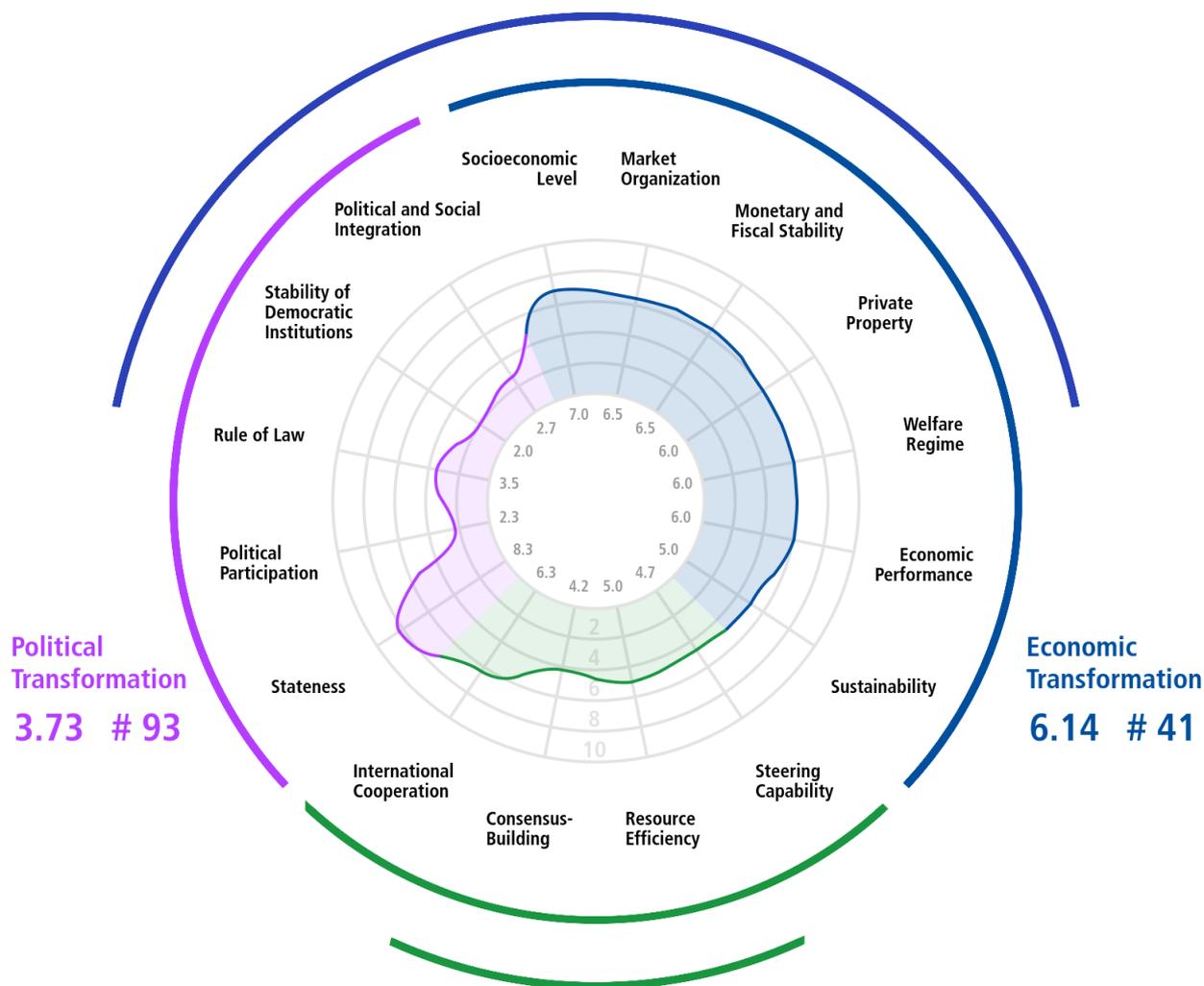


Kazakhstan

Status Index

4.94 # 71

on 1-10 scale out of 137



Political Transformation
3.73 # 93

Economic Transformation
6.14 # 41

Governance Index

4.42 # 80

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2026**. It covers the period from February 1, 2023 to January 31, 2025. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

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Key Indicators

Population	M	20.6	HDI	0.837	GDP p.c., PPP \$	40813
Pop. growth ¹	% p.a.	1.3	HDI rank of 193	60	Gini Index	29.2
Life expectancy	years	74.4	UN Education Index	0.807	Poverty ³	% 0.3
Urban population	%	58.4	Gender inequality ²	0.182	Aid per capita \$	3.9

Sources (as of December 2025): The World Bank, World Development Indicators | UNDP, Human Development Report 2025. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.65 a day at 2017 international prices.

Executive Summary

The central government controls most of Kazakhstan’s territory with the help of a sprawling security and law enforcement apparatus. A hallmark of the 2023 – 2025 reporting period was President Kassym-Jomart Tokayev’s efforts to consolidate power following the civil unrest of January 2022, which was partly directed against former President Nursultan Nazarbayev and his clan. Since March 2019, Nazarbayev had wielded power as chair of the ruling Nur Otan Party, which had again won a majority in the Mazhilis, the lower house of parliament, in January 2021; as chair-for-life of the National Security Council, a constitutional body that had effective veto power over key policy decisions; as

“leader of the nation” (Elbasy, since 2010); and as an honorary senator.

After February 2022, Nazarbayev was first removed from his position as Security Council chairman and then resigned from the ruling party, which was renamed Amanat. The capital city reverted to its previous name, Astana, in September 2022. By January 2023, parliament had voted to strip the former autocrat of his leader of the nation status. Amid these changes, Tokayev hailed the advent of a “New Kazakhstan” based on principles of equal opportunity, political liberalization, economic diversification and social justice.

