules of political power to ensure their legitimacy (Miller, 2014). Further, when the regime faces domestic instabilities, autocrats can then implement strategic policy concessions in the form of general public goods or appeals to specific groups (Miller, 2014; Gandhi, 2008). As the literature points out (see Desai et al., 2009; Acemoglu and Robinson, 2006), when popular revolt unsettles the status quo, rulers engage in strategic concessions to pre-empt violent popular revolt, as this can cause their removal from power. In this sense, as Desai and al (2009, p. 97) state: "although autocrats would prefer to keep all available rents and set policies according to their own preferences, they will share rents and/or accommodate policies toward citizens' preferences in order to limit popular discontent, or to contain the threat of a coup or uprising". As Jenifer Gandhi (2008) further argues, mass mobilisation compels autocratic leaders to make concessions. This means share rents and establish institutions that give credibility to such concessions. In this regard, the EITI was a perfect tool for the government to strike a deal accommodating popular discontent and to enhance its legitimacy. By accessing an international initiative that fights corruption in the extractive sector, the Kazakh government was demonstrating its credible commitment to address the issue of corruption in the extractive sector and improve resource revenue sharing for its population. In this way, the government responded to citizens' demands by offering a tangible and formalised policy concession. Yet, as Gandhi and Przeworski (2007) observe, such policy concessions, however, subvert their actual intent. As such policy concessions require an institutional setting that allows leaders to continue to practice their rentier behaviour and ensure their survival.

The EITI framework offers a particularly good venue for realising such concessions. The voluntary aspect of the EITI with its weak institutional design (that primarily focuses on the consolidation of revenues received) represent little added burden for autocratic leaders

and does not pose a challenge to practices of ‘business as usual’ in Kazakhstan. If reforms had constituted a threat to the informal practices of the regime and its actors, the Initiative would not have been adopted in the first place. Clearly, the authoritarian state of Kazakhstan learned to bypass international reforms that could pose a threat to its informal practices. Such observations are largely attributed to the voluntary and flexible character of EITI policies on disclosure of contractual procedures. Under the current Initiative’s guidance, there is no mandatory clause on disclosure of contracts negotiated between companies and governments. The EITI Business Guide (2013c p. 18) explicitly states: “if confidentiality clauses prevent companies from publishing commercially sensitive information, the government must provide a clear and unambiguous indication to each company that the clause does not apply in the case of EITI implementation”. Hence, since the EITI does not require the disclosure of contracts, governments and companies will ultimately adopt a level of disclosure that will not risk to expose any sort of illicit activities occurring between companies and governments. This is particularly evident in the ‘Law on Subsoil and Subsoil Use’. One of the most visible commitments of the government to EITI implementation can be highlighted by pointing to amendments made to the 2010 ‘Law on Subsoil and Subsoil Use’<sup>89</sup>. According to Article 8 clause 2, Article 50 clause (3.8) and 76 section 1 clause (6), and clause (22) subsoiled users are obliged to comply with the Memorandum of Understanding related to EITI requirements:

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<sup>89</sup> Law on Subsoil and Subsoil Use (2010). О недрах и недропользовании Закон Республики Казахстан от 24 июня 2010 года № 291-IV.[Online]. Available at: [http://geology.gov.kz/images/stories/Zakoni/o\\_nedrah\\_i\\_nedropolzovanii.pdf](http://geology.gov.kz/images/stories/Zakoni/o_nedrah_i_nedropolzovanii.pdf) [Accessed: 29 October, 2016].

Article 50, subsection 3.8 related to bidding obligations must contain:

“Obligations to the Memorandum of Understanding with respect to the implementation of the Initiative on Transparent Performance of Extractive Industries in the Republic of Kazakhstan prior to the signing of a contract, except for the bids for obtaining the subsurface use right with respect to commonly occurring minerals and underground water.”

Article 76 on subsoil user obligations:

Clause 1. 6 states:

“Follow the terms of the Memorandum of Understanding relating to the implementation of the Extractive Industry Transparency Initiative in the Republic of Kazakhstan, with the exception of contracts for ground waters and commonly occurring minerals.”

Clause 1. 22 states:

The subsoil users must submit a report confirmed by an audit report in compliance with EITI requirements laid out and approved by the government of Kazakhstan”.

Article 8 on subsoil use operations

“Transfer of information, which is recognised by the parties as confidential, to state bodies, the Parliament of the Republic of Kazakhstan and local representative bodies shall not be treated as a breach of confidentiality.”

Yet, although to recognise the EITI as mandatory and not as a voluntary exercise is an important step, the present regulations give large room for manoeuvre and lack clarity in their formulations. This applies particularly to Article 8 on subsoil use operations, on the clause of confidentiality and the extent to which reporting done in the EITI by both companies and the government is really representative? Another issue is raised regarding pre-existing contracts; the current regulation makes reporting compulsory for new companies, but it has no such explicit provision for pre-existing contracts. Finally, the

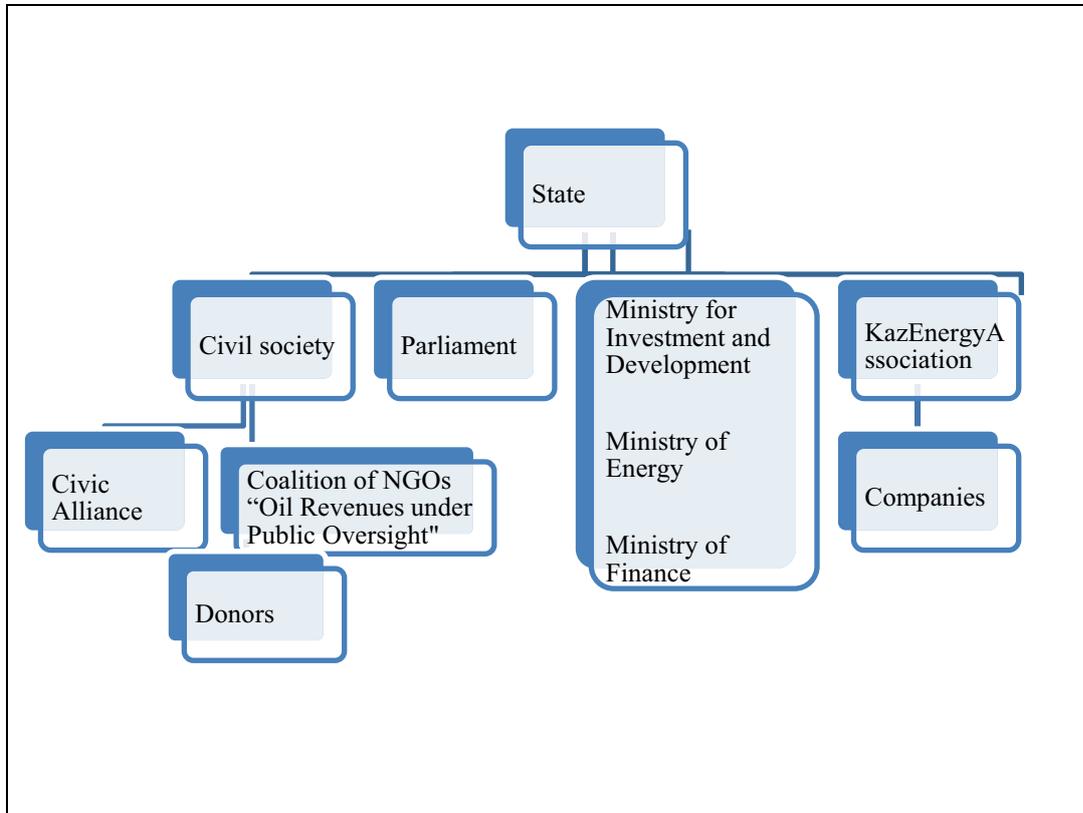
present law demands companies to provide reporting certified by an audit in accordance with EITI requirements. However, how can one be sure that auditing is truly accountable? A review from the EITI national MSG in Kazakhstan reveals that small companies are unlikely to comply with these laws (EITI, 2012).

Additionally, the government of Kazakhstan further learned to use the weaknesses of the EITI design to its own advantage. One of the main weaknesses of the EITI design is mainly attributed to its failure to capture the expenditure side of revenues. The focus of the Initiative is concentrated only on the collection of revenues derived from extractive industries and fails to effectively capture the expenditure side. Currently, the EITI requires companies and the government to report their revenues and payments on a disaggregated basis. With regard to the expenditure side, revised EITI Standard (2016) only demands ‘social expenditures’ made by companies or states to be reported. Hence, it fails to capture the broader and more corrosive aspect of revenue expenditures. Indeed, as many studies on resource rentierism indicate (see Karl, 1997; Ross, 2001; Shaxson, 2007), the aspect of revenue expenditure in a resource-rich and rentier country, such as Kazakhstan, forms a central element of regime survival and its functioning. In a client-patron regime type, governments tend to redistribute rents to their favoured supporters, which ensures regime longevity and its rent-seeking interests. My informal communication with members active in the extractive industries indicate that the state-owned company KazMunaiGaz often performs national tasks, such as financing local populations and provide social services that makes it ‘act as a state’. Such government tactics to divert capital from NOC to social welfare only contributes to worsen the issue of accountability and serves to reinforce the authoritarian practices of regime patronage. By making use of NOC as ‘welfare state provider’, the state demonstrates that it is sharing the benefits of natural resources with the population and, as such, keeps the population from demand state accountability.

Moreover, the current framing of the EITI as multi-stakeholder institution realises a tightly controlled state-build design that embeds crystallisation of different strata of the population and social hierarchies. Clearly, the EITI platform is used symbolically to legitimise state interests and consolidate authoritarian practices of the regime. As such,

although in practice and formally the EITI is designed as a MSG, in reality, however, its functioning is highly centralised by the state apparatus.

**Figure 5. EITI MSG Organisation in Kazakhstan**



The illustration of the MSG demonstrates that the degree of autonomy of each unit of actors is limited as their decisions and activity are performed under the watchful eye of the ‘invisible’ centralised authority of the state. In Kazakhstan parliamentarians are key players in the EITI multi-stakeholder group. The parliamentary body is responsible for monitoring the transposition of the EITI into national legislation. However, since the appointment of the MSG is made by the government, there is a chance that the appointment of the EITI MSG is not based on a broader national interest but rather on the interests of the narrow elite, leaving citizens aside. Currently, the Minister of Ministry of Investment and Development Zhenis Kassymbek is in charge of the EITI implementation in the country. At the time of writing, he announced a proposal to replace a part of NCS candidates for whom NCS members voted unanimously (Kazakhstan Committee of Geology and Subsoil Use website, 2016). Although such decisions represent a breach to

EITI practices, they, however, increasingly reflect the authoritarian mechanisms of domestic power overruling international standards and their effective implementation. Clearly, as the table above illustrates, the regime affects every actor of the MSG via its state agencies. Such conditions further compel us to question what role, if any, EITI non-state actors play?

### **6.2.2 EITI Non-State Actors**

#### *Civil Society*

Civil society in EITI Kazakhstan is represented by the Civic Alliance of Kazakhstan, civil society members from the coalition on ‘Oil Revenues under the Public Oversight’, the Society of Young Professionals of Kazakhstan, the Union of Civil Society from the southern oblasts of Kazakhstan, the Independent Confederation of Unions from the Aktobe oblast. Overall, more than 800 civil society organisations are part of the civil society representation. They are very diverse in their activities<sup>90</sup>. However, at the time of writing, the most represented and active civil society organisations were the once operating through the Civic Alliance of Kazakhstan and civil society members from the Coalition on ‘Oil Revenues under the Public Oversight’.

In 2009, there was disagreement among the members of the national MSG. In the process of achieving first validation in 2010, the WikiLeaks cable conversation of members of the EITI coalition (WikiLeaks cable, 2011<sup>91</sup>) reports that the validators and members of civil society coalition expressed concerns about companies and the government complying with the most basic requirement of the EITI. The cable demonstrates that in 2009 civil society members, as, for instance, the coalition on ‘Oil Revenues Under Public Oversight’, were concerned that the government and energy companies will not have any further incentives to push for greater transparency, once Kazakhstan would pass validation in 2010 (WikiLeaks cable, 2011). In the same WikiLeaks cable, the EITI validator further reports that in 2009, when they approached the national oil company KazMunaiGas (KMG) to ask questions about its cash flow and its contributions to

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<sup>90</sup> Author’s Skype interview with a member of the EITI civil society coalition Astana, 15 June 2016.

<sup>91</sup> WikiLeaks Cable (2011). KAZAKHSTAN CLOSES IN ON EITI VALIDATION <https://wikileaks.kz.wordpress.com/category/unclassified-for-official-use-only/page/4/> [Accessed: 2 November 2016]

government revenue, the KMG refused to meet with them (WikiLeaks cable, 2011). As a result of such tensions, as my interview with a member from the coalition from the 'Oil Revenues under the Public Oversight' further corroborates, a part of the civil society actors involved in the EITI process considered that there should have been more aggressive actions from the side of the civil society towards the government and companies to comply with EITI requirements. Civil society groups were split in two camps: One camp considered that it was important to pursue more aggressive and direct actions so that Kazakhstan would not pass the first validation process. Another camp insisted on Kazakhstan to pass the validation due to fears that in the opposite case the government would lose its interest in the Initiative or in the topic of promoting transparency<sup>92</sup>. Moreover, in that moment there was also criticism that civil society groups were not equally represented, or that there was a monopolisation of certain groups of civil society leaving no space for others to participate. The disagreements among civil society groups led to the temporary entrance of the Civic Alliance from the EITI coalition. At the same time, companies and the government vetoed the decisions of the civil society members, as decision-making is based on unanimity of all the members of the EITI coalition. Hence, as a result of these internal disagreements within the coalition, in 2010 Kazakhstan did not pass the validation process. Yet, at some point, the three actors were obliged to come to a consensus in order to continue implementing the EITI. This incident highlights that when external pressure outweighs the domestic costs of non-compliance, an autocratic state is able to make concessions. In the case of Kazakhstan, the pressure of not being allowed to enter the EITI represented high reputational costs to the image of the state. Kazakhstan increasingly seeks to portray itself as being part of the 'global community' of modern nation-states. The failure of not passing the first validation in 2010 was perceived as a 'tar' to the image of the state. Faced with the pressure of the International EITI Board, the government changed its behaviour and worked towards passing the second validation, otherwise running the risk to be delisted from the EITI. The realisation that full EITI compliance could not be achieved without an effective MSG pushed the government to enter in dialogue with civil society actors. The companies in this process followed government decisions, as their business interests were tied up to it. The creation of dialogue with civil society actors was as such

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<sup>92</sup> Author's interviews with a member of the EITI coalition of the Civil society, 15 June 2015, Astana.

instrumental for the state's interests. However, this does not mean that civil society actors are powerful within the coalition. As the case study revealed, their role is largely marginal, yet in extreme cases, when government interests are tied up to civil society actor, the state creates opportunities that expand their scope of action.

Among the civil society coalition and with the aim to pass the second validation, it was decided that it was important to act as a united body in the coalition. For this reason, the members of the coalition on 'Oil Revenue under Public oversight' decided to create a dialogue platform that should serve as a tool for improving interactions, effective participations and enhance decision-making processes among civil society groups in the EITI national MSG. In doing so, it 1) provided a platform for all civil society actors to express their opinion, and what they want from the Initiative in Kazakhstan; 2) through an electoral voting system, it gives opportunities to all civil society groups to participate in the EITI MSG. Elections are held on a yearly basis. Each group of civil society chooses three candidates from its association to participate in the EITI national MSG. Electoral members vote the candidate according to a point base system from one to six. All scores are then counted by an electoral committee in the presence of an auditing group including members from the Soros Foundation or Eurasian Bank. The first three candidates are the main representatives of civil society group in the EITI national MSG, the other three serve as deputy members of the association. Information about the EITI is transmitted via these members. Such system allows any member of civil society outside the national EITI coalition to access information on the EITI. However, as my interview with a civil society member reports, it is nevertheless difficult for the population to access this information. Moreover, channelling information and civil society representation through such a platform raises some questions as to what extent the views of all the NGOs are truly accountable to the constituencies they represent. The EITI validation report 2013 in Kazakhstan notes that requests from external NGO to the EITI are automatically directed to NGOs in the national EITI coalition, which as a result can create a barrier or filter to an adequate response (EITI Validation Report, 2013b).

Civil society in the EITI process largely supports government activities and, hence, its role is largely limited to the confines set by the government. A large proportion of civil

society in the EITI is represented by the Civic Alliance of Kazakhstan<sup>93</sup>, which is largely pro-government. Such associations can become an ‘iconic partnership’ or an alternative way to expand the government’s voice. As documented in the literature, political involvement with NGOs can further lead to preferential treatment and bribing (Mungiu-Pippidi, 2013; Ziegler, 2015). As several authors observe (Charman and Assangaziyev, 2015; Bhuiyan and Amagoh, 2011), civil society in Kazakhstan is largely used as an essential tool for Nazarbayev’s regime to ensure public service delivery in light of government strategies (as, for instance, ‘Kazakhstan 2030 National Strategy’ and lately ‘Kazakhstan 2050 National Strategy’) to build a competitive socio-economic environment. Yet, such reforms are implemented in an increasingly coercive and corrupt political landscape, in which the government rewards its followers via the redistribution of economic advantages or spoils in political office. Consequently, the processes within civil society are principally driven ‘top-down’. Further, as in the case of Kyrgyzstan, the state of Kazakhstan makes a distinction between threatening and non-threatening civil society groups. Threatening groups, such as human rights advocacy groups, are very closely monitored by the state apparatus, and their scope for action is significantly reduced in comparison to non-threatening civil society groups, which are to a large part merely societal apolitical service providers. In such a context, collaboration between state and civil society largely depends on the sensitivity of the topic. At present, within the government of Kazakhstan, the idea to promote an independent civil society is alien; civil society groups merely act as providers of social services to the public, thus as intermediators in the affairs of the state and society by raising issues and dealing with issues in ways that are not threatening to the state. At the same time, the state also participates in nurturing and creating a civil societal culture that supports regime legitimacy (Charman and Assangaziyev, 2015; Bhuiyan and Amagoh, 2011).

Such framing raises concerns about the representation of civic space and freedom for action within the civil society coalition. In fact, to what extent is civil society truly free from state domination? Interviews report that civil society mainly intervenes for minor decisions not affecting state interests.<sup>94</sup> Such observations suggest that politicised issues

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<sup>93</sup> See Appendix 5: EITI member composition: “Контакты членов НСЗС и их заместителей, 2015” provided by the EITI Secretariat in Oslo.

<sup>94</sup> Author’s informal interview with an employee of BG Group Kazakhstan, 4 June 2015, Astana.

are not discussed. The little space that civil society has for action is largely taken up by communication about the EITI and revelation of information in the EITI reporting.

As the EITI national Secretariat states:

“Well civil society plays an important role. For example they told us that the reporting was too complicated to read and needed to be simplified. In this sense yes, we learn something as well” ( EITI NSC National Secretariat, 10 June, 2015, Astana).

In the opinion poll survey, 58.5 per cent responded that they received information about the EITI from civil society, 23.8 per cent from the government, 10.9 per cent from companies<sup>95</sup>. Interviews with members of the EITI coalition and independent experts indicate that the civil society groups within the EITI lack technical expertise and knowledge to basically understand the financial reporting produced by companies<sup>96</sup>. Moreover, the population is marginalised in the EITI process. Such issues raise further questions about interest representation: To what extent does civil society represent the population’s demands and concerns about effective resource sharing? Until 2014, the respective information was not available on websites or leaflets. It was mainly accessible in the major cities, i.e. at the country’s national level and in turn hardly accessible at the regional local and rural levels<sup>97</sup>. A 2014 report of the World Bank on EITI civil society engagement in Kazakhstan<sup>98</sup> indicates that prior to 2013, a communication strategy with the wider population was absent. The report further highlights that even the most detailed document presented by the NGO Coalition ‘Oil Revenues—Under Public Control’ outlining a communication strategy was never implemented. In total, the report found that although attempts were made improve communication strategy, this plans never materialised. Such findings illustrate a lack of transparency on the dissemination of information to the population.