The June 2022 constitutional reform enabled Tokayev to run for a new term of seven years, which he triumphantly secured in an early election in November 2022. The midyear referendum also reformed the electoral system and created the Constitutional Court. In the March 2023 snap parliamentary elections, six parties – instead of three since 2021 – qualified for entry into the Mazhilis, with the ruling Amanat party again winning a majority of seats. In spite of greater formal pluralism, there is little expectation that Amanat will lose its grip on power amid the growing centralization of policymaking. Meanwhile, Tokayev and his inner circle have been busy dismantling Nazarbayev’s networks of influence and replacing them with their own.

On the economic front, Kazakhstan returned to growth in 2021, growing by an average of 4% annually in the 2021 – 2023 period. This pace is still far below the annual growth rates recorded over the preceding decade. The inflation rate eased only slightly from 15% in 2022 to 14.7% in 2023, but has since decelerated considerably, falling to 8.4% (annualized) in November 2024. The budget deficit contracted to 3.1% in 2021 as higher oil prices boosted headline growth; it declined further to 2.1% in 2022, but rose again to 2.6% of GDP in 2023. More recently, the government projected a deficit of 2.7% for the whole of 2024. Despite moderating inflation, the National Bank of Kazakhstan (NBK) had to hike the benchmark rate back to 15.25% from 14.25% in December 2024 after a long period of easing.

Above-target inflation rates and a weak domestic currency have been major concerns in a country where most households allocate a significant portion of their income to staple foods and essential items, and where there is a high share of imports of high-value-added goods characterized by volatile prices. Budget deficits have persisted and government borrowing has only slightly decreased since the peak of the COVID-19 pandemic. The riots of January 2022 can be attributed directly to deteriorating macroeconomic conditions, along with poorly coordinated policy decisions, especially in the socially unstable western regions of Kazakhstan.

International organizations continue to urge the executive to implement much-needed structural reforms to address issues such as weak domestic competition resulting in so-called zombie companies, the state's ongoing high degree of involvement in the economy, low labor productivity, and extremely low levels of spending on fundamental research and innovation. Despite the government's more vigorous efforts to publicize its campaign against bribery and corruption, significant hurdles remain in the form of widespread political corruption and nepotism.

History and Characteristics of Transformation

Kazakhstan is arguably one of the most successful post-Soviet republics with regard to the transition from a centralized economy to a relatively free market. After a steep economic downturn, Kazakhstan achieved economic growth for the first time in 1996 and maintained steady growth for 10 years. The discovery of the giant Kashagan oilfield off the Caspian shore in July 2000 marked the beginning of a new chapter in the nation's economic history. A major deal was signed in 2008 with an international consortium. Kazakhstan established a national oil fund in January 2001 to reduce its vulnerability to price swings in world energy markets and to accumulate reserves for future generations.

Following Kazakhstan's independence in 1991, President Nursultan Nazarbayev, who had formerly served as a regional Communist Party chief since 1989, took steps to liberalize the economy with the aim of restoring economic growth. Nazarbayev's authoritarianism became apparent at the end of 1994, when he dismissed parliament on a pretext and ruled by decree for nine months until new elections were held. In April 1995, his term in office was extended by a national referendum, followed by a constitutional referendum in August 1995.

In May 2007, parliament approved unprecedented legislative changes, lifting the two-term restriction on the presidency and allowing Nazarbayev to serve as president for life. At the same time, he was granted the chairmanship of the ruling Nur Otan Party, further strengthening the presidential office at the expense of the government, parliament and civil society. Presidential authority was also enhanced by increasing the number of senators appointed by the head of state from seven to 15.

In December 2011, at least 14 protesters were killed by police while demanding unpaid danger money, higher wages and better working conditions. Kazakhstan experienced its first suicide bombing that same year in the western oil city of Aktobe, with another attempted suicide bombing occurring later in 2011 in Atyrau, also in the west. Additional acts of terrorism took place in 2012 and 2016, revealing Kazakhstan's vulnerability amid a deteriorating socioeconomic situation. In response to the economic downturn that began in 2014 when oil prices started to decline, the Kazakhstani government implemented urgent anti-crisis measures by injecting billions of dollars into the troubled banking, agriculture and construction sectors.

The country's 2017 constitutional reform shifted some responsibilities from the presidency to the government and parliament, thereby boosting the autonomy of the latter two entities. However, none of these significant changes had any practical impact. In March 2019, Nazarbayev abruptly resigned, opening the way for a long-anticipated succession. Senate Speaker Kassym-Jomart Tokayev assumed the top office and was elected to a five-year term in an early election in June 2019. The lower chamber of parliament was renewed in January 2021, with Nur Otan, still chaired by Nazarbayev, maintaining a majority of seats and full control over the agendas of the two minor winning parties.

The large-scale civil riots in January 2022 significantly weakened Nazarbayev's post-presidency influence, leading President Tokayev to assume the position of chairman of the Security Council and gradually strip his predecessor of numerous privileges. The ruling party was renamed Amanat, and in January 2023, Nazarbayev's "leader of the nation" status was eliminated. In September 2022, the capital city reverted to its previous name, Astana, after having been known as Nur-Sultan in Nazarbayev's honor since 2019.

In response to heightened societal expectations, Tokayev initiated a more robust reform agenda. The June 2022 constitutional referendum established the Constitutional Court and reformed the Mazhilis, the lower chamber of parliament. In November 2022, Tokayev was re-elected for an allegedly final seven-year term, followed in March 2023 by snap legislative elections that reaffirmed Amanat's control over the Mazhilis. Despite the Tokayev administration's demonstrative commitment to reform, Kazakhstan's political system remains unchanged and its economy is still undiversified and heavily reliant on oil exports.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

Transformation Status

I. Political Transformation

1 | Stateness

The central government controls most of Kazakhstan’s territory and relies on a powerful security and law enforcement apparatus to maintain law and order. The January 2022 civil unrest, known as Bloody January, lasted from January 2 to January 11, 2022, and involved a temporary loss of government control over the former capital, Almaty, and several provinces. The historical center of Almaty was ransacked by armed protesters, and the presidential residence and city government headquarters were burned down beyond repair. Following a bloodless intervention by about 2,500 predominantly Russian “peacekeepers” under the auspices of the Collective Security Treaty Organization, at Kazakhstan’s request, public order was quickly restored throughout the country. No major incident of this nature has occurred since.

Limited areas, especially in western and southern Kazakhstan, continue to be partly controlled by organized criminal groups, which derive revenue from oil theft, arms smuggling, contraband, racketeering and tax fraud. The authorities continue to conduct regular arrests of suspected members of terrorist and extremist organizations. In January 2022 alone, more than 10,000 people were detained, often on terrorism charges. The president himself warned on X (then known as Twitter) of an assault by more than 20,000 foreign-trained terrorists but later deleted his post. The government later acknowledged its mistaken assessment of the situation.

The concept of a nation-state remains widely accepted within Kazakhstan’s society, based on the moderately nationalist post-independence model that has remained unchanged under President Kassym-Jomart Tokayev, who succeeded Nursultan Nazarbayev in March 2019. The authorities continue to cater mostly to the Kazakh ethnic majority, which accounted for almost 71% of the total population in early 2024, up from 63.1% in 2009 and 53.4% in 1999. Meanwhile, the share of ethnic Russians – which has been in steady decline year to year – decreased from 23.7% in 2009 to 14.9% by 2024.

Question
Score

Monopoly on the
use of force

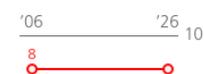
9



1

State identity

8



1

In February 2018, then-President Nazarbayev approved the final version of a new Latin-based script for the Kazakh language, which is the only official language under the constitution. In late 2019, Tokayev called that version “unfortunate” and called for revisions. A modified script was presented to the president in November 2020. The full transition from Cyrillic to Latin script – currently in limited use in government communications – was originally set to take place by 2025. However, in 2023, it was decided to conduct further revisions of the script and postpone its wide introduction indefinitely.

The increased role of Kazakh in education, public service and the media contributes to the further marginalization of non-Kazakh-speakers – mainly Russians and other Slavic and Turkic ethnicities, including some Kazakhs. However, this has not translated into organized protest activity. At the same time, Candaces (former Oralmans), ethnic Kazakhs who have repatriated from China, Mongolia, Central Asia and Afghanistan, continue to face certain challenges integrating into a new society where spoken Russian and basic education are prerequisites for improving their social status. Other groups such as returnees from Syria and Iraq and former violent extremist offenders continue to face stigma and lack basic rights.

In addition to the linguistic divide, there is no consensus within society on how to define the “Kazakhstani nation,” a concept first mentioned by President Nazarbayev in 2004. In 2010 – 2011, nationalist forces openly opposed this concept, staging peaceful rallies against it and claiming that it undermined the central role of Kazakhs in Kazakhstan’s developing statehood, which led to the concept being abandoned.

Russia’s all-out invasion of Ukraine in February 2022 has revealed some cleavages in Kazakh society. According to the first post-invasion opinion survey, taken in March 2022, only 10% of respondents supported Ukraine, versus 39% who supported Russia. By mid-2023, a survey showed that support for Ukraine had risen to 21% and declined to 13% for Russia, while 60% said they were neutral and did not support either side. Of about 400,000 Russians who relocated to Kazakhstan following the outbreak of the Ukraine war, only about 50,000 remained in the country as of early 2024.

Kazakhstan remains fundamentally a secular state, and the influence of religion on state politics is heavily constrained. State regulation of religious affairs is currently based on a law adopted in late 2011 following the first post-independence terrorist attacks earlier that year. The law aims to better regulate the activities of religious associations by subordinating their registration to the Ministry of Justice and their day-to-day operations to a dedicated public organ. In September 2016, then-President Nazarbayev decreed the establishment of a Ministry for Religious Affairs, which now operates as the committee for religious affairs under the Ministry of Culture and Information.

No interference of religious dogmas

9



During 2017, authorities proposed amending the Law on Religious Activities by strengthening some provisions and introducing new ones, such as a total ban on niqabs in public places. Conversely, hijabs, which do not fully cover a woman's face, would not have been banned. As of 2019, the draft law had been recalled from parliament without explanation. A similar motion by a number of legislators in 2024 has not as yet succeeded in winning passage.

The government's cautious efforts to regulate religion should not obscure its readiness to respond vigorously to potentially destructive religious movements such as Salafism. Authorities remain prepared to defend the secular nature of the Kazakhstani polity against possible encroachments by religious dogmas.

Kazakhstan has a relatively well-developed system of public administration and public service provision across the country. The health care and education sectors still largely rely on Soviet-era infrastructure, supplemented by new facilities mainly concentrated in Astana, the former capital Almaty and the regional capitals. However, the COVID-19 pandemic revealed weaknesses in the education system regarding access to and availability of technology and the internet across the country, as well as limited health care capacity in terms of manpower and technology.

Nevertheless, a significant portion of the population lacks access to basic utilities such as water, electricity, and gas for heating or cooking, especially in rural areas. According to official figures, 95.4% of the population has access to a basic water source, 97.9% has access to basic sanitation and 100% has access to electricity. Yet despite the abundance of natural gas in western Kazakhstan, the central and northern parts of the country have yet to gain access to the still-planned gas distribution infrastructure. In March 2018, the Energy Ministry estimated total costs for the project at almost \$1 billion, but little progress has been made to date. As of early 2024, only 60% of Kazakh households had access to gas. Tax administration is another example of uneven policy implementation. While tax collection is generally effective at the corporate level, the informal economy, as represented by "self-employed" individuals, remains significant. In November 2024, the government scrapped the final stage of mandatory income declarations that would have affected some 8 million people, likely because of the size of the informal economy.