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<sup>95</sup> Survey Results Public Opinion Institute, October-November,2015.

<sup>96</sup> Author’s Skype interviews with a member of the EITI coalition of the Civil society, 15 June 2015, Astana.

<sup>97</sup> Author’s interviews with a member of the EITI coalition KazEnergyAssociation, 5 June 2015, Astana. Author’s Skype interview with a member of the EITI coalition of the Civil society, 15 June 2015, Astana. Author’s interviews with a member of the EITI coalition The World Bank, 29 June 2015, Astana.

<sup>98</sup> Appendixe, The World Bank Report Report No: ACS9609, Expanding Civil Society Engagement in EITI in Kazakhstan Communications and Regional Outreach

*Donors*

Moreover, the EITI field work observations demonstrate that the tightening of authoritarian practices in Kazakhstan affected the behaviour of donor agencies. Donor agencies are more cautious in their collaboration with civil society, as this also impacts on their interaction with the state but also on their work in the country. Their role as agents of democracy promotion in Kazakhstan was replaced in favour of engagement in social partnership, state collaboration and capacity-building discourse. Many international donor agencies collaborate with the state and its state-run civil society groups in social service provision and capacity-building. As one interview member of the Ebert Foundation indicates “We don’t act aggressively or against the government. We try to show that our aim is not to start a revolution hence working a lot in transparency. The goal is to enhance expertise of the civil society”<sup>99</sup>. Similarly, the interview with EITI national Secretariat confirms that international donor agencies such as the World Bank play an important role in supporting workshop activities in the EITI process<sup>100</sup>.

In the framework of the EITI, the principal task of donor agencies is to support the role of civil society and the development of its capacity. A large part of this function is exercised through the World Bank MDTF that liaises with civil society and donor organisation regarding various EITI project developments. For instance, in 2013, the World Bank launched a project aiming to strengthen the communication strategy of the EITI in Kazakhstan. An important part of this project involved the participation of civil society and improvement of its capacity building efforts. In particular, through the involvement of donor organisations, such as the Soros Foundation, the project aimed to reinforce civil society expertise on the EITI and communicating the EITI to the wider population<sup>101</sup>. The interviewed member of the Soros Foundation<sup>102</sup> further confirmed that their principal work in the EITI revolves around supporting EITI implementation and, more precisely, enhancing the capacity building of civil society and their expertise.

However, the role and work of donor agencies is not always welcomed. Interviewed members of the EITI collation indicate that external involvement in the national MSG as,

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<sup>99</sup> Author’s interview with a Fond Eber Member, Almaty, 2 June 2015.

<sup>100</sup> Author’s interviews with EITI national Secretariat in Kazakhstan, Astana, 10 June, 2015.

<sup>101</sup> See Appendixe, The World Bank Report No. ACS9609 Republic of Kazakhstan, Expanding Civil Society Engagement in EITI in Kazakhstan Communications and Regional Outreach.

<sup>102</sup> Author’s interview with a member of the Soros Foundation, Almaty, 2 June 2015

for instance, from the World Bank regarding the implementation of the EITI in Kazakhstan is not well received by some members. As the interview with a member of the company (also involved in the EITI MSG) indicates: “The World Bank has taken its role in the initiative a bit too seriously”<sup>103</sup>. Moreover, the deepening of the Initiative in some issues, as, for instance, beneficial ownership, pose problems for many international companies<sup>104</sup>. As my interview with a representative of a company (also involved in the EITI MSG) indicates: “Why do we need to deepen up the initiative, why should we provide additional data on beneficial ownership. We should focus efforts on enhancing the expertise of civil society at first”. In this sense, the role of donor agencies is challenged by actors involved in the EITI, which further exacerbates their work to improve good governance and population empowerment. According to Stefen Brown (2011), once donors operate in the country, they become actors in domestic politics. However, as Brown argues (2005; 2011) by focusing on technical and capacity-building standards, donors downplay the deficiencies of autocratic regimes. As Brown (2005) further states, competing exogenous factors, such as geopolitical and commercial interests of Western states, put pressure on donor communities to maintain the status-quo in the region, which as a result prevent donors to actively condemn the wrong-doings of the autocratic government. In the aftermath of the Colour Revolutions, autocratic states became increasingly suspicious towards Western governments and the influence of their wider institutions on domestic politics and popular mobilisation<sup>105</sup>. Moreover, in the case of Kazakhstan, Western governments have direct interests in maintaining good relations with the Nazarbayev government, as their energy interests are at stake. A more illustrative example of such practices comes with the Azerbaijani suspension in the EITI. In 2016, the EITI International Board issued an ultimatum to the government by giving it four months to rewrite its legislation on NGOs otherwise Azerbaijan would risk complete removal from the EITI<sup>106</sup>. However, governments and international foreign companies on the group’s Board (EITI International Secretariat) were asking NGOs to delay such

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<sup>103</sup> Author’s interviews with a member of the EITI coalition of the Company North Caspian operating company, 5 June 2015 Astana

<sup>104</sup> Author’s informal interview with a member of an international company BG Group, June 2015, Astana.

<sup>105</sup> Author informal interview with the employee of the Friedrich Ebert Foundation, 2 June 2, 2015, Almaty.

<sup>106</sup> On March 10, 2017, the government of Azerbaijan decided to withdraw from the EITI process following EITI International board’s decision to suspend the country’s membership.,

actions, as it could jeopardise energy deals with Azerbaijan. It is highly stipulated that Azerbaijan's removal from the EITI would be followed loans suspension to fund it energy project in Southern Gas Corridor project from the World Bank and the European Bank for Reconstruction and Development (EBRD) both significant actors in the EITI. As the FT (2016b) reports, the United States was against such aggressive actions. As this example illustrates, the EITI is very much dependent on the geopolitics of energy pipelines. Such a situation consequently affects the work of donor agencies on 'blaming and shaming' to effectively put pressure on the government on their actions. Although the work on improving and strengthening the capacity of local actors is important, however, it would be reckless to ignore domestic factors impeding on democracy promotion. In the case of Kazakhstan, as discussed throughout this Chapter, domestic actors such as civil society organisations, media and judicial institutions are tightly controlled by the Kazakh government. In such a context, external factors such as donors can constitute an import tool to advocate for enhanced accountability of the government, however, in the present case, we should not ignore that donors are constrained by their own internal politics and the agenda of Western states. In doing so, donors' cautious approach risk to legitimise the current autocratic practices of the regime and further undermines the value of EITI objectives. Donors' strategic policy change towards reinforcing state institutions through technical assistance and capacity-building efforts subvert efforts to pursue wider advocacy goals by exerting normative pressure and condemning the government for its wrong doing. In concentrating efforts on technical aspects and shying away from advocacy goals, donors indirectly contribute to consolidate authoritarian practices and shield autocratic leaders from wrong doings. As the literature observes, autocratic states that do not face external criticism are more likely to escape the consequence of their actions. As Nicolas Van de Walle (2014, pp. 66-67) astutely points out, in the context of authoritarian states, promoting horizontal accountability, such as checks and balances, may have much smaller impact that promoting vertical accountability, as a freer press, citizen participation and stronger civil society. As such, without strong vertical accountability mechanisms that put pressure on the government to establish greater accountability regarding their revenue spending, the political elite in Kazakhstan are like to abuse their state power when (using the country's national resources).

*The Extractive Sector*

Prior to 2012, companies were represented on a rotation basis (changing representation once every two years),<sup>107</sup> at present all companies in the EITI are represented through KazEnergy Association. My interviews stated that prior to this change; corporate engagement in the EITI was much more active and more interesting<sup>108</sup>. Many refer to ExxonMobil, Statoil or BG Group's active involvement in the Initiative in the earlier years. A EITI minute dating back to 2009 illustrates that international companies, such as Statoil and ExxonMobil Kazakhstan, were actively involved in EITI meetings. Now, however, many note that since the creation of KazEnergy Association, there is only minimum involvement from companies<sup>109</sup>. As my interviews reported, the companies in the EITI process comply at its most basic level, thus through reporting of revenues.

KazEnergy Association was established by the government in 2005 as an independent non-profit voluntary association designed to promote investor and government relations in the oil and gas sector. In addition to the representation of companies by industrial associations, it was further agreed that an additional seat for companies should be held by one of the major oil producing companies, subject to agreement by the members of KazEnergy Association and approved by the EITI national MSG. Since 2012, this position was held by Shell Kazakhstan Development BV with Statoil as the nominated alternate, but since early 2013, Statoil was replaced by the North Caspian Operating Company (NCOC) (EITI Validation Report, 2013).

Within the EITI coalition, the status of KazEnergy Association raises a potential conflict of interest as: 1) it is government's authority; 2) it is the representing body of all the companies involved in the EITI; and 3) it represents the interests of the national oil fund Samruk-Kazyna and state-owned company KazMunayGas. KazEnergy Association unites more than 50 large oil-gas and energy companies operating in Kazakhstan. The chairman of the KazEnergy Association is Timur A. Kulibayev who is also the son-in-law of Nazarbayev. At the same time, Timur A. Kulibayev is also a member of the Board of Directors of JSC 'Fund of National Welfare Samruk-Kazyna'. The Director of KazEnergy Association elected in 2016 is Bolat Uralovich Akchulakov who is also the

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<sup>107</sup> See EITI Validation Report, 2013.

<sup>108</sup> Author's interview with an employee of BG Group Kazakhstan, 4 June 2015, Astana. Author's interview with the World Bank official, 29 June 2016, Skype meeting in Brussels.

<sup>109</sup> Author's Skype Interview with EITI World Bank representative, 29 June 2016, Brussels.

President of the National Company KazMunayGas since October 2011 (Bloomberg n.d.-a; Bloomberg Website, n.d.-b). Prior to his arrival, this position was held by Aset Magauov who previously held the position of Director in 'Mangistaumunaigas' JSC that is fully owned by KazMunayGas and was also leading the EITI process from 2010-2011 (KazEnergy Association website, 2011; PetroChina Company Limited website, 2009). Tracing back these representations one can clearly see that KazEnergy Association also equals to KazMunayGas (the state-run company) and the state apparatus. Being a state-run company, KazMunayGas represents the government's interests in the oil and gas sector and is 90 per cent owned by 'Samruk-Kazyna' National Welfare Fund JSC, and 10% of the company's shares are also owned by National Bank of the Republic of Kazakhstan<sup>110</sup>. And as stated above, it is also an important equity partner in major projects, such as Tengiz and Kashagan. As such, one can clearly see that rather than to represent the interests of companies, it represents the interests of the state. By appointing family members and members of state-run company to the board of KazEnergyAssociation, Nazarbayev's regime maintains full control over energy operations in the country. As consequence, there is little room for international companies, as their operations are significantly dependent on the state in order to continue business in the country.

Given that the President's son-in-law and his close political circle are the principled board members of the KazEnergy Association and are also acting in the state administration and previously served in the state-owned company KazMunayGas, it then becomes clear that such forms of business association are rather adopted as pragmatic strategies to formalise informal relations, thus they are more like a form of control that serves to monitor stakeholders operations. As Kuznir (2012, p. 115) points out, in an environment where state institutions are weak, the elite allocates rents autonomously, as market and politics do not provide mechanisms for political and economic control (Ibid). As such, KazEnergy Association rather than acting as independent and neutral body acts as a state institutions steered by political and oil elites in power. Such a concentration of power gives little space to international companies to raise their concerns in the EITI, as their business activities are dependent on state decisions. In such an environment, foreign companies are likely to make concessions and opt for the status-quo. In doing so, foreign companies

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<sup>110</sup> KazMunayGas website.( n.d). About the company. [Online]. Available at: <http://www.kmg.kz/en/about/> [Accessed : 4 April,2016].

use the political system to their own advantage to pursue their business operation in the country. Such observations are further reflected within the EITI reporting. When it comes to transparency in the resource sector, members of the business sector and the government indicated that “too much transparency is not good for business—there needs to be commercial secrecy and a balance between transparency and ‘non-transparency’. This is important for both governments and companies’ interests”<sup>111</sup>. This statement further reflects on the disclosure of contracts. Interviews with members from the extractive sector indicate that only half of the contractual agreements are reported, big contracts are not disclosed. Hence, many contracts are negotiated behind closed doors<sup>112</sup>.

The foundation of the EITI is the disclosure of revenues, which requires governments and companies to be the subject of a significant degree of scrutiny. Under EITI standards, governments must record their revenues they receive from extractive industries (publish what you earn) and extractive companies operating within the government’s territory must disclose what they pay to government bodies (‘publish what you pay’). The present EITI reporting consolidates data from both national and international companies and includes data on tax and non-tax payments related to the extractive industries, social payments to local budget, royalties and bonuses. It further provides a breakdown of the information of payments made to the republican, local and national oil fund. In doing so, it provides information on how revenues are allocated in government budgets. Until 2011, the reporting was made on an aggregated base with no disaggregation by individual revenue streams. It also did not include company’s social contributions to the local budget. Since 2012, reporting is made on a disaggregated basis and includes social spendings by companies to the region where they operate (see EITI Kazakhstan national reporting<sup>113</sup>). Moreover, the reporting of big companies is not explicitly disclosed, their reporting is made available through their operating companies. For instance, in the EITI

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<sup>111</sup> Author’s interviews with the employee of KazTransOil 15 June 2015, Astana.

Author’s interviews with the members of the EITI collation, KazEnergyAssociation, 5 June 2015, Astana.

<sup>112</sup> Author’s interviews with the employee of KazTransOil 15 June 2015, Astana.

Author’s interview with an employee of BG Group Kazakhstan, 4 June 2015, Astana.

Author’s interview with Managing Partner of Parlink Consulting /Oil and Gas, 29 April 2015, Paris.

<sup>113</sup> See EITI Kazakhstan Website (n-d). National EITI reports. [Online]. Available at: <http://eiti.geology.gov.kz/en/national-reports> [Accessed: 4 April,2016].

2013 reporting<sup>114</sup>, big companies (but there are also others see, for instance, EITI Reporting Kazakhstan, 2013a) such as Shell or ExxonMobil, are reporting as follows:

Shell: ‘Branch of Shell Kazakhstan Development BV in Republic of Kazakhstan’

ExxonMobil: ‘Branch of ExxonMobil Kazakhstan Ink. in the Republic of Kazakhstan’

This makes it difficult to identify the final beneficial owner and the relationship with the companies with whom they entertain business transactions. As the scandal of the Panama Papers revealed, the use of anonymous companies makes it easier for big multinational companies to avoid taxes and other legal obligations. Anonymous ownership often serves as a vehicle to conceal illicit wealth through third party involvement (often being political leaders). This perhaps explains why international companies involved in the EITI process are against the adoption of EITI beneficial ownership<sup>115</sup>. Such practices are best demonstrated with the case of the Shell and ENI corruption scandal in Nigeria in 2016. In 2011, Shell and Eni paid \$1.1 billion for one of West Africa’s largest oil fields in Nigeria. The purchase of the joint offshore block, Oil Prospecting Licence 245 (OPL 245) was made through Malabu Oil and Gas, a company that was owned by the former Nigerian oil minister Dan Etete. Instead (FT, 2016a). In the case of Kazakhstan, such practices were highlighted by the scandal of Unaoil Company in 2016 (see Huffington Post Report, 2016). The Monaco-based company provided industrial solution services in the oil and gas sector in the Middle East, Central Asia and Africa. The leaked files revealed how companies, such as ENI, Aker Kvaerner and GATE, used Unaoil as a middleman to win government contracts in oil-rich Kazakhstan; a more prominent illustration of such practices was also the James Giffin scandal mentioned above. In doing so and as pointed out by Oksan Bayulgen (2005, p. 54), FDI becomes local actors by investing in fixed assets in the host country and will be more inclined to use the political system to further their own interests. FDI guarantees state returns on oil revenues and the secrecy of contracts signed with governments. Energy revenues collected through FDI in the form of royalties and income taxes feeds the rentier economy of Kazakhstan, further consolidating its ruling power (Palazuelos and Fernández, 2012; Bayulgen, 2005). As

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<sup>114</sup> EITI National Report (2013a). The 9<sup>th</sup> National Report on implementation of the Extractive Industries Transparency Initiative in the Republic of Kazakhstan for 2013.

<sup>115</sup> Author’s interview with representative of BG Group, Astana 4 June 2015.

such, numerous FDIs deals mean more bribes and corruption practices. Consequently, such payments are not reported in EITI reports. With the increasing involvement of the state in the oil sector that resulted in the tightening of domestic policy towards FDIs, they became increasingly vulnerable to state arbitrariness. This perhaps explains also why foreign companies are passively active in supporting the EITI process, as more aggressive participation might hamper their business operations in the country. Under such conditions, multinational companies become state tools that contribute to legitimate the practice of neopatrimonial politics.

Moreover, the lack in revenue reporting is further observed in the National Oil Fund. Although the reporting provide data on revenue contribution to the National Oil Fund, information on the management and expenditures of the Fund are not revealed. Kazakhstan instituted the National Oil Fund for the Republic of Kazakhstan in 2001. The Oil Fund was created with the purpose to avoid the ‘Dutch disease’, thus to control the impact of volatile oil prices on the economy and to save revenues for future generations. All revenues from oil exports first go to this Fund, and from there, a specified amount known as the annual guaranteed transfer is put into the state budget (Revenue Watch Institute, 2013). However, as a central bank official indicated in an interview with the *Wall Street Journal* (2016), the \$64 billion-Oil Fund could run out of money within six or seven years due to falling oil prices and the government over-spending on the its from the Fund (*Wall Street Journal*, 2016). Interviews from my field work indicate that there is no transparency regarding the management of this Fund, the profit-sharing aspects of the agreements for Kazakhstan’s oil fields are not disclosed to the population. In addition, there is no legislation that applies to the management and the regulations of the Fund, as it was set-up by a presidential decree in the first place. The report of Revenue Watch (2013) further states that the little information provided by the National Bank on fund assets, transaction and investments is difficult to read and understand. While the parliament approves its budget expenditures through formal procedures, financial transfers of Oil Fund are not based on disaggregated data. Transfers from the Oil Fund budget are deposited along with other budget transfers into one account at the Ministry of Finance, making it impossible to track how funds are spent (IIED, 2014, p. 39).

## **Discussion**

The adoption of the EITI was instrumental in responding to domestic and external pressure groups. The country's reputational concerns and domestic legitimacy played an important role in the adoption of the Initiative. Clearly, faced with elections, domestic instabilities in the extractive sector and corruption scandals, the adoption of the Initiative was a tactical move from Nazabayev's regime to protect its image and legitimacy. In doing so, the case highlights that when faced with high political costs, the autocratic leader is much more likely to adopt institutional changes towards improving transparency in the resource sector.

However, the adoption of institutional reforms to promote transparency, as the case study demonstrates, do not guarantee its effective implementation in practice. As we saw in the analysis, institutional reforms are weak and easy to bypass. Further, the regime used the formal institutional platform of the EITI strategically to consolidate its power. As such, although at the surface the regime appeared to have made concessions, its inside dynamics, however, remained unchanged. Through its institutional design, the EITI provides a perfect setting that allowed the autocratic leader of Kazakhstan to shield his rentier practices from the Initiative, while at the surface pleasing its external audiences.