The COVID-19 pandemic, which led to a national emergency from mid-March to mid-May 2020, exposed the unpreparedness of Kazakhstan's public administration for the digital age. Although official statistics report that 81% of Kazakhstanis have internet access, few have broadband, especially in rural areas. The egov.kz portal, through which the government provided one-time relief payments of about \$100 per eligible person, crashed on the first day. Public services centers were able to deliver only those services that could not be digitized, leaving many users in limbo.



2 | Political Participation

General elections are held regularly at the national level, and universal suffrage by secret ballot is ensured. In March 2019, President Nursultan Nazarbayev abruptly resigned from the presidency and was succeeded by Senate Speaker Kassym-Jomart Tokayev, who was subsequently elected president in June 2019 for a five-year term. Tokayev won nearly 71% of the popular vote. As in previous elections, the Office for Democratic Institutions and Human Rights (ODIHR) Election Observation Mission commended the overall quality and efficiency of the voting process. However, it was again highly critical of the ruling regime's extensive use of administrative leverage to favor Nazarbayev's designated successor.

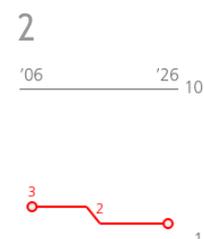
President Tokayev was re-elected for a second and final seven-year term in November 2022, following the June 2022 constitutional referendum, which, among other things, limited the presidency to a single term of seven years instead of two consecutive five-year terms (with the exception of Nazarbayev, although this constitutional exemption was annulled by the referendum). Tokayev won 81.31% of the vote. The ODIHR criticized the election for its lack of real competition, drawing heavy criticism from Kazakhstan's Foreign Ministry, which even called into question the quality of the office's work.

Early legislative elections were held in March 2023, together with local elections for all 3,749 deputies of the maslikhats, which are local representative bodies. These elections were largely intended to re-legitimize the lower chamber of parliament, the Mazhilis, to which members had last been elected in January 2021. The new legislature is still dominated by the ruling Amanat party (renamed from Nur Otan in 2022), which holds 62 seats, down from 76. It also has representation from five minor parties, in addition to seven independent legislators. The previous legislature was composed of only three parties: Amanat, Ak Zhol (12 seats) and the People's Party of Kazakhstan (10 seats), both of which have retained fewer seats in the new Mazhilis. Despite a semblance of increased pluralism, none of the minority parties criticized Amanat during the election campaign. As in the past, the voting process was marred by irregularities such as ballot stuffing, while police arrested pro-democracy activists who planned to protest.

Following Bloody January 2022, which led the state to strip former President Nursultan Nazarbayev of his lifetime chairmanship of the Security Council and related veto powers, there have been no political groups, enclaves or vested interests able to seriously interfere with the domestic political process over the heads of formal institutions.

The main source of representative democracy, the Mazhilis (lower chamber of parliament), lacks independence. Its ability to exert oversight over the executive, including the government and the presidency, is inefficient. In the last parliamentary

Free and fair elections



Effective power to govern



elections in March 2023, the Amanat party (ex-Nur Otan) – which was chaired by Nazarbayev from 1999 to January 28, 2022, and later by President Tokayev from January 28 to April 26, 2022 – reaffirmed its monopoly on power by winning a new majority (62 seats out of 98). The other parties in the Mazhilis lack both the legitimacy and resources to act as genuine political competition.

The upper chamber of parliament, the Senate, has 50 members, 10 of whom are directly appointed by the president, including five on the recommendation of the People’s Assembly of Kazakhstan. Because 40 members are chosen by local councilors who form maslikhats, or local legislative assemblies, rather than by the general electorate, the Senate is widely seen as undemocratic.

Kazakhstan’s legislation guarantees the freedom of association and assembly to all citizens. There are currently about 22,000 non-governmental organizations officially registered in the country. Of those, only about 17,000 are active. Less than half of these are registered in a government database as recipients of or applicants for public grants. The NGO sector is heavily dependent on international or state grants, with international funding not readily available to all organizations. Moreover, recipients of international grants are subject to more stringent government control – and risk being subjected to public criticism, for instance through the publication of a list of foreign-funded NGOs in September 2023.

The May 2020 law on peaceful assemblies, developed in response to President Tokayev’s “listening state” doctrine, includes some improvements over earlier versions – such as the principle that “everything which is not forbidden by law is allowed,” the institution of notification requirements in lieu of authorization, and the establishment of a shorter notification period – but remains structurally flawed. Authorities can still prohibit peaceful assemblies on 13 legal grounds (Article 14); moreover, when they allow a protest to take place, they can require that it does so in a specific location.

During the COVID-19 lockdowns, authorities actively used public-health restrictions to limit the scale of protests following the January 2021 parliamentary elections, which saw only a limited outpouring of discontent compared with the presidential election of June 2019.

Since the civil unrest of January 2022, authorities have been particularly vigilant regarding mass public rallies, especially those of a protest nature. The president, the Ministry of Interior and the General Prosecutor’s Office have repeatedly warned citizens that they could be subject to administrative and criminal liability for participating in demonstrations that violate the 2020 law. Immediately after Bloody January, a series of small protest actions were held by journalists and civil society activists, always under close police surveillance and often resulting in “administrative sentences,” including limited detentions. Unsurprisingly, none of these actions targeted the Tokayev administration.

Association /
assembly rights

3

'06 '26 10



1

Media freedom in Kazakhstan is severely limited by the authoritarian nature of the ruling regime, which, despite the 2019 change of president, remains fundamentally undemocratic. The 2013 crackdown on the few remaining independent media organizations such as Golos Respubliki led to the near-disappearance of dissenting voices from Kazakhstan's media landscape.

In December 2017, then-President Nazarbayev signed amendments to the media law that were widely criticized by defenders of press freedom. The amendments ended anonymity for online commenters, who today must register with each media outlet using their real names; required journalists to seek approval before publishing personal, family, financial or medical details about individuals; and introduced the term “propaganda,” defined as the spreading of false information in furtherance of an illegal cause. In June 2020, defamation was decriminalized, but the other obstacles remain.