As the analysis of the MSG demonstrates, the state created a centralised platform in which each individual actor is open to state control or state manipulation. The present format of the MSG in Kazakhstan demonstrates that the degree of autonomy of actors is limited, as their decisions and activities are performed under the watchful eye of the 'invisible' centralised authority of the state. Clearly, the regime's influence reaches through every actor of the MSG. Such a centralisation of power impedes independent actions and limits the plural nature of the platform. In fact, what the case study reveals is that the plurality of the platform is subject to regime manipulation. The government created a centralised web, in which the functions and decisions of civil society groups, donors and extractive companies are increasingly state-dependent and state-controlled. In doing so, the case demonstrates that in the EITI platform in Kazakhstan the state is increasingly the sole decision-making actor dictating the rules of the game. In such a context, the population remains largely outside of the game, as one of the interviewees states: "Why would it be interesting for the population to know about how its revenues from natural resources are

spent?”<sup>116</sup> A member of the MSG also acknowledged that the issue of sharing rents or improving the socio-economic conditions of the population is not a priority for the large parts of the members of the EITI coalition, except for civil society and donor actors.<sup>117</sup> The statement of the EITI national Secretariat demonstrates this further:

“Not everyone needs to know about EITI. There is enough information available on the internet. Now all the regions have public hearings where they can hear about EITI” ( EITI national Secretariat, Astana 10 June, 2015)

In addition to these dynamics, there is also another important element that influences the functioning of the Initiative in Kazakhstan. This factor relates to the decentralisation process between the centre and its peripheries. This significantly impedes the EITI process and revenue sharing mechanisms with the wider population. The following sections examine this element in depth.

### **6.2.3 Decentralisation and Fragmentation of the Elite Structures between Rural and Urban Areas**

A further problem in the EITI in Kazakhstan relates to the distribution of revenue sharing. Despite the visibility of revenue transfers from companies and governments, reports on the spending of revenues is quasi-absent. State institutions provide little information about its revenue expenditures and its distribution at local community levels<sup>118</sup>. EITI reports in Kazakhstan provide disaggregated data that include the disclosure of social expenditures by companies. However, although this is viewed as a significant step towards the improvement of transparency, little information is available on how these revenues were spent at local levels. In Kazakhstan, regional Governors, Akimats, hold significant power over the management of the regions’ budget planning, the application of national legislation and the overall development of the region. Because Akimats are responsible for the management and spending of the budget among various *rayon*’s,

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<sup>116</sup> Author interviews with a member of the EITI coalition of the Company North Caspian operating company, 5 June 5, 2015, Astana.

<sup>117</sup> Author’s interviews with a member of the EITI coalition KazEnergy Association, 5 June 2015, Astana. Author’s Skype interview with a member of the EITI coalition of the Civil society, 15 June 2015, Astana. Author’s interviews with a member of the EITI coalition The World Bank, 29 June 2015, Astana. Author’s interview with an employee of BG Group Kazakhstan, 4 June 2015, Astana.

<sup>118</sup> Author’s Skype interviews with a member of the EITI coalition of the Civil society, 15 June 2015, Astana.

*oblast's* the social contributions by foreign companies do not necessarily end up being spent in areas adjacent to exploration zones. Hence, corporate social contributions are not always visible. Moreover, as a member of the EITI coalition indicates: “the social expenditures of the companies once transferred to the local Akimats lack severe monitoring over how the money is further spent and distributed to the local population”<sup>119</sup>. In the opinion poll, 87.6 per cent responded that they had not received information about the use of natural resource revenues against 12.4 per cent who responded positively. As previous studies on devolution in Kazakhstan also indicates (see Jones Luong, 2004b), the implementation of national regulatory at the regional level is much subject to the influence of the regional Akims.

In Kazakhstan, at the regional level, the local executive power is in the hands of the *Akims*, who are directly appointed and dismissed by the President. Akims are responsible for realising state policies and for developing economic and social policies in their respective administrative and territorial units. As in the case of Kyrgyzstan, local self-governance in Kazakhstan is subdivided and characterised by a multi-tier structure. The first tier is constituted at *oblast* level and includes the state administration level in 14 oblasts and two cities, Almaty and Astana (with special status to republican subordination and the status of oblast administration). The second tier is constituted by the rayon level and includes local and state administrations in 160 *rayons* and 79 cities (Leschenko and Troshke, 2008). The third tier is situated at the rural level and includes local administrations in rural villages (*auls*).

As Umbetalieva and Satpayev (2012, p. 87) note, as a result of weak decentralisation processes, there is a divide between the political elite at the centre and the state administration at the lower levels. Hence, the decisions or communication sent by the centre not always directly reaches the lower levels of the state administration apparatus. Recent studies (Duisenov et al., 2015; Bhuiyan, 2010) suggest that there is no clear legal distinction between central and regional state functions. Furthermore, legislation on specific competencies of state agencies are not well-implemented and regulated. Such observations demonstrate that the separation of powers and functions between central and

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<sup>119</sup> Author's Skype interviews with a member of the EITI coalition of the Civil society, 15 June 2015, Astana.

local levels of the state administration is fragmented and lacks coordination, where the duties of actors are not clearly defined. Such blurring of competencies further impact on the collection and redistribution of taxes and the ability to respond to citizens' demands and needs.

One of the biggest problems in this multilayer governance system relates to the redistribution of income between the national and oblast budgets and between the oblast and rayon budgets. In Kazakhstan, a large part of the revenues of local authorities derive directly from the national budget. The redistribution of the state budget depends on the demographic situation of the region. Tax rates are fixed by central and local bodies with the exception of land tax that is fixed by regional authorities. In such a process, local authorities lack the power to independently manage their regional revenue allocation. Since 2002, all corporate income tax is subject to national budget transfers, in return the government restocks local budgets with revenues from excise duties on alcohol and payments for environmental pollution (Makhmutova, 2006; Bhuiyan, 2010). Given the importance of the petroleum industry for the Kazakhs economy, it is safe to say that oil represents the main source of revenue for the central government. The transfer of corporate income tax in 2002 significantly decreased local budget revenues, this consequently affected the redistribution of subsidies received from the national budget. As Makhmutova (2006, p. 291) in her analysis notes, such a system of allocating charges between levels of the budget system turns local authorities not into partners of the government but into clients petitioning for resources. Similarly, in her analysis on fiscal decentralisation in Kazakhstan, Pauline Jones Luong (2004b, p. 188) observes that although tax rates are fixed by the central authority in practice, however, tax rates applied at the subnational level are not uniform and are subject to informal renegotiation between the regional leaders and the central government. As she demonstrates in her study, when it comes to the management of taxes, central tax administrators operating at the subnational levels adjust their tax rates according to the "needs and interests of subnational government officials" (Ibid). Such observations indicate that revenue sharing is subject to informal politics. A member of the civil society coalition in the EITI Kazakhstan stated that "Now thanks to the reporting, we are seeing that companies are making a significant contribution to the local social budget. However, our monitoring and research analysis also demonstrate that such revenues are not shared effectively among

the local population, and there is an absence of monitoring schemes about the management of this revenues, thus how these revenues are spent”<sup>120</sup>. This significantly affects the EITI and corporate contribution to local social revenues. As the EITI disaggregated reports indicate, payments are made directly to the regions by companies, however, there is no indication on how these revenues are managed.

In her study, Pauline Jones Luong (2004b, p. 184) further states that “the mode of decentralization in Kazakhstan indicates that the central state must engage in on-going negotiations with regional authorities in order to both make and implement economic policy”, as often central government directives diverged from local practices and outcomes. Similarly, Umbetalieva and Satpayev (2012, p. 87) also note that in Kazakhstan where different interest groups compete for power, one could observe a “vertical deformation” between the political elite and state administration.

Such relations further contributed to intensify informal political practices, in which the regional elites become less loyal to the central authorities. In this view, I concur with Pauline Jones Luong’s analysis and argue that contrary to some assumptions decentralisation in Kazakhstan, as my field work on EITI also demonstrates, is largely driven by regional and local governments rather than by the centre. Although Akims are appointed by the state, they do not command the loyalty of their administrators. As Cummings observed in her study (2005, p. 128), regional administrators are composed of groupings that do not answer to the centre but rather to local or foreign business interests. As such, despite their official subordination to the centre, in practice regional leaders are not under the exclusive control of the central government. Makhmutova (2006) further points out that even though state inspectors are assigned to the regions to supervise Akims’ duties and performances, state authorities in general lack resources and time to monitor all the activities of the Akims in the oblast and rural areas as well. Consequently, such a dynamic impedes the implementation of the EITI at the local level, as the communication from the centre to the lower regional level is disrupted by the Akims, who

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<sup>120</sup> Author’s Skype interview with a member of the EITI civil society coalition, Astana, 15 June 2015

act as gatekeepers. As EITI members of the coalition also point out: “Akims at the regional level don’t understand EITI and don’t want it transferred at the local levels”.<sup>121</sup>

Such a situation further exacerbates the issue of accountability to the local population. One of the main objectives of the EITI is for political leaders to be accountable to the population on how resource revenues are spent. In Kazakhstan, this is exacerbated as Akims are not elected by the population but appointed by the President. Until 2012, the President appointed Akims in the regions. In such a context, Akims were only accountable to the President. In August 2013, the first elections of Akims were held in Kazakhstan. However, these elections were held on the basis of indirect elections by secret ballot, as the Akims were not elected by the electorate as a whole, but by deputies of the maslikhats. Such developments seem to be positive steps to enhance accountability provisions, citizen engagement with the local government and the wider political decentralisation process. However, according to a Freedom House assessment (2015b), the new process of electing Akims did not make any difference, as all candidates were nominated by officials and elected by legislative councils dominated by the ruling Nur Otan party. Additionally, the Akims of major cities and regions continue to be appointed by the President. For instance, in the election process of the Akims in the Mangystau oblast, out of 46 elected Akims, 43 were members of the Nur Otan party (EU Project, Kazakhstan Regional Development, 2013). Consequently, such a process does not change established practices; rather, it contributes to reinforce the democratic façade of Kazakhstan. As described earlier, at the national central level, there is an absence of independent institutions to perform effective checks and balances. This is further reflected at the subnational level where power is solely held by Akimats and its constituencies. The lack of accountability as such provides regional leaders with a great deal of discretion for their social spending. As the country report of Revenue Watch (2013) further indicates, although the government publishes information on revenue transfers, it, however, does not define the rules and formulas for revenue sharing at the subnational level. The requirement that these payments for social development at the local level will be spent effectively is often violated (Luong, 2004;

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<sup>121</sup> Author’s interviews with a member of the EITI coalition of the Company North Caspian operating company, 5 June 2015 Astana.

Revenue Watch, 2013). Without a strong system of checks and balances the population fails to benefit from national revenue rents.

#### **6.2.4 Soviet Organisational Culture**

Just as in the case of Kyrgyzstan, Soviet legacies left significant imprints on work culture and organisational management. In the case of Kazakhstan, we can observe that conformity to the rules and orders emanating from the top impedes individual entrepreneurship and the meaning assigned to the substance of work. The work of the EITI as such becomes a technical function imposed by the state, where individuals become confined to the execution of work processes. The case study shows that although Kazakhstan had adopted all the measures and the format of the MSG, this format, however, largely lacks meaningful content. As my interviews show, “under the current EITI format, Kazakhstan is ahead of any other countries involved in the Initiative”<sup>122</sup>. Further interviews with the representative of KazEnergy Association and members of the government express a sense of loss, as if the organisation were in need of a new purpose. As my interviewees indicate: “Kazakhstan has passed the validation process, we are continuously producing reporting, we have the MSG that is working, and now what—could you please tell us what we shall do now?”<sup>123</sup>. As this statement illustrates, it seems that the present MSG is largely driven by organisational standardisation processes, where actors perform their operational, procedural and formalised duties attaching a symbolic meaning to it rather than attaching a value to it.

#### **6.3 The EITI—A Technical Success?**

However, despite the limitations of the Initiative, the adoption of the EITI produced some domestic spill-over effects. In fact, the Initiative generated indirect effects on broader domestic reforms. In this regard, the implementation of the Initiative had stimulated a dialogue between the state and civil society sector. In 2003, the first civil society forum was created. Two years later, which also marked the accession of Kazakhstan to the EITI, the government held its second forum in the presence of the President. The forum created a platform of dialogue for the civil society sector and the government. It resulted in the

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<sup>122</sup> Author’s interviews with a member of the EITI coalition of the Company North Caspian operating company, 5 June 2015 Astana. Author’s interview with members of the EITI coalition KazEnergy Association, 5 June 2015, Astana.

<sup>123</sup> Author’s interview with members of the EITI coalition, KazEnergy Association, 5 June 2015, Astana.

creation of the Civic Alliance of Kazakhstan (Diyachenko Official Parliamentary Blog, 2016). Just a year after its accession to the EITI, the government adopted the ‘Concept of Civil Society Development for 2006-2011’ to provide a comprehensive framework for the development of CSOs and their equal partnership with the state and business sector (ICNL, 2016). This broadly corresponds to the principles laid out under the EITI implementation process. As a result of such initiatives, the government both at national and local levels become more inclined to work and consult with civil society actors involving them in public hearings or working groups (ADB, 2015; Saktaganova and Ospanova, 2013). According to the International Centre for Non-Profit Law (2016), a new strategic document for CSO-Government cooperation is now under development. In this regard, it we should not disregard the efforts of civil society to push for a popularised and more simplified version of the EITI. Thanks to the efforts of civil society, the first popular version of EITI reporting was published in 2014. As my interview shows: “Civil society was very helpful in the creation of the popular version of the EITI that is more accessible to the population”<sup>124</sup>. Both companies and states were interested in its opinion. In the same year, the government digitalised EITI reporting and made it available through the website of the Ministry for Investment and Development of the Republic of Kazakhstan, Committee of Geology and Subsoil Use. The digitalised system enables companies to submit reports in electronic format and government agencies to monitor them. It further enables the general public to seek information on any particular company or payment made (EITI website). Although these are significant steps in reporting procedures, it is important to question the size of population who gets access to such resources, and how easy it is for the population to read and understand EITI reporting given their technicality? Moreover, although the creation of a popular version is important, the current template provides a ‘generic’ picture based on resource revenue recipients and not on how these revenues are spend by the state and regions on the individual level and by companies. In doing so, citizens remain poorly informed about the EITI and remain poorly engaged in its process. Such a situation further impedes citizens’ right to hold their governments accountable on how their national resource revenues are spent.

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<sup>124</sup> Author’s informal not recorded interview with EITI NSC Secretariat, Astana 10 June 2015.

In addition, although very weakly, the Initiative started to be implemented at the regional levels. The first pilot projects were situated in the Mangystau region and Ust-Kamenogorsk, Kyzylorda oblast regions that are subject to significant natural resource extraction but are also regions weak in economic development. Such steps are significant, particularly in the Mangystau region where the Zhanaozen protests erupted. Such moves perhaps are further prove that the government takes protests seriously. However, it is still too early to declare the success of the implementation of the EITI at regional levels. The protests in Zhanaozen highlighted that regional disparities and their resource paradox needed to be taken into account in order to maintain domestic stability. In this regard, the first pilot projects on the implementation of the EITI in regional levels prone to resource conflicts are signs that the government recognised the importance to develop their regional local economies in order to maintain power and legitimacy. In relation to this, in 2012, within the framework of the ‘Social-Economic Modernisation in the Republic of Kazakhstan’ and with the aim to improve the decentralisation process, the government adopted a strategy on the development on local governance. The move came just a year after the Zhanaozen protests. The main aim of the strategy is to improve administrative quality, extend the participation of citizens on issues of local significance (Nazarbayev, 2012). The strategy involves two phases: 2013-2014 and 2015-2020. The 2013-2014: focused on increasing interaction at the local levels, with implementing a working plan for improving mechanisms of financing and budgeting at the local governance level. Currently, the government is the second phase of the conception that focuses on distinguishing the functions of local governance, giving greater independence to local governance authorities and population on their budget management as well as the development of administrative-territorial units at the level of rural districts. Within this framework, the government introduced a legislative reform package<sup>125</sup> named the ‘National Plan-100 concrete steps’ aiming to introduce institutional reforms to boost local governance development. The package emphasises the involvement of the local population in the decision-making process on the use of local budgets. It further specifies the increasing of interaction between the Akims and the local population through public

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<sup>125</sup> THE OFFICIAL INTERNET RESOURCE MAZHILIS OF THE PARLIAMENT OF THE REPUBLIC OF KAZAKHSTAN: Mazhilis of the Parliament of the Republic of Kazakhstan. Available at : <http://www.parlam.kz/ru/mazhilis/committee-works/presenter/7>

assemblies or councils. A major advancement in this framework is that the package provides provisions for the popular involvement in the monitoring of budget funds. Such measures are a step toward improving transparency and accountability on revenue spending<sup>126</sup>. In November 2015, a new law was passed on ‘Public Councils’, the law became into force in 2016. The role of public councils is to ensure broad participation of public authorities and citizens in decision-making of all levels by government bodies. The organisation also aims to ensure transparency of activities of local governance authorities and must include two to three civil society organisations in its institution (Law on Public Councils, Republic of Kazakhstan 2015). Public councils act as advisory boards, hence, they can only make recommendations. Such initiatives highlight the indirect effect of the EITI. However, although such steps seem to be positive, given the nature of the regime of the country, more time is needed to assess the actual impact of such reforms.

## Conclusion

The observations of EITI implementation in Kazakhstan reveals that the EITI is largely used as a governmental tool. The adoption of the Initiative was primarily motivated by reputational concerns and the domestic socio-economic climate. As we have seen, corruption scandals in the oil sector involving Nazarbayev family and domestic instabilities stemming from the extractive sector, prompted the government to adopt the Initiative. In this sense, the EITI served as a pragmatic government instrument to shield the government’s image and legitimacy. Popular dissatisfaction and tensions with the regime contributed to adopting the EITI principles of transparency and accountability to boost the regime’s domestic legitimacy.

However, as we have seen throughout this analysis, the intention of Kazakhstan to endorse EITI standards does not translate into its effective compliance to the Initiative. The study of the EITI in Kazakhstan reveals that although the EITI in Kazakhstan reached all the required implementation processes demanded by the EITI International Secretariat, its functioning in practice, however, reveals severe loopholes that pose an impediment to

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<sup>126</sup>Mazhilis of the Parliament of the Republic of Kazakhstan. О внесении изменений и дополнений в некоторые законодательные акты Республики Казахстан по вопросам развития местного самоуправления в Республике Казахстан».07/09/2015. Выступление вице-министра Национальной экономики РК Ускенбаева К.А. «О проекте Закона Республики Казахстан по вопросам развития местного самоуправления. Available at: <http://www.parlam.kz/ru/mazhilis/committee-works/presenter/7>. [Accessed: 10 March, 2017].

the effective development of the Initiative. Domestic institutional regime structures subvert the effective functioning of the Initiative and, in doing so, enable the autocratic leader of Kazakhstan to bypass international transparency requirements laid out in the EITI. As such, the findings on the EITI in Kazakhstan reveal a highly centralised and pyramidal system in which actors are subordinated to the President's rule and its close personal network. The functioning of EITI is arranged into a pyramidal structure with the state penetrating the whole structure of the multi-stakeholder group. Such a structure enables President Nazarbayev to set up procedures by which he can effectively monitor the actions of its actors without running the risk of being offset. By setting up state-led institutions, such as KazEnergy Association, the Parliament and CivicAlliance, the state manages and controls every aspect of the MSG. In such institutional configuration, non-state actors have little space for independent action. As we saw throughout the analysis, private companies are bound to the regime demands as their business depends on it. Independent civil society and donor organisations operate within carefully confined spaces designed by the state. Their role is primarily reduced to technical capacity-building initiatives that aim to go along the lines of state directives. It is further important to note that in the aftermath of the Colour Revolutions, the state has severely restricted the capacity for donors and civil society to carry out their monitoring and whistle-blowing functions<sup>127</sup>. Moreover, the small reforms that the state adopted, such as the incorporation of the EITI into 'Subsoil Use' legislation, are easy to bypass and are largely weak in content. The study further demonstrates that the state as well as companies used the weaknesses of the EITI design for their advantage. Clearly, as the observations demonstrate, revenue reportings are murky and lack transparency.

As such, although at the surface the EITI appears to function well as a multi-stakeholder group its internal processes, however, indicate the opposite. Therefore, the commitment to the EITI and transparency norms are only applied partially. At the surface, for its external (international) audience, the EITI appears to function according to EITI standardised practices, while its internal processes show arcane behavioural deviations.