During the COVID-19 pandemic, many journalists and bloggers were harassed by authorities for their critical coverage of the government response, especially when it involved speaking with medical staffers. In April 2020, a journalist in the southern city of Shymkent was interrogated for seven hours about a Facebook post he made. That same month, two reporters were briefly detained in the western city of Atyrau for covering the dire working conditions at a local hospital.

Reporters Without Borders has regularly denounced Kazakhstan's treatment of journalists during opposition rallies and major elections. For example, in October 2022, the Orda.kz news portal was sent a package containing a pig's severed head. One month later, a window at the offices of El Media was broken with a brick. In early 2023, several other journalists had their property destroyed or damaged by unknown individuals. Between December 2023 and January 2024, the websites of several Kazakhstani media outlets came under prolonged distributed denial-of-service (DDoS) attacks. In October 2024, a journalist and blogger was sentenced to 4 1/2 years in prison for spreading false information. His trial elicited an open letter from fellow journalists in his defense and criticism from Human Rights Watch, a global NGO.

3 | Rule of Law

The separation of powers is formally established but remains very weak. Although the Mzhilis has not been a one-party chamber since 2012, the ruling party Amanat (formerly Nur Otan) dominates and directly implements the will of the executive. Most state power is concentrated within the executive branch, especially the presidency, which relies on a compliant parliament and a loyal judiciary to achieve its goals. From the time of his resignation until January 2022, former President Nazarbayev and his close circle of advisers exercised outsized influence over the Tokayev administration. For example, as lifetime chairman of the National Security Council, Nazarbayev could veto most key decisions by President Tokayev and his government.

Freedom of expression

2

'06 _____ '26 10



Separation of powers

2

'06 _____ '26 10



In January 2023, parliament voted to strip Nazarbayev of his exclusive status as “leader of the nation” (Elbasy). Since 2010, this status had guaranteed him and his immediate family immunity from prosecution and an active political role, even in retirement. While Nazarbayev is still entitled to special treatment guaranteed by the government, it is now more limited and circumscribed by a law applicable to all current and future retired presidents.

In 2017, Kazakhstan enacted a sweeping constitutional reform that shifted certain responsibilities from the presidency to the government and parliament. For instance, parliament can remove ministers from office; furthermore, ministers can be appointed by the president only after consultations with both the prime minister and parliament, and at the prime minister’s recommendation. The president can no longer issue decrees with the force of law, nor can parliament temporarily delegate a lawmaking mandate to the president. However, few of these amendments have been implemented in practice.

In June 2022, 77% of Kazakh citizens approved new constitutional amendments in a nationwide referendum organized by the Tokayev administration aimed at ushering in a post-Nazarbayev era. Key changes include provisions barring the president from being a member of any political party, prohibiting the president’s family members from holding leading offices in the public sector, and transforming the Constitutional Council into a Constitutional Court that can consider claims from citizens. In addition, the referendum text simplified the registration of political parties and lowered the threshold for winning seats in the Mazhilis from 7% to 5% of the total vote. In practice, however, as many local observers note, Kazakhstan’s political system remains closed to outsiders and leaves little room for political competition.

Like the parliament, the judiciary remains dependent on the executive, and its decisions are often politicized. The president continues to select the chairpersons of key courts at the central and regional levels, and appoints the chair of the Supreme Court with the approval of a rubber-stamp parliament.

The 2017 constitutional reform paid little attention to the judicial branch of government, although the Constitutional Council, which was situated outside the judiciary, saw its status moderately increased. The president lost the power to veto the Council’s decisions and was required to seek its opinion each time the constitution was amended.

The 2022 constitutional reform elevated the Council to a Constitutional Court with the power to review complaints from ordinary citizens, the prosecutor general and the ombudsman. This largely symbolic change has had little effect on the country’s judiciary and political system as a whole, given the new court’s limited purview and the many constraints imposed on private individuals’ right of direct appeal.

The judicial system remains nontransparent, and acquittals are extremely rare, with the rate of such actions holding steady at approximately 2%. Politically motivated trials against regime opponents are uncommon, but whenever they occur, the judiciary fully complies with the executive’s wishes.

Independent
judiciary

4

'06 _____ '26 10



1

At least rhetorically, Kazakhstani authorities have been mounting a perennial fight against corruption for several decades. Yet political corruption and nepotism remain rampant, undermining the country's efforts to optimize public spending, eradicate wasteful managerial practices and professionalize the public administration. Nearly 1,700 corruption crimes were recorded in 2023, up from 1,500 in 2022.

Despite frequent arrests and convictions of high-profile government officials for various crimes, the impartiality of justice remains far from assured. In August 2023, businessman Kairat Boranbayev – who was sentenced in March 2023 to eight years in jail for aggravated embezzlement and money-laundering – entered a plea deal with prosecutors and was released in exchange for relinquishing control of multiple assets worth more than \$200 million.

One year later, President Nazarbayev's nephew Kairat Satybaldy, who had been sentenced to six years in prison in 2022, was released after agreeing to forfeit what turned out to be \$1.4 billion worth of assets to the state. Satybaldy's brother Samat Abish, who served as first deputy head of the National Security Committee (KNB) in 2015 – 2022, received a suspended eight-year prison term for his role in the Bloody January events. No other members of the Nazarbayev clan have been prosecuted to date, despite long-standing allegations of corruption and other offenses.

On a broader level, the authorities have struggled to demonstrate sufficient accountability for the brutal crackdown on peaceful demonstrators during Bloody January. The families of victims, some of whom were tortured, have not yet received justice, with only a small number of law enforcement officers and senior officials facing prosecution for abuse of power.