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<sup>127</sup> Author informal interview with the employee of the Friedrich Ebert Foundation, 2 June 2, 2015, Almaty.

Moreover, the distribution of revenue sharing is further exacerbated by the country's decentralisation process and mechanisms where regional actors, Akims, dictate their rules. As discussed in this Chapter, the implementation of national policies at the regional level is subject to the influence of the regional Akims. A lack of institutional accountability and strong judicial reforms impede on the capacity of the population to hold their national and regional government accountable on their revenue spending. Hence, in such a context, the population plays a passive role and is largely absent in the mechanisms of revenue sharing. Additionally, as tensions over socio-economic disparities started to grow (with the most recent one relating to land reforms<sup>128</sup>), competition between the centre and regional peripheries over spheres of influences and sharing of resources increase accordingly. The configuration of the decentralisation system as such plays an important role in directing resource grievances towards the regional leaders rather than to the centre, which is responsible for the allocation and redistribution of resources. Such a system enables Nazarbayev to maintain the veil of legitimacy over domestic political practices and to escape popular discontent.

Hence, just as in the case of Kyrgyzstan, what we observe in Kazakhstan is that the government designed the EITI platform according to its own internal interests that support the consolidation of its autocratic regime. The EITI MSG in Kazakhstan further operates a political unified act based on consent and unanimity between the rulers and the subordinates. Clearly, the platform of the EITI that embeds plural actors and space is non-existent in Kazakhstan, rather it is an act of rhetoric or 'virtual practice' of the regime. In this context, just as in the case of Kyrgyzstan, the Soviet style of organisational and management culture further influence the institutional dynamics of the Initiative. As such, even though the study finds some small indirect positive effects of the EITI on broader domestic reforms, given the nature of the autocratic regime the transformative capabilities of international standards need to be considered carefully.

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<sup>128</sup> See, for instance, FT (2016), "Kazakh leader needs to address real grievances: Any domestic instability could have repercussions internationally", 12 June, 2006. [Online]. Available at: <https://www.ft.com/content/4b69c54e-2eee-11e6-a18d-a96ab29e3c95> [Accessed: 2 November 2016].

## **Chapter 7. Discussion of the Findings: The EITI and Global Governance in Central Asia**

### **Main Points of this Chapter**

This Chapter reflects on the research question and findings in light of the global governance literature. Throughout my case studies, I argued that the EITI operates as a dysfunctional platform. The study further demonstrated that domestic institutional constraints subvert the effective functioning of the Initiative and, in doing so, enable the autocratic states of Central Asia to bypass international transparency requirements laid out in the EITI. What the study in both countries further depicts is that the EITI is increasingly state orchestrated and state led. In this regard and against some postulates in the literature on global governance and globalisation, the study demonstrates that processes and effects from global to local nation-states are not uni-directional; rather, they are shaped and remodeled by the recipient nation-states. In doing so, this final Chapter highlights the limitations of global the governance literature and urges scholars to consider the existing dichotomies between global and local contexts. More importantly, the Chapter invites scholars and wider policy advisers to question what exactly global governance aims to achieve and how it defines its success.

### **7.1 Standardised Procedures: Form and Content Lost in Translation or in-between Spaces?**

Steven Sampson (2008, p. 184) argues that “any national anti-corruption programme is but a site in a global anticorruption landscape that measures, assesses, and organizes against corruption”. In this regard, the EITI constitutes a form of a global “anti-corruption” assemblage (according to Collier and Ong, 2005) that involves myriad actors and norm promoters. However, the analysis of the EITI in Kazakhstan and Kyrgyzstan reveals the following: although global governance bears standardised forms and practises, it nevertheless fails to address the issue of transparency. As the study shows, although Central Asian countries adhere to the Initiative, it does not prevent them from continuing to engage in corruption. Throughout my case studies, I argue that the EITI operates as a dysfunctional platform, and this dysfunctionality is not accidental but rather deliberately created by the state. In this sense, as the study demonstrates, domestic institutional

constrains subvert the effective functioning of the Initiative, and in doing so, they enable autocratic states in Central Asia to bypass the international transparency requirements established in the EITI. Clearly, factors related to the local context, such as domestic regime type, the level of economic development and configuration of domestic intuitions, constitute important determinants in the functioning of the global governance initiative. As the analysis reveals, the EITI in Central Asia came to represent a ‘performance act’<sup>129</sup> of reproducing standardised global governance practices. By performance, I mean the way in which global governance is practiced in local contexts. In this sense, what is particularly interesting to observe is how the form of the EITI is given a meaning by its recipient actors. As the analysis of both Kazakhstan and Kyrgyzstan demonstrates, although global governance imposes and provides a standardised template, it nevertheless does not stop its recipient objects from re-interpreting and recreating their own agendas within the framework of the provided global governance templates. As the cases of Kazakhstan and Kyrgyzstan show, both countries implemented the standardised form of the EITI governance framework as imposed by global agenda setters. However, as the analysis of cases reveals, in practice, such forms of governance are dysfunctionally disconnected from the Initiative’s initial purpose. In this regard and against some postulates in the literature on global governance and globalisation, the study demonstrates that processes and effects from global to local nation-states are not uni-directional; rather, they are shaped and remodeled by recipient nation-states. As the analysis reveals, the dynamic of global governance once implemented at local levels is subject to the country’s domestic context. In this way, the study of the EITI depicts a mismatch between the international global governance rule setters and recipient states as rule followers. As noted by Halliday and Carrothers (2007), there is an asymmetry of knowledge between the global rule setters who can influence law enactment and the national actors who effectively control implementation. Concurrently, as the study demonstrates, even when global governance has no strong leverage power, global linkages influence compliance with international standards. In this regard, the study highlights that the diffusion of international global governance is very much linked to internal and external conditions. Given such dynamics, one cannot ignore processes of norm adoption driven by

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<sup>129</sup> The term is coined in the book of Madeleine Reeves et al. (2014) on *Ethnographies of the state in Central Asia: performing politics*. Bloomington: Indiana University Press

instrumental reasons and strategic bargaining (Risse et al., 1999). However, as the case studies demonstrate, such instrumental adoption of international standards has the capacity to lead to subtle positive changes. Nonetheless, owing to the nature of autocratic regimes, such changes need to be carefully considered.

## **7.2 Global Governance as a Site for Domestic Re-interpretation**

As the study demonstrates, in both countries, the EITI is yet another site for the conduct of domestic politics. In this regard, the functioning of the EITI and the role of its actors within are influenced by practices specific to regime type and the regime's autocratic state leaders. Clearly, as the case study reveals, in Kazakhstan, the EITI is built around the centralised authoritarian regime of the President and its inner circle. It further shows the shadow of state authority in which different actors within the EITI are allowed to operate. In Kyrgyzstan, on the other hand, which is more democratically open, the EITI operates more independently from the state. However, its internal functioning reflects the fragmented intra-elite competition for the desperate search for access to resources.

The study of the EITI further highlights that the success of norm appropriation will depend on how closely a norm resonates with a leaders' strategic vision. In Kazakhstan, reputational concerns combined with domestic and external pressures induced change in state behaviour, leading to adherence to EITI standards and norm promotion. In Kyrgyzstan, the endorsement of the EITI was primarily motivated to attract foreign aid investments and to respond to domestic instabilities in the mining sector. In both countries, domestic pressures arising from the extractive sector played an important factor in facilitating the adoption of the Initiative. Hence, as the literature on norm transposition posits, when norms outweigh domestic costs, norm adherence is likely to occur (see Finnemore and Sikkink 1998; Risse et al., 1999).

However, as reflected in the study, norm adherence does not imply norm compliance in practice. In both states, as the study of the EITI revealed, despite diligently complying with EITI standards, the efficient equitable sharing of resources with populations is poorly addressed. Such observations highlight that despite their commitments to address the needs of the populations, considering the interest of the population is largely 'virtual', as the population remains largely excluded from the process. Although civil society representatives are deemed to represent the overall population, those who are present are

carefully handpicked by the state, and they operate within their confined attributed borders. In contrast, any form of entrepreneurship is likely to back fire. Even in the more open Kyrgyzstan, the representation of civil society mirrors state officials in disguise.

Furthermore, the EITI is deemed to represent a plurality of actors, and as the case of Kazakhstan and Kyrgyzstan demonstrated, this plurality is nonetheless subverted, as the actors involved within are carefully selected by the state and are allowed to operate within the regime's boundaries. It is therefore increasingly important to analyse global governance in its institutional locations. As the analysis of the EITI demonstrates, global governance practices in Central Asia are based on 'performance politics'. In such a context, the outcome of global governance initial formulations becomes homogenised in form but dysfunctional in content. The 'performance of politics' is a dynamic process between the form (representation) and representational practices, whose meaning depends on being defined, contextualised and configured (Rose, 2002, p. 390). Such an understanding implies that representational practices are always embedded in certain configurations. In the process of enactment, at the surface, representation practices acquire a normative and legitimatised meaning while inside a shadow boxing of institutions, actors, networks and material resources that form the architecture of the rulers in power arises (Wilson, 2005). As the study has demonstrated, in post-Soviet Central Asia, actors involved in the global governance initiative bear the ramifications of the state apparatus.

The concept of pluralism when applied to post-Soviet Central Asia diverges from Western realities. As the EITI study shows, the concept of plurality, rather than representing independent actors and opinions, represents state power and its embodied structures in Central Asia. As seen in the present study and as also noted by Jones Luong (2002), a central element in exercising politics in Central Asia revolves around power relations, i.e., how power is accessed, allocated, understood and exercised. As the cases show, individual actors involved in the EITI pursue their own internal interests and the interests of the state, and, in doing so, they diminish the interests of the broader domestic population. There is a gap between institutional elites and the population for which they should serve. Moreover, contrary to the postulate of global governance participation and the concept of limited plurality not being free, the actions of the actors are limited within the state's boundaries. More interestingly, as the case studies show, participation in the

global governance creates inclusive and exclusive boundaries of highly selective and spatially embedding actors that coexist with the state and that operate in the global governance space. In light of this assessment, the imagined community of global governance, as postulated by Western-centric visions, differs from its initial formulations in Central Asian countries. In this regard, the role of companies, civil society and donor organisations is important to highlight. Contrary to postulates in the global governance literature, they do not act as independent actors; rather, their roles are dependent on the context in which they operate. As the study demonstrated, their roles in the autocratic context of Central Asia diverges from the global governance scripts.

The outcome of the Initiative is defined by state interventions. What the study in both countries further depicts is that the EITI is increasingly state orchestrated and state led. In this respect, the work of Timothy Mitchell (1991) is increasingly relevant. As he argues, state-society relations need to be considered not separate objects but rather “as [a] line drawn internally within the network of institutional mechanisms through which a social and political order is maintained” (Ibid, p. 78). In this realm, institutions are a product of state processes. As Scopcol (1985) emphasises, it is important to consider the role of the state as a set of organisations in structuring social and political arrangements, through which state officials formulate and implement distinctive strategies and policies (Skopcol, 1985, p. 21). Meyer and Rowan (1977) further discuss the power of state authority and regulatory agencies in the processes of conformity and institutionalisation. In a similar vein, DiMaggio and Powell (1991) recognise the centrality of state-driven coercive isomorphism but also acknowledge the importance of mimetic and normative isomorphism. As such, organisational structures increasingly come to reflect rules that are institutionalised and legitimised by and within the state (Dimaggio and Powell, 1991, p. 68). In this context, as argued by Dimaggio and Powell (1991, p. 68), “organisations are increasingly homogenous within given domains and increasingly organised around wider institutions”. Considering these views, it is then unavoidable to notice that standardised practices are inherently shaped by domestic conditions.

### **7.3 Soviet Legacies Matter**

As this study reveals, although Central Asian countries adapted the EITI standardised template in practice, they nevertheless reinterpreted these standards in ways that make

sense for them and that fit their local conditions. As Bhabha (1994, p. 1) further notes, there is a need to move beyond original and initial subjectivities and to focus on the moments or processes that are produced in the articulation of cultural differences. In line with Bhabha's work (1994) and in relation to the above observations, the translation of global governance into a local domestic framework in itself becomes a site for collaboration and contestation, as well as a site for the interpretation and re-interpretation of the ideas and visions of society itself, when the past and present merge. The 'past-present' in the words of Bhabha (1994, p. 7) becomes part of necessity, when actors re-invent themselves in relation to the present. In light of the analysis of the EITI, such sites become the mimic of political domestic representation, in which actors re-create their role and appropriate symbols in relation to their present conditions and the space in which they operate. What emerges from the study of the EITI in Central Asian countries is that state practices are built on inherited Soviet institutions and practices. Hence, although these states aspire to enter the club of 'modern and global states', they nonetheless did not completely eradicate their past. In this realm, as the present study observes, a country's domestic cultural, historical and institutional legacies affect the transfer of global norms and their crystallisation in national practices. The study of the EITI further suggests that its interpretation and articulation in the domestic context is shaped by post-Soviet cultural and historical legacies.

#### *Centralised Regime Practices and Patron-Client Relationships*

Soviet top-down imposition continues to resonate in the everyday practices and politics of Central Asian countries. The Soviet legacies of highly centralised, institutionalised and ritualised political participation leaves its traces in the political practices of today's Central Asian countries. As discussed earlier in Chapter 2, Soviet rule in the region instilled tribal relations and politics of patronage that remain salient in current politics in Central Asia. As seen by the case of the EITI, in a client-patron society such as Kyrgyzstan, the public sphere is not a space based on the ideas of common good and social justice but a place where individuals strive for power and personal gains (see Shulte 2008; Luong, 2002; Cummings, 2012). As the case of Kyrgyzstan demonstrates, traditional patron-client relationships have not changed; rather, they have adapted to the conditions of their new environment. A close association of some local NGOs with international donors have created powerful gate keepers, who use their access privilege

or status to favour certain groups over others and to cement and further strengthen their position. As such, the pursuit of anti-corruption efforts in Kyrgyzstan is increasingly entangled with elements regarding ‘who is in the network and who is not’. In Kazakhstan, the political domestic realm is based on tied concentric circles around Nazarbayev and the related presidential administration (Peyrouse, 2012; Cummings, 2005). These conditioning structures of the regime are further mirrored in the EITI, which functions as a highly centralised state institution built around the President and the administrative apparatus. What we observe from the two case studies is that the autocratic form of the regime produces structures of power domination between “dominant and subordinate”. Moreover, the political conduct is further conditioned by “hidden and public transcripts” that produce specific forms of behaviours, reactions and patterns of resistance (Scott, 1990). As the study of the EITI reveals, these transcripts are not static; rather, they adapt according to the different audiences and social sites in which they operate<sup>130</sup>.

### *Regime Type*

The Soviet Union’s Communist regime was characterised by a plethora of authoritarian practices. In the aftermath of the collapse of the Union, 15 Republics emerged with different forms of inherited authoritarian governance. In this regard, as the study of the EITI shows, the nature of autocratic regime practices determines the variation in the functioning of the Initiative between Kazakhstan and Kyrgyzstan.

In Kyrgyzstan, the EITI shifted from being a standalone initiative to being integrated at the time of writing and increased its visibility through major donor agencies programmes working on community development and the management of resource revenues. In Kazakhstan, the EITI is embedded in the structure of the state. Under the centralised structure of the regime, EITI activities are constrained within the state’s apparatus. Such systemic conditions are further manifest in the representation of the actors within the Initiative. In Kyrgyzstan, domestic actors, with the exception of donor agencies, are represented by the politics of patronage and various interest groups of power representation (which are more salient in the working of civil society groups). In Kazakhstan, in contrast, all the actors are handpicked by the President, who, by appointing

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<sup>130</sup> This also further supports the observations of Scott (1990).

his most reliable allies, oversees the decisions and activities of the EITI working group. As noted in the analysis, even foreign companies are represented by the state-run organisation KazEnergy Association. Such different forms of EITI functioning between Kyrgyzstan and Kazakhstan are explained by structural domestic preconditions (Heathershaw, 2009; Hale, 2005). Drawing on the concept of the ‘lame duck syndrome’ introduced by Henry Hale (2005) to explain the occurrence of ‘Colour Revolutions’ in post-Soviet Eurasia, we can distinguish similar patterns to explain differences in the functioning of EITI between Kyrgyzstan and Kazakhstan.

The ‘lame duck syndrome’ broadly refers to the incumbent’s low popular support to run for office and to elite defection within the incumbent’s coalition (see Hale, 2005). Hale states that the ‘lame duck syndrome’ and low popular support for the ruler have given rise to opposition movements that have subsequently challenged the current regime. In line with this concept, I argue that the strong consolidated autocratic leadership of Kazakhstan turned the EITI into a pyramidal centralised institution that was integrated within the state apparatus, while weak autocratic leadership, as in the case of Kyrgyzstan, explains a more independent EITI.

Owing to the historically fragmented politics of Kyrgyzstan, marked by diverse regional elite competition for power and the subsequent Colour Revolutions in 2005 and 2010, the country failed to establish a strong consolidated presidential autocratic regime. Such conditions created a space for individual contestation. In addition, Kyrgyzstan was affected by its economic conditions and its situation of being a donor-aid dependent that was further affected the behaviour of its leaders. As donor aid grants are bound by principles of democratic conditionality, the incumbent leaders in Kyrgyzstan were inclined to make concessions and initiated reforms according to donor requirements. This is also visible in the working of civil societies in the EITI that are bound by donor grants.

On the other hand, the regime in Kazakhstan is firmly consolidated around the President and the inner elite circles, leaving little space for opposition to challenge the presidential rule. In such a domestic context, as seen by the case of the EITI in Kazakhstan, state officials and business community leaders as well as external actors (donors and independent civil society) are reluctant to challenge the incumbent’s rule, which can cost their job or trigger direct conflict with the state and dry up access to strategic resources.

Moreover, Kazakhstan is economically stronger and more independent than Kyrgyzstan. Additionally, the geopolitics of energy pipelines that involve Western and American vested interests in the country further gives Kazakhstan significant leverage over effective EITI norm compliance. Such a situation gives states more room for independent action without inference from third parties. In such a context, as discussed in earlier Chapters, external actors, such as donors, become complicit in the legitimisation of state autocratic practices.

As Henry Hale (2005 p.135) notes in his explanation of regime transitions, the institutional features of hybrid regimes and patterns of elite interactions affect the outcome of the regime. In the case of the EITI, such interaction results not only from the institutional and domestic elite interaction but also from a country's interaction with external players. Such conditioning explains the divergent structure that the EITI assumes in countries. However, despite these differences, both cases show the blurring of domestic boundaries between the political and economic realms – between the public and the private. Under such systemic conditions, as the case of the EITI demonstrates, the outcome of institutional functioning mirrors a regime's internal structures and bargaining preferences of the actors involved.

#### *Soviet Administration Territorial Divisions*

The legacies of territorial divisions stemming from the era of Soviet administration are present in the domestic politics and decentralisation processes of Central Asia. As Pauline Jones Luong (2002, p. 64) notes, the Soviet administrative territorial structuring of Central Asia fostered regional rather than national cleavages. As we have seen in the cases studies of Kyrgyzstan and Kazakhstan, conflicting governance interests and the dual subordination to the authority of local self-government bodies and the centre hindered the implementation of top-down regulatory practices to the peripheries and the redistribution and sharing of resource revenues. In both countries, local power often tends to override central authority and dictates its own governance practices. Furthermore, as the study demonstrated, weak institutional structures, marked by weak accountability and transparency of decentralisation processes, further complicated the effective redistribution of revenues among the local population.

*Soviet Organisational Structures of the Communist Party*

The concept of democratic centralism as the organisational principle of the Communist Party—where collective action arises from decisions of higher bodies of authority and where communication within the organisation is vertical (Sakwa, 1989, p. 133)—is visible in the organisational structure of the EITI in both countries. The character of EITI implementation policies is characterised by a top-down approach steered by central coalitions, situated in Bishkek and Astana, versus regions. All actions and all decision-making processes are centralised in capital cities, leaving regions aside. As the case of Kyrgyzstan shows, such organisational procedures further reflect the lack of coordination from the State Agency for Geology and Mineral Resources in Bishkek, highlighting its inability to effectively oversee the implementation of EITI policies at the regional level. In Kazakhstan, all decisions are made in Astana, and the EITI is not effectively implemented at the regional level. Such observations highlight the top-down fragmentation that exists between the centre and regions.

Second, the recruitment of members within the EITI is very similar to that practiced by the Communist Party. As Sakwa (1989, p. 133) describes, recruitment in the Communist context aims at representing the “cream of the population”. The recruitment of cadres within the Communist Party is made through the systematic nomination of favoured elites and is further based on the principles of loyalty (favoured over competences), rewards and upwards mobility as well as patronage politics and long tenure of elite cadre positions (Sakwa 1989). These patterns of recruitment are also visible in the EITI. As the case studies demonstrate, the selection of individuals is closely affiliated with the state and politics of informal networks. In Kazakhstan, the selection of individuals is conducted by the state. In Kyrgyzstan, as the case of civil society demonstrates, recruitment is based on ‘who do you know in the network’. In both cases, access to the EITI creates an ‘empowerment’ effect for the selected actors, who use the international resources of the global governance initiative to strengthen their personal interests while neglecting the broader interests of the population.

*Participation and Plurality under the Soviet System*

Following Robert Dahl's (1978) definition, the concept of pluralism in a political system implies representation of diverse political self-independent groups that are permitted to organise themselves, express themselves and participate in political life within the state. Under the Soviet totalitarian system of governance, one might think that such forms of political representation were prohibited. However, as Skilling and Griffiths (1971) argue, even in the most oppressed political regimes, some notion of pluralism can be found. The Soviet system totalitarianism inhibited a complex industrial society, divided into a number of functional groupings and institutions with strong loyalties and parochial interests, each striving towards greater autonomy (Kolkowicz, 1970, p. 447). In the Soviet context, as Sakwa (1989, p., 188) further notes, interest groups were "forced to behave in informal ways, with overt lobbying forbidden but discreet bargaining possible". He further adds that interactions with group interests were not central to policy outcomes, as decisions were taken by the Soviet state system (Ibid, p. 191). As Skilling and Griffiths (1971) also note, group influence in the Soviet context could affect only the form of policies, not their substance; thus, they could affect only on those who were deemed not to be politically sensitive.

This is clearly visible in the EITI decision-making processes. As the cases of Kazakhstan and Kyrgyzstan show, diverse interest groups exist; however, just as in Soviet times, they have little capacity for independent action and are often subject to state manipulation. Furthermore, as the cases show, the success of policies promoted by individual interest groups is guaranteed under the support within the state apparatus and the pursuit of uncontroversial policies that do not conflict with state interests. Moreover, as Sakwa (1989, p. 191) notes, "in the context of weak legal traditions and diffuse constitutionality[,] there is a tendency for groups to form on the basis of 'patronage' and professional ties". As the cases of Kazakhstan and Kyrgyzstan show, the participation of civil society is limited and not representative. In both countries, civil society groups are informally selected by the state, and they operate along the lines of state interests. As the case of Kyrgyzstan demonstrates, hierarchical patronage relations among civil society groups dominate group interactions and their internal functioning. In contrast, in Kazakhstan, civil society groups act as 'service providers' under the state's umbrella. Furthermore, both cases show that in an environment in which the judiciary is bound to

the ruler, institutions are weak, and independency from the state is lacking, foreign companies have little room to raise concerns, as doing so could backfire with respect to their business interests. EITI financial reporting in both countries indicates that transparency in reporting does not reflect transparency in practice, as the reported figures show only one part of the greater picture. As such, just as in the Soviet context, participation of the groups is subverted by the state system. Additionally, as the case of Kazakhstan shows, the boundaries between state structures and individual interest groups are blurred, as members simultaneously act in several ways. Moreover, as the analysis of the EITI demonstrates, the interaction between members is limited, and there are few interactions between groups beyond the institutional system. Nevertheless, owing to the regime's democratic openness (although limited), the interactions among members are more prompted in Kyrgyzstan than in Kazakhstan.

Such observations indicate that while the possibility to participate in state decisions has broadened, the capacity to participate in state institutions has not done so. Additionally, the top-down EITI approach further reflects the lack of communication, cooperation and participation among members of the MSG from the centre and regions. Furthermore, the case studies of Kazakhstan and Kyrgyzstan highlight that government turnover further complicates the development of stable cooperation and a cohesive platform with a consolidated group identity. The rapid turnover of government changeability has complicated the development of a stable cooperation and cohesion platform. Levitsky and Murillo (2009, p. 116) observe that "where actors do not expect formal institutions to endure or be enforced, their behaviour will differ, often markedly." Such a situation further affects the transfer of organisational learning culture. As the organisational management studies have documented (see Carley, 1992), since organisational learning rests of individual experiences, high organisational turnover affects the ability to learn and perform. As such, when people leave without mechanisms for transferring knowledge experience, intuitional memory is reduced, and there is a high risk that gained knowledge is lost (see Carroll, 1984).

Additionally, this study also demonstrates that the EITI created international and external participatory opportunity structures. In particular, from an internal point of view and as shown by the cases of Kyrgyzstan and Kazakhstan, the EITI gave life and legitimacy to specific NGOs that are now considered 'expert opinion' groups in the field of transparent

and accountable revenue sharing in the extractive sector. Concurrently, the EITI provides them with knowledge and material resources through international collaboration or direct access to state resources. These actors, as the case studies show, are aware of the privileges assigned to them, and hence, they have learned to preserve them by limiting the access of other NGOs. As the analysis demonstrates, although participation is open to all NGOs, long-established NGOs in the EITI act as gatekeepers and jealously defend their privileges against others. Regarding state actors and companies, their involvement in the EITI provides them with knowledge. Opinions and information sharing with NGOs serve as a barometer for their internal strategies. For instance, as the cases demonstrate, environmental NGOs are privileged by the state, since the state often uses environmental fines against companies as a strategy for co-optation.

Concurrently, the Initiative provides external opportunities driven by ideological and material interests. As seen by the analysis, in Kyrgyzstan state, involvement in the EITI was largely driven by attempts to gain access to aid, attract FDIs and increase the country's visibility on the international stage. In the case of Kazakhstan, access was primarily motivated by state reputational concerns and the national project of image building. As outlined in the case study description, international scandals involving Nazarbaev's family and internal oil protests had a destabilising effect on the domestic regime and the image of the President. Hence, access to the Initiative allowed Nazarbayev to manage domestic concerns and, simultaneously, to project the image of Nazarbayev as a protector of order and modernity. As stated earlier, the accession to international rankings boosts the state's legitimacy at both the national and international level; hence, Central Asian countries could not stay passive with respect to tags attached to international rankings. At the globalised stage, the world opinion increasingly matters. For extractive industries, the Initiative is a signal that serves to enhance their Corporate Social Responsibility (CSR). For local civil society, as mentioned above, the Initiative provides material resources in the form of access to international grants, knowledge-based expertise and capacity building.

#### *Bureaucracy and Technocracy*

The Soviet Union's political organisation was built upon a tight bureaucratic system. Rigby (1970, p. 5) defines bureaucracy as "the practice of structuring institutions and

decision making processes in a hierarchy of offices, occupied by salaried, appointed and replaceable official". Hence, there are chains of command running from top to bottom, where given orders take the form of a bundle of rights and responsibilities and immediate assignments (Ibid, p. 7). Tasks as such aim not to promote individual community interests but to promote an overall community on behalf of the Soviet political leadership. The backbone of the commands was monitored by the Party apparatus, ensuring that orders were executed according to Party demands without deviation for specialised groups (Rigby, 1970). In such circumstances, there was thus little room for individual entrepreneurship or competitive interaction.

As Rigby (1970) astutely notes, such a bureaucratic organisational structure had an active life of its own that served to support the legitimacy of the Soviet state. Here, he distinguishes between mobilisation and the exchange of experience. As he argues, in Soviet society, where decisions were assigned from above, there was a need to create an awareness of objectives for individuals and thus to create a positive meaning around the specific objectives assigned. In the words of Rigby, achieving such aims required a "high-pressure public relations job" (Rigby, 1970, p. 9) – in other words, the mobilisation of the population to achieve state objectives. Such mobilisation took various forms, such as meetings and conferences, where collective action by the population was needed to create meaning around specific tasks in order to fulfil the overall objective assigned. The other strategy to attain such objectives was the exchange of experience. Information exchange in meetings was strategic for people working on the same problems in different agencies (Rigby, 1970 p. 9). As Rigby notes, large bureaucratic organisations, as those in Soviet times, were prone to poor lateral communication. To prevent factionalism in the Party (resulting from asymmetrical information), it was thus essential to create a framework that could control the flow of information between different agencies and actors. Conferences and meetings provided an ideal venue for reaching such objectives. The use of such mechanisms was essential for the implementation of Union policy. As Rigby (1970, p. 8) notes, the Soviet regime needed to represent itself as "functioning democratically". Such claims demanded efforts to create institutions pretending that democratic forms of power were effectively exercised. The form of such exercise (i.e., the creation of a democratic façade) operated not only at this rational level but also at the level of symbolism and ritual. The administration of bureaucratic rituals as such was the

backbone for legitimising the construct of the state's democratic façade. In relation to this analysis, Alexei Yurchak's important contribution about the end of the Soviet Union system is crucial. Drawing on the work of John Austin, Yurchak (2006 p. 19) argues that performative acts or rituals can be felicitous or infelicitous. The success of the performative act is determined by the institutional conditions attached to it. In doing so, Yurchak posits that an individual in such a situation has two choices: "wearing a mask and act[ing] as if or revealing the truth" (Ibid, p. 26).

Reflecting on the above observations, the EITI study demonstrates that the platform created standardised routine practices, such as EITI roundtable meetings, participation in the conferences, reports, and exchanges of opinions. The mobilisation of actors around these events became a 'fundamental work' in itself and came to act as a legitimising function for different actors. As such and here echoing Weberian studies of bureaucracy, bureaucracy is a social force in itself with powers and values of its own, and its development increases the forces of its subjects (Beetham, 1985, p. 71). Clearly, as the case examination demonstrated, the mobilisation of actors around the EITI has an empowering effect for the actors involved in the process. The empowerment of these actors thus created distinct groups operating within the state apparatus. In this regard, as mentioned, the participation of actors in the Initiative is constrained by the state. As the cases of Kyrgyzstan and Kazakhstan demonstrate, states either create opportunities (such as directly supporting the Initiative through stable financing) or create barriers for EITI implementation (such as non-compliance with EITI requirements, as in the case of Kazakhstan). As the cases of Kyrgyzstan and Kazakhstan show, the participation of civil society is cherry-picked and aims to legitimate state policies or to act as a transmitter of state decisions. Alternatively, domestic institutions, such as the legal and parliamentary system, exist only in forms where in reality they are strictly controlled and operated under the state's tutelage. Such a framework brings about a shadow of co-opted and bureaucratised participation. Such analysis draws attention to a view that sees the state as a socially constructed entity. As readings of Bourdieu (2014), Anderson (1991), Foucault (2007) suggest, states are constructed and transcend through powerful, socially constructed symbols or technological devices. Such observations draw attention to the social and imaginative processes through which state verticality is made effective and authoritative (Ferguson and Gupta, 2002 p. 981). Clearly, as the analysis of the EITI

demonstrates, states operate through multiple channels of representation that are not always evident or expressed within a traditional physical form. In this realm, the role of civil society serves to support the ‘art of government’, as described by Foucault. Therefore, as seen in this study, civil society involved in the EITI in Kyrgyzstan and Kazakhstan came to constitute a form of a governmental technological tool (see Foucault, 2008) for shaping states’ power interests and for ensuring control over overall society.

Furthermore, the Initiative’s standardised practices became ‘routine’ procedures and came to define the individuals involved in it. However, as the literature on organisational institutions argues, ‘routines’ reduce the quest for innovation and effectiveness, often because they are literally not perceived or ignored (Zucker, 1987). Since validation was achieved, it seems that the actors became more complaisant in their EITI activities or search for ‘what to do next’ (as in the case of Kazakhstan). Under the autocratic regime practices in Central Asian states, where decisions emanate from ‘above’ and where actors are subject to state monitoring, there is little room for individual entrepreneurship, as any departure from regime procedures bears the risk of backfiring on individuals. As such, even if individuals are conscious of the reality of state affairs, institutional systemic conditions prompt actors to be performatively felicitous and to reproduce the state in which they are embedded. As in the case of the Soviet Union, the impetus for further progress needs to be instilled from above. Hence, the unity of performative and systemic institutional dimensions makes the EITI what it is: an act of form performance with multiple legitimacy positions. Moreover, as seen by the analysis of the cases, the EITI platform created ‘facade institutions’ that pretend to exercise the Initiative’s form of governance while, in reality, in it is business as usual, corrupt practices between the state and companies in the extractive sector continue to dominate. There is also a disturbing “performative subjectivation”<sup>131</sup> of the state attached to this, as the actors involved in the EITI platform are either formally or informally acting on behalf of the state. As such, they became constitutive elements of the state machinery and are thus used to reinforce state sovereignty.

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<sup>131</sup> The term derives from Madeleine Reeves (2014) analysis *Border Work: Spatial lives of the state in rural Central Asia*. Cornell University Press.

### *Soviet Judicial System*

In the Soviet context, the nature of the judicial system was subject to arbitrary decisions of the Soviet system and state (Sakwa, 1989). Such practices, as the cases of Kazakhstan and Kyrgyzstan show, are still present in the governance of domestic societies. Consequently, in the absence of a strong independent judicial system, marked by weak accountability and laws, decisions are subject to state arbitrariness, as the case of the EITI demonstrates. Accordingly, the features of national governance systems, as seen in the present study, further hinder the mechanisms of transparency and accountability in revenue sharing.

### **7.4. Resistance**

The study of EITI global governance reveals the underlying sources of power relations between domestic and global levels. However, this is not to say that forms of resistance are absent from such dynamics. As Laura Adams astutely notes, “the apparent lack of resistance to state power may be seen in terms of actions they take within this field of possibility and their institutional location as state actors themselves” (Adams, 2004, p. 96; see also Scott, 1990). As the cases of the EITI show, the Initiative has a life of its own, where individuals operate within their own internal institutional domain with structures and interactions that mirror domestic regime powers, as such state power is exercised not through one source of authority but rather through multiple institutional locations (see also Adams, 2004; Jones Luong, 2004a). As such, the study also shows that forms of resistance are present and given voice by civil society actors (e.g., the internal split that occurred in Kazakhstan during the first validation or the feeling of dissatisfaction between civil society and state actors and companies in Kyrgyzstan). The form of resistance is often expressed through the discourse of ‘us versus them’. In the EITI framework, resistance occurs between civil society actors against the state and companies. At the broader domestic level and beyond the framework of the Initiative, resistance exists in the relations between the state and its institutions, such as the Akims or the state and or companies against the population. Forms of resistance also exist in the relations between the national and international level. As the cases show, there is resistance from national actors who perceive the Initiative to be a Western geopolitical project aiming to impose its own rules. Therefore, resistance in countries of Central Asia is multidimensional. It is not only political and ideological but also driven by specific

resources. Writing on cultural ideological production and the state in Uzbekistan, Laura Adams (2004, p. 115) also observes that “conflicts between state actors in Uzbekistan are not likely to be framed in ideological terms but rather as struggles over the allocation of resources and the appointments of credit and blame”. However, resistance is itself limited, since its articulations need to be carefully tailored ‘to what is permissible’ within the confines of the state. Therefore, unless resistance poses a direct threat to the interests of the state, as the Zhanaozen protests in Kazakhstan show, in autocratic states of Central Asia, even the strongest form of resistance are ultimately hardly able to produce any significant changes.

## **7.5 Analysing the Findings in Light of the Global Governance Literature**

In light of these findings, it then became increasingly important to analyse global governance in terms of ‘global assemblages’ (Ong and Collier, 2005) – that is, the articulation of a global form. The implication, as Collier further writes (2006, p. 400), is that “global forms are everywhere but that they have a distinctive capacity for decontextualisation and recontextualisation, abstractability and movement, across diverse social and cultural situation”. Such analytical observations allow us to grasp the interwoven relationship between the global and the local, where actors are highly entangled with each other and where the global can also be constituted inside the national (Sassen, 2008). In such settings, the global is “coded, formulated or experienced through the vocabularies and institutional instruments of the national as historically constructed” (Sassen, 2008, p. 75). With this account, the state becomes transformed rather than ‘eroded’, and it becomes constitutive or the enabling part of the globalisation process. As both case studies on Kazakhstan and Kyrgyzstan demonstrate, although the Initiative is parachuted by global agenda setters, its implementation in the respective national contexts is increasingly state dependent and state orchestrated. The study as such illustrates that the adoption of global forms and norms further highlight practices that are culturally authentic and politically resistant within the domestic national realm. In this sense, Central Asian states mimic global governance practices to be accepted to the ‘club of global society’, but this does not mean that they are intentionally committed to global governance norms and that they follow a Western-imposed agenda. As Bhabha suggests, the concept of mimicry is a technique of camouflage: as such, “it is almost the same but

not quite” (Bhabha, 1994 p. 86). Mimicry gives space to ambivalences and opens spaces for hybridity. As the implementation of the EITI in Kyrgyzstan and Kazakhstan indicates, although the EITI created a participatory platform for dialogue among different stakeholders, in reality, it is nonetheless embedded within a state umbrella and has become a ‘performative’ act of governance. The constant presence of the shadow of the state undermines the legitimacy of the plurality of opinions. As such, the participatory platform of the EITI provides a space for voice representation (that is, the dialogue platform), but not for a plurality of opinions. In doing so, the dialogue platform seems to re-create the domestic structures of state governance and state power. Bound by interests of geopolitics and cash flows, international actors, such as companies and donors, become complicit in sustaining such ‘performative’ acts of governance. In such a context, the success of global governance is thus limited, as it is largely characterised by the triumph of form over content and substance<sup>132</sup>.

However, the act of such ‘performative politics’ is multidimensional, and as such, it carries intended and unintended consequences. As the study of the EITI demonstrates, the Initiative has created unintended spillovers that have implicitly redesigned the institutional fora of domestic politics. For instance, in Kazakhstan, as discussed in the respective Chapter, the EITI dialogue platform created a pace for civil society participation. In Kyrgyzstan, the EITI was implemented at broader regional levels through Public Opinion Desks. By creating these new ‘spaces’ that would have not existed otherwise, the EITI indirectly contributed to shape domestic political practices of autocratic states. However, in authoritarian contexts, such spaces need to be carefully analysed, as they are likely to become a function of autocratic policy strategies. Given the nature of the authoritarian regimes in Kazakhstan and Kyrgyzstan, the small positive changes towards processes of democratic openness, the accountability and transparency introduced by the EITI global governance initiative are likely to be subverted by the state and its political system. A clear illustration of this is found in the implementation of the legislation on ‘Subsoil Use’. As the study demonstrated, even though timely reporting

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<sup>132</sup> These findings also mirror John Heathershaw’s (2014) analysis of Tajikistan and international peace building operations. See Chapter 1 “The global performance state: a reconsideration of the Central Asian Weak states”. In *Ethnographies of the state in Central Asia: Performing Politics*. Reeves, M., Rasanaygam J., Beyer J.(eds) Bloomington: Indiana University Press.

produced legislative changes, these have nevertheless had little effect in practice. Moreover, the study also indicates that reports do not reflect the full picture, as the data have been only partially disclosed.

Such observations bring us to consider the role of state and global governance, as the case of the EITI demonstrated that rather than being separate objects, they are rather constitutive of one another. However, as the implementation of global governance initiatives takes place in national contexts and flows through state domestic institutions, it is ultimately the state that decides the directions of its implementation. The analysis further demonstrates that under the local autocratic context of Central Asia, the creation of a new institution, such as the EITI, bears within key patterns of the structural-historical Soviet system. In the context of Central Asian countries, as the analysis shows, institutional design is understood as a transfer of pre-existing domestic power relations and power distribution onto seemingly new structures. Consequently, in such a context, there is no alteration of old domestic practices. The study therefore indicates that institutional outcomes should be measured not by design but rather by internal decision-making procedures and mechanisms of accountability.