The protection of civil rights and liberties is codified but poorly enforced in practice. Freedoms of expression and association are curtailed for independent-minded journalists, protest groups, or public associations critical of the government and the ruling regime. Inciting hatred has become a means of suppressing independent voices, targeting members of militant religious movements online and violating the freedom of religion.

The government has actively discriminated against independent trade unions, especially since the 2011 Zhanaozen and 2019 Tengiz riots – events that highlighted the perceived need to keep unions in check in order to avoid large-scale social unrest. In December 2018, the International Trade Union Confederation suspended the Kazakhstan Trade Union Federation's membership, citing its total loss of independence. Membership in the international body was restored at the end of 2022 only after authorities pledged additional reforms.

Discrimination based on gender and sexual orientation is pervasive. Discrimination based on race, ethnicity and religion (despite the secular state) is becoming more common. Citizens with poor knowledge of the Kazakh language are unable to obtain public service jobs above a certain level. However, this mostly affects people of Slavic descent and some urban Kazakhs. High levels of corruption within the

Prosecution of office abuse

4

'06 _____ '26 10



Civil rights

4

'06 _____ '26 10



judiciary constrain equal access to justice, systematically allowing those with greater resources to prevail against their opponents. The use of torture in the penitentiary system is systemic and poses a particular danger to active critics of the regime.

4 | Stability of Democratic Institutions

The existing democratic institutions are directly subordinated to the ruling regime. Kazakhstan has a facade democracy manifesting partially in relentless crackdowns on “non-systemic” opposition, a consistent feature of regime preservation since the early 1990s. The parliament and local legislative assemblies are dominated by the presidential party, Amanat (ex-Nur Otan), while other political formations allowed to compete in local and national elections profess open allegiance to the ruling regime.

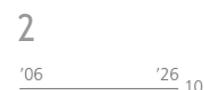
De jure, the 2017 and 2022 constitutional reforms laid the groundwork for democratic transformation by endowing parliament with more extensive powers, the right of censure vis-à-vis the government and greater independence from the presidency, while also fortifying the judiciary. However, as long as the authoritarian regime remains in place, little practical change is to be expected. President Tokayev has focused on consolidating power in his own hands since the January 2022 civil unrest. These events allowed him to break free from the grip of his predecessor, Nursultan Nazarbayev, who was unceremoniously shunted aside and relieved in stages of the various privileges he had previously accumulated.

Democratic institutions have limited legitimacy due to the passivity of most of the population regarding political participation and the absence of pre-independence democratic experience. A 2012 survey sponsored by the U.S. National Science Foundation and analyzed in a 2018 article by two U.S. scholars, including a Kazakh-born professor, found that the Nazarbayev-era generation is more ambivalent about democracy, the fight against corruption and political liberalism than the older generation. This current generation is more concerned with economic wealth than democratization, the scholars concluded.

In 2024, Gallup International published the results of a global poll on attitudes toward democracy across 43 countries. In Kazakhstan, 43% of respondents judged democracy to be the best form of government despite all its shortcomings, with 15% disagreeing. In comparison, 64% of Ukrainians and 58% of Georgians expressed positive views about democracy, versus only 22% of respondents in Russia.

Forces considered a threat to the regime have traditionally been excluded from the political arena by administrative and judicial means. For example, the Ministry of Justice denied registration to the Alga! Party, and a court banned Mukhtar Ablyazov’s Democratic Choice of Kazakhstan, which appears on Kazakhstan’s official list of extremist organizations. No domestic force, whether a party, association, business

Performance of democratic institutions



Commitment to democratic institutions



lobby or the military, was ever able to challenge the Nazarbayev clan's hold on power. Following Nazarbayev's definitive departure from politics in early 2022, his anointed successor Kassym-Jomart Tokayev – who secured re-election in November 2022 – has asserted himself in much the same authoritarian manner as the former president.

5 | Political and Social Integration

Kazakhstan's party system is underdeveloped and lacks real competition for the support of the electorate in a climate of political illiberalism and social stagnation. Parliamentary elections are widely viewed as a formality, and the dominance of the ruling party, Amanat (formerly Nur Otan), is neither questioned nor actively contested through democratic means.

The country currently has seven registered political parties, six of which – Amanat, Auyl, Respublica, Ak Zhol, the People's Party of Kazakhstan (the former communists) and the National Social Democratic Party – hold seats in the Mazhilis. The Green party (Baytak) did not garner enough votes to win seats in the current legislature. The political spectrum lacks a distinct division into right, left and center, although Amanat can be characterized as center-right. The opposition-minded Alga, Kazakhstan! movement has tried unsuccessfully to obtain registration as a party more than 20 times, and its leader, Marat Zhylanbaev, received a seven-year sentence in November 2023.

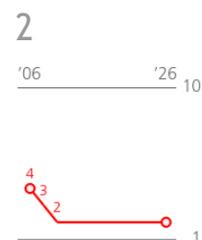
A position as member of parliament is widely viewed as a sinecure, allowing its holder to engage in lucrative business activities through family members and close associates. In the current authoritarian regime – which has barely been altered by President Tokayev's cautious, incremental reforms – political parties remain inefficient in translating the electorate's will and aspirations into effective lawmaking.

Kazakhstan's authoritarianism relegates the few active interest groups to the fringes of political and civil society. As a result, their activities are primarily focused on implementing apolitical social aid projects in areas in which the government lacks the capacity or willingness to act.

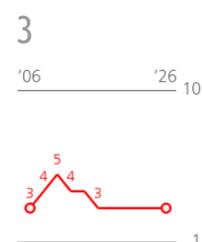
A multitude of registered and unregistered associations active on issues ranging from environmental protection to animal rights to economic nationalism have emerged since Kassym-Jomart Tokayev's accession to the presidency in March 2019. However, their limited impact on society and lack of cooperation undermine their effectiveness.