Moreover, Meyer and Rowan (1991) argue that formal standardised structures have both symbolic and action-generating properties. As the case studies show, the EITI in both Kyrgyzstan and Kazakhstan is largely characterised by procedural and symbolic rituals. As outlined by Meyer and Rowan (1991, p. 49), such a system incorporates elements that are legitimated externally rather than in terms of efficiency; they employ external or ceremonial value assessment criteria (Meyers and Rowan, 1991, p. 49). As shown in the case studies, for many individuals in the EITI, the produced meaning behind such procedural actions remains unclear, yet such ceremonial actions increasingly sustain the survival of the organisation and legitimate its internal participants. Consequently, in such a context, the outcome of standardised practices becomes largely driven by conformity to formal structures and procedures rather than efficiencies and meanings of the content produced.

Considering these observations, the study further demonstrates that the EITI is not an effective tool to fight the resource curse syndrome. Clearly, given the domestic context and institutional conditions of the autocratic states of Central Asia, transparency alone is

insufficient to address the issue of corruption. To be effective, domestic state institutions and mechanisms of vertical accountability that enable the population to hold their governments responsible need to be in place. Furthermore, as the case studies demonstrate, the proliferation of global financial mechanisms, such as offshore centres, should bypass transparency. I therefore argue that the quality of institutions of EITI recipient countries matters; without improving domestic institutional contexts and wider global regulatory financial systems first, mechanisms of transparency, as addressed under the EITI, are doomed to fall short on their promises.

## **7.6 Concluding Remarks**

The objective of this thesis is to understand the functioning of global governance in the autocratic states of Central Asia endowed with post-colonial legacies. By empirically examining the implementation of the EITI in the countries of Kazakhstan and Kyrgyzstan, this thesis aimed to contribute to the theoretical debate on global governance and its practice in autocratic contexts.

The process of the EITI in the countries of Kyrgyzstan and Kazakhstan suggests that although the Initiative has a standardised path of implementing goals, its structural governance mechanisms follow a distinct internal logic that disconnects it from the rules and principles imposed from the outside. As the EITI's institutional template demonstrates, formal and quantitative indicators based on revenue reporting do not always reflect reality. As the study shows, standardised routine practices, as perpetuated under the EITI, have an active life of their own that serves to support the legitimacy of autocratic states and the actors involved within them. Moreover, as seen from the above discussion, Soviet cultural and historical legacies and national state objectives determine the functioning of the global governance initiative.

In light of these findings, the institutionalised form of 'self-discipline', as often proclaimed under global governance initiatives, needs to be more carefully considered by inquiring the politics of the internal governance dynamics of domestic actors. Such observations call for a deeper and more critical analysis of the functioning of global governance institutions as well as of the composition and behaviour of the actors involved, particularly with respect to non-democratic regimes. Considering these

observations, the study urges scholars to analytically separate form and content in the study of global governance.

Therefore, in the theoretical frenzy on global governance, one must first determine the sites in which global governance occurs. Clearly, as the case of the EITI demonstrates, the process of global governance is not linear, and it is subject to the exogenous and endogenous conditions in which it operates. As such, a discussion on global governance necessitates a deeper focus on the contextual sites in which global governance occurs. In this quest, the question of statehood in such interwoven dynamics needs to be emphasised. In particular, what is the articulation of statehood within global governance, and how is its power exercised—particularly in autocratic contexts? As seen throughout the analysis, statehood and power in Central Asian autocratic states are multidimensional and constitutive of one another. Moreover, the study further highlights that in autocratic states of Central Asia, global governance configurations serve to reproduce domestic institutional structures of power sources. It will be therefore interesting to investigate whether similar patterns are found in other autocratic states endowed with colonial legacies.

More importantly, the analysis of the EITI in Central Asian countries raises important questions about the concept of state and power relations in the context of globalisation. In this regard, a Foucauldian-inspired enquiry on governmentality might help us understand the role of different agents with relations to the state. A large part of Foucault's work focuses on the reciprocal constitution of power, techniques and forms of knowledge and regimes of representation and modes of intervention (Lemke, 2007, p. 44). In his analysis of the state, Foucault takes a rational stand on government practices. His conception of governmentality implies the "rationalisation of governmental practice in the exercise of political sovereignty" (2004, p. 4). In this regard, government means the "conduct of the conduct"— "the government of the self and the others" (Foucault, 2007). In this realm, economic actors and civil society are the subordinates of the 'art of government'.

As he puts it in lecture 12 in his *Birth of Biopolitics* (2008):

"An Omni-present government, a government which nothing escapes, a government which conforms to the rules of the right and a government which nevertheless respect the

specificity of the economy, will be government that manages civil society, the nation, society, the social” (Foucault, 2008, p. 298).

Hence, in this realm, the transfer of operations to non-state actors results not in the retreat of the state but rather in the transformation of forms of government or ‘art of governing’, as well as how these can be altered in specific context. As the analysis of the EITI demonstrates, states are the ultimate decision makers in how they use global governance to advance their internal goals and reach desired outcomes. Non-state actors play a secondary role in this process. Their interaction with the state is murky, and it depends on domestic configurations. As the study clearly demonstrates, in the powerful autocratic state of Kazakhstan, non-state actors are more likely to be subordinate to the rule of the state than they would be in the weaker autocratic state of Kyrgyzstan. Therefore, the relationship between state and non-state actors is less straightforward and is thus more nuanced. Hence, there is a need to reconsider the relationship and the roles between state and non-state actors, as on some occasions, they act as independent agenda setters, but in most cases, as the present study demonstrated, they act as agents of state interests. In light of globalisation movements and global governance, it is then necessary to examine the modes of government that are being instituted on a transnational and global scale and how they shape each other.

Throughout this thesis, I have argued that EITI in Central Asia represents a ‘performative act’, yet as James C. Scott notes (1999, p. 34), “the performance is often collective, as subordinates collude to create a piece of theatre that serves their superiors’ view of the situation that is maintained in their own interest”. Reflecting upon this in the context of EITI, I would argue that perhaps the ‘performative act’ is practiced not only by the domestic leaders of the states of Central Asia but also by the agents of Global Governance for the sake of preserving the appearances and giving the impression of coverage (Weiss, 2011). Nonetheless, as this thesis has revealed, scratching the surface of global governance can sometimes be deceitful. Moreover, considering the findings on the EITI in Kazakhstan and Kyrgyzstan, it is worth questioning the success story of global governance for autocratic states. Is it simply an institutional checkmark, as an indicator for the donor and wider global governance community that the awarded grant or project achieved its institutional formal goals? Clearly, as this study demonstrates and with reference to the writings of Danny Rodrik (2011), it is inconceivable to reach

democratisation, good governance and globalisation simultaneously. Further research is needed to examine what global governance aims to achieve in particular in oppressive contexts and how its success or its failure can be defined.

## Appendix 1: Interview Consent Form and Ethical Considerations

Dear Madam/Sir,

My name is Saipira Furstenberg and I am currently pursuing a Doctoral degree at the Research Centre for East European Studies and I am also affiliated as a PhD fellow at the Bremen Gradual School of Social Sciences (BIGSSS) University of Bremen. My research project explores the role and the interactions of domestic and foreign actors within the Extractive Industries Transparency Initiative (EITI).

To conduct my research I am inviting key relevant stakeholders of the initiative to take part in the study to inform me about their views and perception on EITI transparency initiative. I would like to invite you to tell me your views in a one-off interview. You will be asked to provide answers to a series of questions related to the functioning of EITI transparency initiative as a multi-stakeholder group platform. Participation in this study will require 30 minute of your time. The information collected will be used for support my study purposes only and will help to further enhance research on EITI and transparency. There are not right or wrong answers to this. In fact I am very keen to gain a wide variety of opinions.

The collected individual responses will be recorded anonymously and kept in the strictest confidence and will be destroyed after the completion of analyses. The results of the study may be published in an academic journal or presented as a conference paper and may include questions from your interviews.

Participation in this study is voluntary. You may refuse to participate, refuse to answer any questions, or withdraw from the study at any time with no effect on your employment status. There are no known risks to participating in this study.

If you have any further questions about the conduct of the study or your rights as a research participant you may contact Director of Studies, Mandy Boehnke (e-mail: [boehnke@bigsss-bremen.de](mailto:boehnke@bigsss-bremen.de)) Bremen International Graduate School of Social Sciences (BIGSSS), Germany and Heiko Pleines ([pleines@uni-bremen.de](mailto:pleines@uni-bremen.de)) at The Research Centre For East European Studies at the University of Bremen, Germany.

If you have any questions about this research, or any comments to make now or at a later date, or if you would like a copy of the published results of this study, please contact me at: [furstenberg@bigsss.uni-bremen.de](mailto:furstenberg@bigsss.uni-bremen.de)

If you agree to take part in the study, please sign the enclosed consent form.

Yours sincerely,

Saipira Furstenberg

**Regulation for research-related data storage at the Research Centre for East European Studies (Forschungsstelle Osteuropa, FSO) at the University of Bremen (as of 02 September 2014)**

1. The storage of research related data at the FSO is based on the respective recommendation in the DFG's Rules of Good Scientific Practice (in the present version: Recommendation 7: Safeguarding and Storing of Primary Data).
2. Data from all research projects (including PhD projects) conducted at the FSO are stored at the FSO indefinitely and for a guaranteed minimum of 10 years (save force majeure events). Data storage is organized by the Department of Politics and Economics. Data are stored in a locked place in a water- and fireproof box. Data storage comprises the data, a documentation of data collection and any letters of consent concerning the data collection (e.g. from respondents in the case of interviews).
3. For the purpose of data storage the FSO concludes a data storage contract with the responsible researcher(s). The contract explicitly regulates who can access the data under which conditions.
4. The researcher must possess all relevant rights concerning the data and must have collected all data in line with the respective regulations of the FSO and German legislation.
5. The FSO has the right to publish a short description of the archived data collection.

## **Appendix 2: Interview Topic Guide**

<b>MSG Standards</b>	<b>Indicators</b>	<b>Variables</b>	<b>Sous-variables</b>	<b>Interview Questions</b>
Membership	Representation	Categories of actors involved in the MSG	Sort of Actors represented from different sectors.	<i>Q: How the formation of the MSG takes place? How actors became involved in the EITI?</i>
Governance	Participation and Interactions	Collaboration between actors	Decision making process in addressing issues.	<i>Q: Who host the meetings?</i>  <i>Q: How the decisions are taken during meetings?</i>  <i>Q: Is it easy to raise and discuss your concerns with other stakeholders?</i>
		Learning and Exchanging practices	Platform for dialogue Workshops/Seminars/Trainings	<i>Q: Has the implementation of the EITI created a space for dialogue, learning and exchanging ideas among different stakeholders? How does it take place? Is it sufficient?</i>

<b>MSG Standards</b>	<b>Indicators</b>	<b>Variables</b>	<b>Sous-variables</b>	<b>Interview Questions</b>
Implementation	Accountability	Complaints	Complaints procedures	<i>Q: What are the existing complaints procedures within the EITI MSG?</i>
	Transparency (access to information)	Access to meetings	Meetings	<i>Q: Are EITI meetings open access or under invitation? Is it only limited to the local MSG?</i>  <i>Q: How often do the stakeholders meet u and collaborate? Is it sufficient?</i>
			Communication with the public –(Consulting and working with communities on EITI process).	<i>Q: How do you communicate about the EITI decisions and its implementation in the country?</i>  <i>Q: To what extent the EITI has facilitated public engagement in the management of country’s natural resources?</i>
		Reporting Standards	Information containing in the reports.	<i>Q: Is the information containing in the reports is complete, easy to access (of so through which channels) and understand?</i>

### Appendix 3: EITI Workshop participation, Participant Observations



**“EITI implementation problems within the EITI Standard: Kyrgyzstan’s case”  
Workshop Program 9 December 2014**

**Venue:** 37 Isanov Str., Bishkek, Kyrgyzstan, “Golden Tulip” Hotel (2nd floor, “Sultan” room)

**Objectives of the workshop:**

- Capacity building of MSG stakeholders (government agencies, extractive companies and civil society) regarding the further EITI implementation.
- Identification of the most pressing issues of transparency and governance in the extractive industries of Kyrgyzstan.
- Preparation of proposals for the development of EITI in Kyrgyzstan.

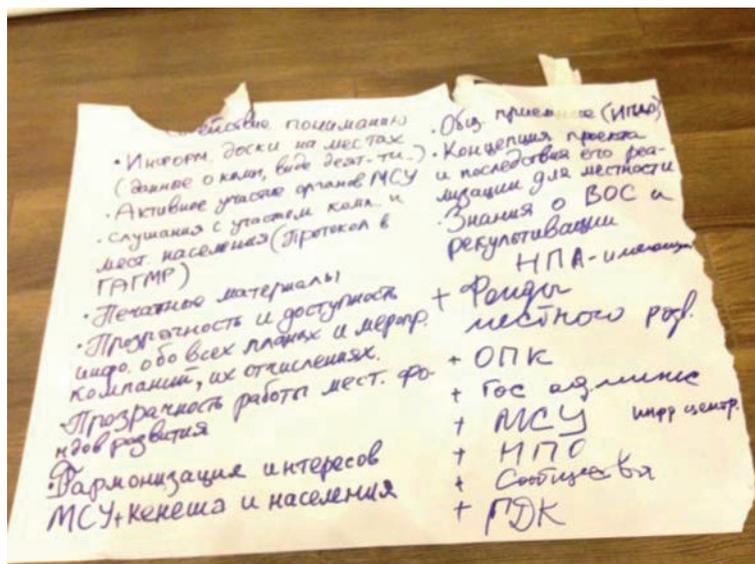
8:30-9:00	Registration
9:00-09:30	<p><b>Welcome, introduction to the workshop and objectives of the workshop</b></p> <p><b>Opening remarks:</b></p> <ul style="list-style-type: none"> <li>- Karybek Ibraev, Head, Kyrgyzstan EITI Secretariat</li> <li>- Gary McMahon, Senior Mining Specialist, Oil, Gas and Mining Policy Division, World Bank</li> </ul>

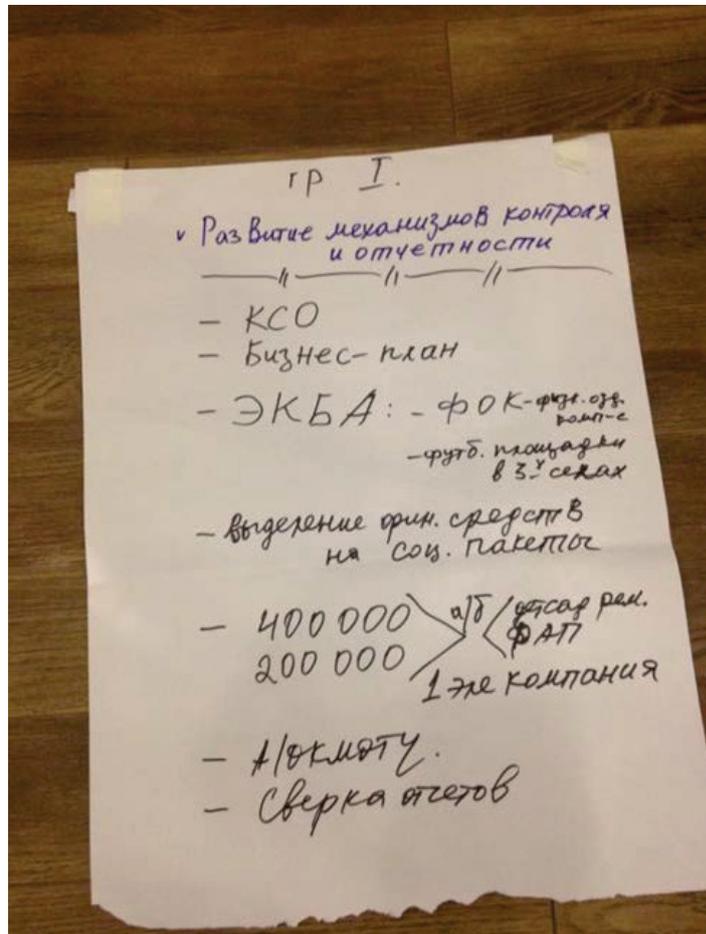
09:30-10:00	<p><b>Preliminary results of data of government agencies on companies involved in the EITI for 2013</b></p> <p>Karybek Ibraev, Head, Kyrgyzstan EITI Secretariat</p>
10:00-10:30	<p><b>Medium and Long-term Strategy of Mining Industry Development of the Kyrgyz Republic</b></p> <p>Valentin Bogdetsky, Board Member of the Kyrgyz Mining Association, Member of the Kyrgyzstan EITI Supervisory Board</p>
10:30-11:00	<p><b>Issues of preparation of the annual report on the EITI implementation in Kyrgyzstan</b></p> <p>Jamalbek Turgunbekov, Consultant, Kyrgyzstan EITI Secretariat</p>
11:00-11:30	Break
11:30-12:00	<p><b>Consideration of the materiality threshold level for extractive companies</b></p> <p>Karybek Ibraev, Head, Kyrgyzstan EITI Secretariat</p>
12:00-12:30	<p><b>On the development of the reporting template that reflects the information on payments and data on volumes of mining activities from extractive companies</b></p> <p>Representative of the State Agency for Geology and Mineral Resources under the Government of the Kyrgyz Republic</p>
13:00-14:00	Lunch

14:00-14:55	<p><b>Working in groups. General issues on the development of EITI in Kyrgyzstan</b></p> <ul style="list-style-type: none"> <li>• Development of mechanisms for monitoring and reporting of local administrations on the issues of resources for infrastructure development;</li> <li>• Investigation of the alleged benefits from the activities of the extractive companies;</li> </ul>
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	<ul style="list-style-type: none"> <li>• Understanding of mandatory social contributions from extractive companies;</li> <li>• Investigation of mechanisms of distribution of revenues from extractive companies at the subnational level;</li> <li>• Promoting understanding of the local population of public revenues and expenditures by extractive companies;</li> <li>• Dissemination of information.</li> </ul> <p>What has already been done for each of the above issues? What agencies have taken part? What is planned to implement and what agencies will be involved in 2015?</p>
14:55-15:00	<p><b>Summing up the workshop, awarding certificates</b></p> <p>Karybek Ibraev, Head, Kyrgyzstan EITI Secretariat</p>
15:00-15:30	<p>Break</p>
15:30-17:00	<p><b>Meeting of the Kyrgyzstan EITI Supervisory Board</b></p>

**EITI implementation problems within the EITI Standard: Kyrgyzstan’s case”, examples of workshop exercises held with participants on revenue sharing and transparency**





## Appendix 4a: Survey Questionnaire

### Омнибусное исследование

#### I\_1. Область:

- |               |                   |
|---------------|-------------------|
| 1. Бишкек     | 5. Талас          |
| 2. Чуй        | 6. Ошская область |
| 3. Иссык-Куль | 7. Жалалабат      |
| 4. Нарын      | 8. Баткен         |
|               | 9. г.Ош           |

#### I\_2. Тип населенного пункта, в котором проводится интервью?

- 1) Город (\_\_\_\_\_указать название)
- 2) ПГТ (\_\_\_\_\_указать название)
- 3) Село (\_\_\_\_\_указать название)

<b>Номер анкеты</b>		
<b>Код города/сельской местности</b>		
Время начала:	час	мин

#### ОТБОР РЕСПОНДЕНТОВ ДЛЯ ОПРОСА.

- Перечислите всех взрослых мужчин/ женщин в возрасте 18 лет и старше, проживающих в семье, с указанием их возраста, независимо от того, находятся

ли они дома в настоящее время или нет. Начните с самого старшего члена семьи и продолжайте в порядке уменьшения возраста.