The Kazakhstan Trade Union Federation, a successor to its Soviet parent, is tightly controlled by the state and lacks organizational and financial independence. The International Freedom of Speech Foundation, Adil Soz and the Kazakhstan International Bureau for Human Rights and the Rule of Law were very active in the 2000s. However, under pressure from the authorities, they have since lost much of their ability to prevent arbitrary policymaking.

Party system



Interest groups



The only two powerful interest groups with a real ability to influence decision-making are the Kazenergy Association of major energy businesses and the Atameken Business Chamber. Kazenergy was chaired from 2005 until December 2023 by Nursultan Nazarbayev's son-in-law Timur Kulibayev, the country's richest person along with his wife Dinara. The Oyan, Qazaqstan Movement (Wake Up, Kazakhstan), established in mid-2019 in the context of that year's presidential election, has not yet been banned, but its activists are regularly harassed by law enforcement.

In 2024, Gallup International published the results of a global poll on attitudes toward democracy across 43 countries with different political systems. In Kazakhstan, 43% of respondents judged democracy to be the best form of government despite all its shortcomings, while 15% disagreed. More worryingly, in a 2020 survey by the Friedrich Ebert Stiftung, young Kazakhstanis identified having an active political stance and civic activism as the least important values, far less important than personal responsibility, loyalty in friendship, career or having children.

At least on paper, the 2017 constitutional reform ushered in some democratic changes. The Kazakhstani government actively promoted this as enjoying wide support from ordinary citizens based on “thousands” of letters received from all corners of the country. The reliability of this assessment is obviously subject to significant doubt. The 2022 constitutional reform also benefited from state-sponsored media hype, although it carefully omitted the most egregious aspects of Soviet-style window-dressing.

Despite the post-independence resurgence of religiosity and a stronger emphasis on traditional family and social values, Kazakhstan's society is marked by a high degree of individualism. Loyalty and mutual assistance are most often defined by extended family or clan lines, resulting in fragmented social capital. This is likely one reason Kazakhstan remains in the nation-building stage and has had difficulty defining itself as a nation-state (Kazakhstan vs. Qazaq Republic; the failed “Kazakhstan nation” doctrine, etc.). Interethnic tensions are not uncommon and can be directly linked to low social capital and ongoing challenges in developing a unifying idea of nationhood.

The 2019 power transition provided a long-awaited impetus for social activism, for instance with the creation of the Oyan, Qazaqstan movement, which advocates for root-and-branch political reform. Despite its popularity among youths, the movement is mostly limited to large urban centers, having gained little to no traction in rural areas and with no readily available platform for promoting its views. President Tokayev's reluctance to carry out profound reforms of Kazakhstan's political system – as evidenced by his cautious approach to structural changes – has hindered grassroots initiatives, which fear the consequences of becoming too outspoken. Extralegal pressure on activists, including mechanisms such as surveillance, phone tapping and arbitrary detentions, is a regular occurrence.

Approval of
democracy

n/a

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n/a

1

Social capital

3

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II. Economic Transformation

6 | Level of Socioeconomic Development

In the UNDP's latest update to its Human Development Index (HDI) database, Kazakhstan was ranked 67th out of 193 countries in 2022, little changed from a decade earlier. Taking inequality into account, its HDI score was 8.5% lower in 2022, placing the country right behind the United Arab Emirates in terms of additional loss, and on par with Moldova, but immediately ahead of Latvia, Russia, Poland and South Korea. In contrast, its estimated loss in human development due to inequality was 10.6% in 2012.

Discrimination on the basis of race, religion or political affiliation is not a relevant factor, at least among the general population. While Kazakhstan's position in the UNDP Gender Inequality Index has consistently improved over the years, with a score of 0.177 in 2022 compared to 0.234 a decade earlier, gender disparities remain with regard to accessing economic resources and political representation. Additionally, the prevalence of linguistic exclusion is rising.

Kazakhstan also has a relatively low Gini coefficient, equal to 29.2 in 2021, according to the World Bank. The proportion of people living below the national poverty line – that is, those with monthly incomes of less than \$83 – was 5.4% in the third quarter of 2024, according to National Bureau of Statistics records. The percentage was highest in the southern regions of Turkestan (9.3%) and Zhambyl (8.1%), the eastern Abay Oblast (8.6%), and the western region of Mangistau (8%). In total, about 1 million people fall into this category. However, World Bank data suggests that the true number is at least three times as large.

The government has proven largely inefficient at addressing nationwide poverty. Its inflexible approach to managing socioeconomic crises has remained unchanged since the January 2022 civil unrest, as the Tokayev administration still favors the use of centrally allocated handouts and subsidies to quell protest sentiments.

According to official data, 8.4 million Kazakhstanis have consumer loans to repay and more than 1.5 million are more than 90 days in default. In December 2022, the country adopted a bankruptcy law. Drawing on international experience, it introduced three types of bankruptcy for individuals: out-of-court, judicial and a special procedure for restoring solvency. The latter allows for the creation of an installment plan to repay debt over a period of up to five years, provided the individual has a stable income.

Question
Score

Socioeconomic
barriers

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Economic indicators		2021	2022	2023	2024
GDP	\$ M	197112.3	225496.3	261840.1	288406.1
GDP growth	%	4.3	3.2	5.1	4.8
Inflation (CPI)	%	8.0	15.0	14.7	8.8
Unemployment	%	5.5	4.9	4.8	4.8
Foreign direct investment	% of GDP	2.3	2.3	2.2	-0.2
Export growth	%	2.3	10.2	1.9	-
Import growth	%	-0.3	11.6	14.7	-
Current account balance	\$ M	-2679.5	6436.4	-9447.9	-4981.9
Public debt	% of GDP	25.1	23.5	23.0	24.4
External debt	\$ M	161343.8	160974.3	163154.5	-
Total debt service	\$ M	31142.5	43508.9	44600.4	-
Net lending/borrowing	% of GDP	-4.4	0.9	-1.1	-
Tax revenue	% of GDP	9.4	12.1	11.9	-
Government consumption	% of GDP	11.3	10.5	11.1	-
Public education spending	% of GDP	4.4	4.4	4.8	-
Public health spending	% of GDP	2.6	2.3	-	-
R&D expenditure	% of GDP	0.1	0.1	0.1	-
Military expenditure	% of GDP	0.8	0.5	0.5	-

Sources (as of December 2025): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

7 | Organization of the Market and Competition

Kazakhstan has made significant progress in opening its economy and liberalizing cross-border trade and investment, as reflected in its continuous advancement in the Fraser Institute’s Economic Freedom of the World report. In 2022, Kazakhstan had an overall score of 6.89, slightly higher than its performance of 6.75 a decade earlier. For comparison, Hong Kong had the highest score at 8.85, and Venezuela the lowest at 3.02.