- Посмотрите, на какую цифру заканчивается номер Вашей анкеты, и найдите такой же номер в верхней строке Таблицы (см. ниже).
- Найдите в этой колонке цифру, расположенную в самой нижней строке с именами всех взрослых, проживающих в семье. Эта цифра является ключом к тому, какого по счету члена семьи Вам необходимо опросить.
- Вернитесь к списку взрослых мужчин/ женщин, проживающих в семье, и попросите разрешения поговорить с тем из них, чей номер в списке совпадает с номером, указанным в Таблице.
- Визиты должны быть сделаны в разные дни и, хотя бы, один визит в выходные

**ПОСЛЕДНЯЯ ЦИФРА В НОМЕРЕ АНКЕТЫ**

Фамилии и имена членов семьи	по	л	во	зр	ас	т	1	2	3	4	5	6	7	8	9	0	
1							1	1	1	1	1	1	1	1	1	1	1
2							2	1	2	1	2	1	2	1	2	1	2
3							1	2	3	1	2	3	1	2	3	1	2
4							1	2	3	4	1	2	3	4	1	2	3
5							4	5	1	2	3	4	5	1	2	3	4
6							4	5	6	1	2	3	4	5	6	1	2
7							3	4	5	6	7	1	2	3	4	5	6
8							3	4	5	6	7	8	1	2	3	4	5

9			2	3	4	5	6	7	8	9	1	2
0			1	2	3	4	5	6	7	8	9	10

ФИО респондента	
Телефон респондента	
Адрес	

**1. Скажите, пожалуйста, из списка политиков, который я вам покажу, кому вы доверяете больше всего. Возможен только один вариант ответа.**

**ИНТ.: ПОКАЖИТЕ КАРТОЧКУ №1. ПОЗВОЛЬТЕ РЕСПОНДЕНТУ ВЫБРАТЬ ОДИН ВАРИАНТ ОТВЕТА. НЕ ЗАЧИТЫВАЙТЕ/НЕ ПОКАЗЫВАЙТЕ РЕСПОНДЕНТУ ВАРИАНТ ОТВЕТА «НЕ ДОВЕРЯЮ НИКОМУ»**

99. Не доверяю никому

№	Фамилия
1.	Атамбаев Алмазбек -Президент КР
2.	Жээнбеков Асылбек -Торага Жогорку Кенеша, депутат ЖК
3.	Оторбаев Жоомарт - Премьер Министр
4.	Сатыбалдиев Жанторо -бывший Премьер Министр
5.	Бабанов Омурбек - бывший Премьер Министр
6.	Келдибеков Ахматбек -член партии «Ата-Журт», депутат ЖК
7.	Кулов Феликс - лидер партии «Ар-Намыс», депутат ЖК
8.	Ташиев Камчыбек - член партии «Ата-Журт»
9.	Турсунбеков Чыныбай - лидер партии «СДПК», депутат ЖК
10.	Текебаев Омурбек - лидер партии «Ата-Мекен», депутат ЖК
11.	Сулайманов Алтынбек -член партии «Республика», депутат ЖК

12.	Жапаров Садыр - член партии «Ата-Журт»
13.	Мадумаров Адахан - лидер партии «Бутун Кыргызстан»
14.	Кулматов Кубанычбек - мэр г. Бишкек от партии «СДПК», бывший полпред правительства в Чуйской области
15.	Айтмамат Кадырбаев - мэр г.Ош
16.	Мырзакматов Мелис - бывший мэр г. Ош, член партии «Улуттар Биримдиги»
17.	Сариев Темир - Министр экономики КР
18.	Абдылдаев Мыктыбек - член партии «Ата-Журт», депутат ЖК
19.	Джолдошева Жылдызкан, лидер партии «Ата-Журт», депутат ЖК
20.	Иманалиев Каныбек - член партии «Ар-Намыс», депутат ЖК
21.	Масалиев Исхак - лидер Коммунистической партии Кыргызстана
22.	Салымбеков Аскар - Общественный деятель, лидер партии «Эмгек», Учредитель ОФ «Фонд Прогрессивных Инициатив»

**2. В целом, по вашему мнению, Кыргызстан развивается в правильном или в неправильном направлении?**

Направление правильное	1
Направление неправильное	2
Не знаю/Нет ответа	99

**3. Сейчас я прочитаю Вам имена некоторых политиков Кыргызстана. Пожалуйста, расскажите мне Ваше мнение о каждом/каждой из них: очень положительное, положительное, отрицательное, очень отрицательное, или Вы не слышали об этой личности?**

**ИНТ.: ПОКАЖИТЕ КАРТОЧКУ №3**

№	Фамилия	Очень положит ельное	Положи тельное	Отрицат ельное	Очень отрица тельное	Не слыш ал о нем/не й	Не знаю/ Нет ответа
1.	Атамбаев Алмазбек -Президент КР	1	2	3	4	8	99
2.	Жээнбеков Асылбек -Торага Жогорку Кенеша, депутат ЖК	1	2	3	4	8	99
3.	Оторбаев Жоомарт - Премьер Министр	1	2	3	4	8	99
4.	Сатыбалдиев Жанторо -бывший Премьер Министр	1	2	3	4	8	99
5.	Бабанов Омурбек - бывший Премьер Министр	1	2	3	4	8	99
6.	Келдибеков Ахматбек -член партии «Ата-Журт», депутат ЖК	1	2	3	4	8	99
7.	Кулов Феликс - лидер партии «Ар-Намыс», депутат ЖК	1	2	3	4	8	99
8.	Ташиев Камчыбек - член партии «Ата-Журт»	1	2	3	4	8	99
9.	Турсунбеков Чыныбай - лидер партии «СДПК», депутат ЖК	1	2	3	4	8	99
10.	Текебаев Омурбек - лидер партии «Ата-Мекен», депутат ЖК	1	2	3	4	8	99
11.	Сулайманов Алтынбек -член партии «Республика», депутат ЖК	1	2	3	4	8	99
12.	Жапаров Садыр - член партии «Ата-Журт»	1	2	3	4	8	99
13.	Мадумаров Адахан - лидер партии «Бутун Кыргызстан»	1	2	3	4	8	99

14.	Кулматов Кубанычбек - мэр г. Бишкек от партии «СДПК», бывший полпред правительства в Чуйской области	1	2	3	4	8	99
15.	Айтмамат Кадырбаев - мэр г.Ош	1	2	3	4	8	99
16.	Мырзакматов Мелис - бывший мэр г. Ош, член партии «Улуттар Биримдиги»	1	2	3	4	8	99
17.	Сариев Темир - Министр экономики КР	1	2	3	4	8	99
18.	Абдылдаев Мыктыбек - член партии «Ата-Журт», депутат ЖК	1	2	3	4	8	99
19.	Джолдошева Жылдызкан, лидер партии «Ата-Журт», депутат ЖК	1	2	3	4	8	99
20.	Иманалиев Каныбек - член партии «Ар-Намыс», депутат ЖК	1	2	3	4	8	99
21.	Масалиев Исхак - лидер Коммунистической партии Кыргызстана	1	2	3	4	8	99
22.	Салымбеков Аскар - Общественный деятель, лидер партии «Эмгек», Учредитель ОФ «Фонд Прогрессивных Инициатив»	1	2	3	4	8	99

#### 4.Как Вы оцениваете деятельность Президента Алмазбека Атамбаева?

1. Положительно
2. Скорее положительно
3. Скорее отрицательно
4. Отрицательно

99. Не знаю/Нет ответа

**5. Как Вы оцениваете деятельность Парламента?**

1. Положительно
2. Скорее положительно
3. Скорее отрицательно
4. Отрицательно

99. Не знаю/Нет ответа

**6. Как Вы оцениваете деятельность Правительства?**

1. Положительно
2. Скорее положительно
3. Скорее отрицательно
4. Отрицательно

99. Не знаю/Нет ответа

**7. Говоря об инициативе президента Атамбаева по борьбе с коррупцией, с каким из нижеперечисленных высказываний Вы согласны больше всего? ИНТ.: ПОКАЖИТЕ КАРТОЧКУ №7**

1. Быть коррупционером стало опасно
2. Имеются реальные результаты борьбы с коррупцией
3. Появились только первые результаты борьбы с коррупцией
4. Борьба с коррупцией ведется выборочно и направлена против оппозиции
5. Коррупции стало меньше
6. Коррупции стало больше
7. Коррупция непобедима
8. Другое \_\_\_\_\_

99. Не знаю/Нет ответа

**8. Что Вы ожидаете от Алмазбека Атамбаева за время его президентства? Назовите, пожалуйста, три основных ожидания и начните с самого значительного из них.**

*ВНИМАНИЕ ИНТЕРВЬЮЕР! ВАРИАНТЫ ОТВЕТОВ НЕ ЗАЧИТЫВАТЬ!*

	Первое упомянутое	Второе упомянутое	Третье упомянутое
Решит проблемы безработицы	1	1	1
Повышение заработной платы	2	2	2
Экономическое развитие	3	3	3
Борьба с коррупцией	4	4	4
Развитие сельского хозяйства	5	5	5
Развитие социальной защиты населения	6	6	6
Здравоохранение	7	7	7
Безопасность, сохранение мира	8	8	8
Развитие индустрии и производства	9	9	9
Пенсионная поддержка населения	10	10	10
Вопросы межэтнических отношений	11	11	11
Решение проблем с границей	12	12	12
Решение проблем энергетики	13	13	13
Борьба с криминалом	14	14	14
Преодоление политического кризиса	15	15	15
Борьба с правовым беспределом	16	16	16
Борьба с клановостью в государственном управлении	17	17	17
Приведет новую элиту к управлению страной	18	18	18

Другое _____	19 _____	19 _____	19 _____
–	–	–	–
<b>Не знаю/Нет ответа</b>	<b>99</b>	<b>99</b>	<b>99</b>

**9. Прочитайте, пожалуйста, утверждения связанные с развитием Кыргызстана и выразите свое согласие или не согласие по каждому из них.**

**ИНТ: ПОКАЖИТЕ КАРТОЧКУ №9**

	Согласен	Не согласен	Не знаю/Нет ответа
1. Кыргызстан с трудностями, но твердо и последовательно идет по пути построения правового государства	1	2	99
2. В Кыргызстане нет перспектив построения правового государства	1	2	99
3. В Кыргызстане неспокойно, но это лучше, чем диктатура. Кыргызстанцы привыкают к свободе и постепенно осознают собственную ответственность	1	2	99
4. В Кыргызстане продолжает ухудшаться ситуация и нарастать нестабильность	1	2	99

**10. За последние 12 месяцев в какой мере финансовое положение вашей семьи улучшилось или ухудшилось?**

1. Намного улучшилось
2. Несколько улучшилось
3. Осталось на прежнем уровне
4. Несколько ухудшилось
5. Намного ухудшилось

99. Не знаю/Нет ответа

**11. Если мы задумаемся о нынешней ситуации в нашей стране и о будущем, чего Вы боитесь больше всего? Назовите три аспекта, начиная с самого значительного.**

1	Первое упоминание _____	--
2	Второе упоминание _____	--
3	Третье упоминание _____	--
<i>(не зачитывать)</i> НЗ/НО		99

1. Война (гражданская, межэтническая)
2. Нестабильность в стране
3. Митинги, перевороты, революции
4. Повторение «апрельских» событий
5. Повторение «июньских» событий
6. Развал страны, разделение «Север-Юг»
7. Преступность, криминал, наркомания
8. Обеспокоенность за будущее страны, будущее детей и молодежи
9. Безработица
10. Экономический кризис (рост цен, инфляция и тд)
11. Проблемы с электричеством, отоплением
12. Экологические проблемы, природные катаклизмы
13. Бог
14. Другое УТОЧНИТЕ: \_\_\_\_\_

**12. Назовите, пожалуйста, 3 основных достижения в развитии страны за последние 3 года.**

1. \_\_\_\_\_
2. \_\_\_\_\_

3. \_\_\_\_\_

4. Достижений не было (НЕ ЗАЧИТЫВАТЬ)

5. Затрудняюсь ответить

**13. Скажите, пожалуйста, как давно, сколько лет существуют основные проблемы страны?**

Проблема	1.Очень давно (включая Советское время) 2.Со дня независимости КР 3.Последние 10 лет 4.Последние 2-3 года 5. Другое (УКАЖИТЕ: _____)
1. Коррупция	
2. Криминал	
3. Нестабильность в стране (митинги, революции)	
3. Безработица	
4. Инфраструктурные проблемы (дороги, электроснабжение и т.д.)	
5. Качество образования	
6. Качество медицинских услуг	
7.Другое (укажите) _____	

**14. Одобряете ли Вы вступление Кыргызстана в Таможенный союз и присоединение к Евразийскому экономическому союзу (ЕАЭС)?**

1. Определенно одобряю
2. Отчасти одобряю
3. Отчасти против
4. Определенно против
5. НЗ/НО

**15. Каково Ваше отношение к вопросу месторождения «Кумтор»?**

**ИНТ: ПОКАЖИТЕ КАРТОЧКУ №15**

1. Главное, чтобы предприятие работало и платило налоги
2. Считаю, что доля инвесторов и государства должна оставаться прежней
3. Доля акций Кыргызстана должна быть выше, чем сейчас
4. Месторождение должно быть национализировано и принадлежать полностью Кыргызстану
5. Другое

УТОЧНИТЕ \_\_\_\_\_

99. Затрудняюсь ответить/Нет ответа

**16. Отметьте, пожалуйста, 3 наиболее значимые достижения Президента А. Атамбаева за время его работы.**

1	Первое упоминание _____ _____	—
2	Второе упоминание _____ _____	—
3	Третье упоминание _____ _____	—

(не зачитывать) НЗ/НО	99
-----------------------	----

1. Кыргызстаном подписаны инвестиционные соглашения и найдены источники финансирования почти на \$5 млрд.
2. Стабильность и Мир в стране
3. Начало процесса строительных работ по возведению Верхне-Нарынского каскада ГЭС
4. Соглашение по строительству альтернативной автомобильной дороги между северным и южным регионами Кыргызстана
5. Прокладка газопровода в Китай
6. Реконструкция ТЭЦ Бишкека
7. Строительство линии электропередачи Датка-Кемин
8. Подстанции в Кемине
9. Перевооружение армии
10. Борьба с коррупцией, которая уже дает реальные результаты для простых людей (снижение тарифов на внутренние рейсы)
11. Запуск проекта по формированию новой элиты
12. Денонсация соглашения с США о ЦТП "Манас"
13. Ратификация соглашения по "Кыргызгазу" между Кыргызстаном и Россией
14. Другое. Напишите: \_\_\_\_\_

99. Затрудняюсь ответить/ Нет ответа

**17. На Ваш взгляд, насколько приемлемы/допустимы для населения следующие виды протеста? ИНТ: ПОКАЖИТЕ КАРТОЧКУ №17.**

	Полностью допустимо/ приемлемо	Скорее допустимо / приемлемо, чем нет	Скорее не допустимо/ не приемлемо, чем допустимо	Совсем не допустимо/ не приемлемо	Не знаю / Нет ответа
--	--------------------------------	---------------------------------------	--	-----------------------------------	----------------------

1. Сбор подписей для обращения, письма	1	2	3	4	99
2. Бойкот	1	2	3	4	99
3. Законные демонстрации	1	2	3	4	99
4. Незаконные демонстрации	1	2	3	4	99
5. Законные забастовки	1	2	3	4	99
6. Незаконные забастовки	1	2	3	4	99
7. Захват зданий или предприятий	1	2	3	4	99
8. Перекрытие улиц, дорог	1	2	3	4	99
9. Письменные и устные обращения и заявления	1	2	3	4	99

#### 18. Что значит для Вас демократия?

**ИНТ:** НЕ ЗАЧИТЫВАЙТЕ ВАРИАНТЫ ОТВЕТОВ, ЗАПИШИТЕ И ПОСТАВЬТЕ СООТВЕТСТВУЮЩИЙ КОД. ВОЗМОЖНЫ ТОЛЬКО ТРИ ОТВЕТА

1. Первый упомянутый \_\_\_\_\_
2. Второй \_\_\_\_\_
3. Третий \_\_\_\_\_

1. Свобода (выбора, слова, собраний)
2. Права человека
3. Свободные и честные выборы
4. Равенство перед законом
5. Стабильность
6. Нестабильность
7. Защита частной собственности
8. Верховенство закона

- 9. Отсутствие коррупции
- 10. Развитие, высокий уровень жизни
- 11. Другое \_\_\_\_\_

99. НЕ ЗНАЮ/НЕТ ОТВЕТА

**19. По Вашему мнению, существует ли демократия в Кыргызстане?**

- 1. Да, существует
- 2. Скорее существует \_\_\_\_\_
- 3. Скорее не существует \_\_\_\_\_
- 4. Нет, не существует
- 5. Затрудняюсь ответить
- 99. НЕ ЗНАЮ/НЕТ ОТВЕТА

**20. Скажите, если бы парламентские выборы в Жогорку Кенеш состоялись в ближайшее воскресенье, за которую из них вы бы проголосовали?**

- 1. Ак Шумкар
- 2. Ар Намыс
- 3. Ата Журт
- 4. Ата Мекен
- 5. Бир Бол
- 6. Бутун Кыргызстан
- 7. Замандаш
- 8. Республика
- 9. СДПК
- 10. Эмгек
- 11. Другое (укажите) \_\_\_\_\_

- 12. Я еще не определился
- 13. Я не буду участвовать на выборах
- 14. Против всех

99. Не знаю/Нет ответа

**21. Как вы относитесь к инициативе Президента Алмазбека Атамбаева по смене элит в стране?**

- 1. Положительно
- 2. Скорее положительно
- 3. Скорее отрицательно
- 4. Отрицательно

99. Не знаю/Нет ответа

**22. Слышали ли Вы о ИПДО (Инициатива Прозрачности Добывающих Отраслей)?**

- 1. Да
- 2. Нет

**23. Вы получаете достаточно информации по эксплуатации (разработке месторождений) природных ресурсов в вашей стране?**

- 1. Да
- 2. Нет→»

переход Q1

**24. Обозначьте от кого получаете информацию?**

1. Гражданское общество
2. Правительство
3. Компании
4. Другое(укажите)\_\_\_\_\_

\_\_\_\_\_

**ДЕМОГРАФИЧЕСКИЕ ДАННЫЕ**

**Q1. ВАШ ВОЗРАСТ: \_\_ \_\_ ЛЕТ**

**Q2. ПОЛ:**

Мужчина	1
Женщина	2

**Q3. ВАШЕ ОБРАЗОВАНИЕ:**

Без образования	1	Высшее неоконченное	7
Неполное среднее	2	Высшее оконченное	8
Общее среднее	3	Научная степень (кандидат, доктор наук)	9
Среднее профессионально-техническое	4	(не зачитывайте) Не знаю	98
Лицей	5	(не зачитывайте) Не отвечаю	99
Колледж	6		

**Q4 СЕМЕЙНОЕ ПОЛОЖЕНИЕ?**

Холост \ не замужем	1
Женат \ замужем	2
Разведен (а) \ Вдовец (а)	3
Состою в гражданском браке	4

**Q5. СКОЛЬКО ЧЕЛОВЕК ЖИВЕТ В ВАШЕЙ СЕМЬЕ, ВКЛЮЧАЯ И ВАС? \_\_/ \_\_/**

**Q6 КАК БЫ ВЫ ОЦЕНИЛИ МАТЕРИАЛЬНОЕ ПОЛОЖЕНИЕ СВОЕЙ СЕМЬИ? ИНТ: ПОКАЖИТЕ КАРТОЧКУ Q6.**

1. Денег не хватает даже на продукты питания
2. Денег хватает только на питание, но уже не хватает на коммунальные услуги
3. На питание денег хватает, но покупка одежды вызывает у нас затруднения
4. Доходов хватает на питание и одежду, но покупка дорогих вещей длительного пользования, таких как телевизор, холодильник, для нас проблема
5. Мы без труда можем приобретать вещи длительного пользования, но вот покупка действительно дорогих вещей, таких как автомобиль, связана для нас с большими проблемами
6. В настоящее время мы можем позволить себе многое - машину, дачу, зарубежное путешествие

**Q7. КАКОВ ЕЖЕМЕСЯЧНЫЙ ДОХОД ВАШЕГО ДОМАШНЕГО ХОЗЯЙСТВА В СОМАХ? ПОЖАЛУЙСТА, ВОЗЬМИТЕ В РАСЧЕТ ВСЕ ЧИСТЫЕ ДОХОДЫ, ВКЛЮЧАЯ ЗАРПЛАТЫ, ПЕНСИИ, ПОСОБИЯ И Т.Д. (ПОКАЖИТЕ КАРТОЧКУ Q7)**

До 700 сомов	1	6001-8000 сомов	9
701-900 сомов	2	8001-10000 сомов	10
901-1200 сомов	3	10001-12000 сомов	11

1201- 1500 сомов	4	12001-15000 сомов	12
1501-2000 сомов	5	15001-18000 сомов	13
2001-3000 сомов	6	18001-20000 сомов	14
3001-4000 сомов	7	Более 20001 сомов	15
4001-6000 сомов	8	Не знаю/Отказ	99

**Q8. ЧЕМ ВЫ ЗАНИМАЕТЕСЬ В НАСТОЯЩЕЕ ВРЕМЯ?**

Руководитель	1
Служащий \ специалист	2
Рабочий	3
Работник в сфере услуг	4
Бизнесмен \ частный предприниматель	5
Учащийся \ студент	6
Безработный	7
Домохозяйка	8
Пенсионер	9
Инвалид	10
Фермер	11
Другое _____	12

**Q9. НАЦИОНАЛЬНОСТЬ**

Кыргыз	1	Казах	4	Дунганин	7
Узбек	2	Татар	5	Другое (запишите): _____	8
Русский	3	Уйгур	6	(не зачитывать) НЗ/НО	99

**Q10. ЯЗЫК, НА КОТОРОМ ПРОВОДИЛОСЬ ИНТЕРВЬЮ**

Кыргызский	1
Русский	2
Узбекский	3

*Окончание интервью:* |\_\_|\_|:|\_\_|\_|

*Длительность интервью:* |\_\_|\_|

**СПАСИБО ЗА УЧАСТИЕ!**

**Опрос населения Кыргызстана : Методология**

- Изучить мнение населения о политических деятелях в Кыргызской Республике.

**Методология исследования**

- Для сбора данных с целью получения достоверной информации и дальнейшей успешной работы проекта, был применен количественный метод исследования: Личное (face-to-face) интервью.

**Целевая группа**

- Выборочная совокупность исследования составила 1000 домохозяйств, население в возрасте от 18 лет и старше. Исследование проходило как в городской, так и в сельской местности, во всех областях республики, включая г. Бишкек.

**Полевые работы**

Полевые работы проводились на 2х языках (кыргызский, русский), с 24 октября по 18 ноября 2014 года

### Appendix 4b: EITI-related Survey Results

Слышали ли Вы о ИПДО(Инициатива Прозрачности Добывающих Отраслей)?

Frequency	Percent	Valid Percent
167	16.7	16.7
833	83.3	83.3
1000	100	100

Вы получаете достаточно информации по эксплуатации (разработке месторождений) природных ресурсов в вашей стране?

Frequency	Percent	Valid Percent
196	19.6	19.6
804	80.4	80.4
1000	100	100

Вы получаете достаточно информации по эксплуатации (разработке месторождений) природных ресурсов в вашей стране?

	Frequency	Percent	Valid Percent
Да	196	19.6	19.6
Нет	804	80.4	80.4

Обозначьте от кого Вы получаете информацию?

	Frequency	Percent	Valid Percent
Гражданское общество	65	6.5	33.16326531
Правительство	48	4.8	24.48979592
Компании	24	2.4	12.24489796
Родственники/друзья/знакомые	12	1.2	6.12244898
СМИ(тв, газеты, радио, интернет)	47	4.7	23.97959184
Total	196	19.6	100
System	804	80.4	
	1000	100	

### **Survey results: Kazakhstan**

#### **Омнибусное исследование по ИПДО**

#### **Обоснование метода исследования**

Для решения поставленной цели исследования был применен количественный метод сбора информации – массовый опрос с использованием анкеты, посредством личного интервью с респондентом (face-to-face).

#### **Выборка социологического исследования**

Социологический опрос был проведен во всех областях, столице, городах республиканского значения с выборкой 2000 респондентов. Выборка формировалась случайным образом и репрезентирует взрослое население Казахстана по полу, возрасту, национальной принадлежности, уровню образования и месту проживания в соответствии с типом населенного пункта.

Отбор респондентов осуществлялся случайным образом с использованием таблиц Киша, с использованием маршрутной методики.

**Объект исследования:** население Республики Казахстана от 18 лет и старше.

**Форма опроса** – интервью (Face-to-Face)

**Обработка** в программе SPSS (21 версия). Ошибка выборки составляет  $\pm 1,99\%$ .

**География исследования** – 14 областей РК, города Астана и Алматы

**Выборка исследования** – 2000 респондентов. Выборка формировалась случайным образом и репрезентирует взрослое население Казахстана по полу, возрасту, национальной принадлежности, уровню образования и месту проживания в соответствии с типом населенного пункта.

**Выборочная совокупность массового опроса – 2000 респондентов**

(14 областей, гг. Астана, Алматы)

№	Область	Выборка / 2000 респондентов	Город/ 1120 респ.	Село/ 880 респ.	*кол-во жителей от 18 лет, тыс.чел	Городское население, тыс.чел	Сельское население, тыс.чел
<b>юг</b>							
1.	Алматинская	225	54	171	1342947	315353	1027594
2.	Жамбыльская	117	57	60	692158	286884	405274
3.	Кызылординская	79	35	44	462708	201020	261688
4.	ЮКО	274	124	150	1621750	662221	959529
<b>север</b>							
5.	Павлодарская	97	44	53	568744	401092	167652
6.	Костанайская	115	59	56	678349	356772	321577
7.	СКО	76	32	44	442797	190995	251802
<b>запад</b>							
8.	ЗКО	73	36	37	450608	227985	222623
9.	Атырауская	62	30	32	364829	178655	186174
10.	Мангистауская	62	32	30	363394	190993	172401
11.	Актюбинская	97	60	37	565144	357478	207666

<b>ВОСТОК</b>							
12.	ВКО	179	97	82	1056787	636985	419802
<b>центр</b>							
13.	Акмолинская	92	44	48	537994	256772	281222
14.	Карагандинская	172	136	36	1014214	806952	207262
15.	<b>Астана</b>	<b>98</b>	<b>98</b>	<b>0</b>	<b>574538</b>	<b>574538</b>	
16.	<b>Алматы</b>	<b>182</b>	<b>182</b>	<b>0</b>	<b>1142879</b>	<b>1142879</b>	
<b>Итого</b>		<b>2000</b>	<b>1120</b>	<b>880</b>	<b>11879840</b>	<b>6787574</b>	<b>5092266</b>

*\*Выборка рассчитана по данным Комитета по статистике Министерства национальной экономики Республики Казахстан - «Демографический ежегодник Казахстана» 2013 г.*

### EITI Results

1. Слышали ли вы о ИПДО?	Да	1,112	55.6%
	Нет	888	44.4%

2. Вы получаете достаточно информации по эксплуатации?	Да	248	12.4%
	Нет	1,752	87.6%

3. Обозначьте от кого получаете информацию?	Гражданское общество	145	58.5%
	Правительство	59	23.8%
	Компании	27	10.9%
	Нет ответа	17	6.9%

D1. Пол респондента	Мужской	908	45.4%
	Женский	1,092	54.6%

D2. Скажите, пожалуйста, сколько Вам полных лет?	18-29	538	26.9%
	30-39	476	23.8%
	40-49	424	21.2%
	50-59	320	16.0%
	60+	242	12.1%

D3. Каков уровень Вашего образования	Высшее, со степенью	58	2.9%
	Высшее	617	30.9%
	Незаконченное высшее	150	7.5%
	Среднее специальное, профессиональное образование	765	38.3%
	Общее среднее	368	18.4%
	Неполное среднее	39	2.0%
	Нет образования	3	0.2%

D4. Назовите, пожалуйста, Вашу национальность	Казах	1,241	62.1%
	Русский	592	29.6%
	Татарин	35	1.8%
	Украинец	12	0.6%
	Азербайджанец	10	0.5%
	Таджик	1	0.1%
	Немец	7	0.4%
	Еврей	2	0.1%
	Поляк	3	0.2%
	Армянин	3	0.2%
	Башкир	2	0.1%
	Уйгур	20	1.0%
	Узбек	37	1.9%
	Белорус	2	0.1%
	Турок	22	1.1%
	Курд	2	0.1%
	Кореец	7	0.4%
Дунган	1	0.1%	
Чеченец	1	0.1%	

## Appendix 5: Contacts of EITI MSG

### EITI Composition Kyrgyzstan

Composition of the Kyrgyzstan Supervisory Board and MSG representatives on the implementation of Extractive Industries Transparency Initiative (EITI)

from government agencies

№	Name	Position held
1	<b>Duishenbek Zilaliev</b> Representative: Ulan Ryskulov ulanrys@gmail.com	<b>Director of State Agency for Geology and Mineral Resources under the Government of the Kyrgyz Republic, Chairman of Kyrgyzstan EITI Supervisory Board</b>
2	<b>Zuura Baiamanova</b> Representative: Anyi Isabaeva a.isabaeva@minfin.kg	<b>State Secretary of the Ministry of Finance of the Kyrgyz Republic</b>
3	<b>Kubanychbek Kumashov</b> Representative: Burulkan Mambetshaeva tic062@sti.gov.kg	<b>Deputy Chairman of State Taxation Service under the Government of the Kyrgyz Republic</b>
4	<b>Mukai Kadyrkulov</b> Representative: Aizada Khalikova utpd@customs.gov.kg	<b>First Deputy Chairman of State Customs Service under the Government of the Kyrgyz Republic</b>
5	<b>Janbulat Baijumanov</b> Representative:	<b>First Deputy Chairman of National Statistics Committee of the Kyrgyz Republic</b>

	Svetlana Valuiskaya s.valuyskaya@stat.kg	
	Adilet Akmatalliev akmatalliev_adilet@mail.ru	Ministry of Economy of the Kyrgyz Republic
	Almaz Alimbekov almaz.alimbekov@gmail.com	Government's Office of the Kyrgyz Republic
	Elmira Usupova eko-fondkg@mail.ru	State Agency for Environmental Protection under the Government of the Kyrgyz Republic

from extractive companies

№	Name	Position held
1	<b>Tokon Mamytov</b>  Representative: Guzel Valieva g_valieva@mail.ru	<b>Chairman of Board of "Kyrgyzaltyn" Joint Stock Company</b>
2	<b>Andrey Sazanov,</b> <b>+996 (312) 900707,</b> <b><u>andrew sazanov@kumtor.com</u></b>  Representative: Rysbek Toktogul rysbebt@gmail.com	<b>President of "Kumtor Gold Company" Joint Stock Company</b>
3	<b>Valentin Bogdetsky,</b>	<b>Board Member of the Kyrgyz Mining Association</b>

	+996 (312) 300478, <b>bogdez@mail.ru</b>	
4	Orozbek Duisheev, +996 (312) 909867	<b>Chairman of the Association of Miners and Geologists of the Kyrgyz Republic</b>
5	Vyacheslav Isaev, <b><u>pk_spectr@mail.ru,</u></b> +996 (772) 522446	<b>President of the “Guild of Miners” Association</b>

from public associations

№	Name	Position held
1	Cholpon Dyikanova, +996 (770) 285507, <b>cholponcbf@gmail.com</b>	<b>Executive Director of “Bashat” Public Fund</b>
2	Kalia Moldogazieva, <b><u>hdc3tol@yahoo.com,</u></b> +996 (312) 486587, +996 (772) 408926	<b>Coordinator of the NGO Consortium for EITI Promotion in Kyrgyzstan</b>
3	Natalia Ablova, +996 (772) 925804, <b>nata.ablova@gmail.com</b>	<b>Director of the Bureau on Human Rights and Rule of Law</b>
4	Tolekan Ismailova, +966 (312) 314166, +996 (555) 747452, <b><u>tolasani@yahoo.com,</u></b> <b>hrccac@gmail.com</b>	<b>Chairman of the “Bir duino – Kyrgyzstan” Human Rights Movement</b>

<b>5</b>	<b>Turgunbek Atabekov,</b> <b>+996 (557) 844784,</b> <b>turgunbek2003@mail.ru</b>	<b>Head of the “Foat” Public Association</b>
	Kumushkan Konurbaeva +996 (312) 663475 kkonurbaeva@soros.kg	Soros Foundation-Kyrgyzstan
	Genura Alybaeva galybaeva@mail.ru	Independent expert
	Anara Dautalieva dautalieva@mail.ru	Head of the “Taza Tabigat” Public Association
	Taalaibek Dyikanov cmdi@mail.ru	Executive Director of Community and Mining Development Institute
	Larisa Lee leelora@mail.ru	Independent expert
	Nazgul Aksarieva nazgula@ef-ca.org	Eurasia Foundation of Central Asia
	Nurlan Djoldoshev nurlandjoldoshev@gmail.com	Independent expert

Kyrgyzstan EITI Secretariat

№	Name	Position held
1	Jamalbek Turgunbekov, +996 (312) 909853, +996 (555) 757659 jturgunbekov@mail.ru	Consultant of Kyrgyzstan EITI Secretariat

**EITI Composition Kazakhstan****Списки членов Национального совета заинтересованных сторон ИПДО**

Исекешев Асет Орентаевич	Министр по развитию и инвестициям РК, Председатель
Рау Альберт Павлович	Вице-министр по развитию и инвестициям РК, Заместитель Председателя
Нурабаев Базарбай Канаевич	Председатель комитета геологии и недропользования, член
Мирзагалиев Магзум Маратович	Вице-министр энергетики РК, член
Тенгебаев Ардак Мырзабаевич	Вице-министр финансов РК, член
Избастин Бекет Темиртаевич	Директор департамента контрактов на недропользование МЭ РК, заместитель члена
Алдашев Рустем Агибаевич	Заместитель Директора департамента контрактов на недропользование МЭ РК, заместитель члена
Милютин Александр Александрович	Комитет по вопросам экологии и природопользованию Мажилиса Парламента РК, член
Мурадов Ахмет Сейдахманович	Член Комитета по вопросам экологии и природопользованию Мажилиса Парламента РК, член
Никитинская Екатерина Сергеевна	Член Комитета по финансам и бюджету Мажилиса Парламента РК, член
Соловьева Айгуль Сагадибековна	Член Комитета по экономической реформе и региональному развитию Мажилиса Парламента РК, член
Жампиисов Рамазан	Ассоциация Kazenergy, член
Каражан Ерлик Нариманулы	Менеджер по устойчивому развитию, "НортКаспианОперейтинг Компани Б.В.", член

Умирзаков Бауржан Айдарович	Главный менеджер ассоциации «Kazenergy», член
Кононов Максим Сергеевич	Ассоциация горнодобывающих и горно-металлургических предприятий, член
Маханбетова Жаксыгуль Шахзадаевна	Гражданский альянс Казахстана, член
Лобачева Мария Георгиевна	Коалиция «Нефтяные доходы - под контроль общества!», член
Худяков Сергей Герольдович	Гражданский альянс Казахстана, член
Халабузарь Олеся Петровна	РОО «Общество молодых профессионалов Казахстана» (ОМПК), зам.члена
Чернышов Олег Владимирович	Гражданский Альянс Казахстана (г. Усть-Каменогорск), зам.члена
Осин Кирилл Владимирович	Коалиция НПО «Нефтяные доходы – под контроль общества!» (г. Актау), зам.члена
<b>Консультанты:</b>	
Седова Татьяна	Всемирный Банк в Казахстане
Жаксылык Динара	Представитель GIZ
Антон Артемьев	Фонд «Сорос-Казахстан», Председатель правления

## **Appendix 6: Interview List**

### **Interview notes in Kyrgyzstan**

Author interview with Abildalda Temirberdiev, Public Reception Desk representative of Chong-Alay District, Osh, 17th of November, 2014.

Author interview with Cholpon Dyikanova, Executive Director of “Bashat” Public Fund, Bishkek, 18 December, 2014.

Author interview with Elmira Usupova, the State Agency for Environmental Protection under the Government Bishkek December, 2015

Author interview with employees of Soros Foundation, Bishkek , 31 October, 2014.

Author interview with George Glukhov, Kyrgyzaltin Bishkek , 19 November, 2014.

Author interview with Kalia Moldogazieva, Coordinator of the NGO Consortium for EITI Promotion in Kyrgyzstan, Bishkek, 8 October, 2014.

Author interview with Karibek Ibraev, EITI Secretariat for the Kyrgyz Republic, Bishkek, 31 October, 2014.

Author’s Interview with Karibek Isaev, Aarhus Centre, Osh, 17 November, 2014

Author interview with Larisa Lee, Independent expert, Bishkek, 17 October, 2014.

Author interview with Nathalie Lee, GIZ, Bishkek, 16 October, 2014.

Author interview with Nurlan Djoldoshev Independent expert, Bishkek, 11 November, 2014.

Author interview with Orozbek Duisheev, Chairman of the Association of Miners and Geologists of the Kyrgyz Republic, Bishkek, 18 December, 2014.

Author’s Interview with Roza Otunbayeva, Bishkek, 10 December, 2014.

Author interview with Rysbek Toktogul Kumtor Gold Company , Bishkek, 20 November, 2014.

Author interview with Tolekan Ismailova, Chairman of the “Bir duino – Kyrgyzstan” Human Rights Movement Bishkek, 31 October, 2014.

Author interview with Turgunbek Atabekov, Head of the “Foat” Public Association, Bishkek, 23 November, 2014.

Author interview with Valentin Bogdetsky, Board Member of the Kyrgyz Mining Association, Bishkek 25 November, 2014.

Author interview with Vyacheslav Isaev, President of the “Guild of Miners” Association, Bishkek, 16 December, 2014.

Author's interviews with Aizada Khalikova, representative of First Deputy Chairman of State Customs Service under the Government of the Kyrgyz Republic, Bishkek, 15 December, 2014.

Author's Skype Interview with Gary McMahon, The World Bank MDTF, Bishkek, 18 December, 2014.

### **Interview notes in Kazakhstan**

Author informal interview with an employee of BG Group Kazakhstan, 4 June 4, 2015, Astana.

Author informal interview with the employee of the Friedrich Eberti Foundation, 2 June 2, 2015, Almaty.

Author informal interviews with the employee of KazTransOil, 15 June 15, 2015, Astana.

Author informal not recorded interview with EITI NSC Secretariat, Astana, 10<sup>th</sup> of June 2015.

Author interview with a World Bank official, 29<sup>th</sup> of June, 2016, Skype meeting Brussels.

Author interview with Managing Partner of Parlink Consulting /Oil and Gas, 29 April 29, 2015, Paris.

Author interview with Soros employee, Almaty, 2 June, 2015.

Author interviews with a member of the EITI coalition of the Company North Caspian operating company, 5 June 5, 2015, Astana.

Author's interviews with a member of the EITI coalition KazEnergy Association, 5 June 2015, Astana.

Author Skype interview with member of the EITI civil society coalition, 15<sup>th</sup> June, Astana.

Author Skype interview with representative of Soros Foundation, 17 June 17<sup>th</sup>, 2015 Astana.

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I, Saipira Furstenberg hereby certify that I have written this PhD thesis, which is approximately 80.568 words (including references) independently. I have used data, sources and support services that I have clearly mentioned in the PhD thesis. I certify that all material which is not my own work has been identified in the thesis. I give my consent to investigate plagiarism of my thesis with the qualified software. This PhD thesis has not been submitted in any previous application for a higher degree or any other University.

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