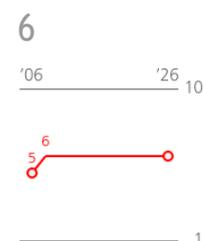
There are numerous fundamental structural deficiencies that still need to be addressed. Notably, the high share of state-owned enterprises (SOEs) contributes to low levels of competition. In addition, price controls and non-trade barriers hinder Kazakhstan’s commerce with its close trade partners. Another important factor is the extent of the informal economy. According to government estimates, the informal economy in Kazakhstan decreased from a share of approximately 23% of total economic activity in 2019 to 18.7% in 2022. However, the IMF’s assessment in 2018 was much less optimistic, indicating that it could account for as much as 39% of all economic activity.

By law, foreign and domestic private firms may freely establish and own businesses. There are certain restrictions on foreign ownership, including a 20% ownership ceiling in the media sector, a 49% limit for domestic and international air transportation services, and a 49% limit for telecommunications services. Licensing procedures are often slow and nontransparent, although the “one-stop shop” model – which offers all relevant services – has clearly improved the process.

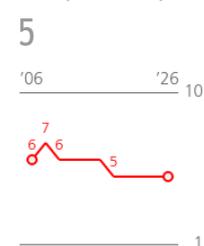
As noted in the most recent World Bank Systematic Country Diagnostic, dated April 2018, Kazakhstan faces an excessive burden from state-owned enterprises (SOEs) on the broader economy, leading to low levels of competition and weakened incentives for private investment. The state’s participation in GDP generation is significantly higher than both the OECD average and the world average – respectively 3% and 10.5%, as of 2017.

The government is struggling to further reduce the footprint of state-owned enterprises (SOEs), which accounted for about 15% of GDP in 2021 and is projected to decrease only marginally to 14% during 2025. This relatively high percentage presents significant challenges to the growth of small and medium-sized enterprises (SMEs), which lack access to affordable bank funding, face difficulties expanding their operations and often lack political connections. Under these conditions, the government’s stated aim to raise the contribution of SMEs to the country’s GDP from 36% in 2022 to 37.5% by 2025 may be difficult to achieve. Foreign-owned companies encounter comparable hurdles unless they reach a size the government deems strategic.

Market
organization



Competition policy



Kazakhstan's primary antitrust legislation dates to 2008. Its new competition law was enacted in 2016. In 2020, President Tokayev established an agency for the protection and promotion of competition that reports directly to the presidency. In 2014, two state agencies were consolidated into the Committee for the Regulation of Natural Monopolies under the Ministry of National Economy.

In recent years, Kazakhstan has made significant progress with regard to trade liberalization. In 2015, after 20 years of negotiation, it was admitted to the WTO. A year earlier, it became a founding member of the Eurasian Economic Union. As of 2023, Kazakhstan had implemented an average most-favored nation tariff rate of 5.6%.

The OECD's FDI Regulatory Restrictiveness Index 2023 ranked Kazakhstan at 37th place out of 104 economies, with a level of restrictiveness 4.4 times that of Germany but 4.5 times less than that of neighboring Uzbekistan. According to Kazakhstani law, foreign companies are not restricted from operating in the country, although certain limitations apply to foreign ownership of media assets (maximum 20% share), domestic and international air transportation (maximum 49% share) and telecoms (maximum 49% share).

In March 2017, the government established a new state-owned company, Qazaq Invest, with a mandate to attract foreign direct investment. Similar institutions such as the Foreign Investors Council under the presidency of Kazakhstan had already existed for years. In 2019, the prime minister assumed the role of first investment ombudsman, an office that was created in 2014.

In 2017, authorities adopted the National Investment Strategy 2018 – 2020, drafted with assistance from the World Bank. The strategy aimed to increase foreign direct investment (FDI) by 25% by 2022. In reality, the volume of gross FDI has since grown much more modestly, from \$20.76 billion in 2017 to \$23.4 billion in 2023. In October 2024, the government updated its Investment Policy Concept from 2022, extending its implementation timeframe from 2026 to 2029. The concept has an ambitious goal of attracting an additional \$150 billion in gross FDI. As of March 2024, 41 Russian companies worth \$1.5 billion had relocated to Kazakhstan as a result of Western sanctions against Moscow.

Kazakhstan's banking sector is highly concentrated. In 2023, 52% of the sector's total profits were generated by just two financial institutions – Halyk Bank, which is majority-owned by former President Nazarbayev's middle daughter Dinara and her husband Timur Kulibayev, and Kaspi Bank. They are currently the largest and second-largest domestic banks in Kazakhstan, respectively. Bank CenterCredit, state-owned Otbasy Bank (known in full as the Housing Construction Savings Bank) and Forte Bank, owned by the family of Kazakh billionaire Bulat Utemuratov, follow next. The sixth-largest bank, Jusan Bank, was previously owned by entities ultimately controlled by Nazarbayev and his family through a charitable foundation.

Liberalization of foreign trade

8



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Banking system

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In 2023, the Kazakhstani banking sector saw notable improvements across all key metrics, with shareholders' equity alone increasing by almost a third, giving banks sufficiently thick cushions to offset unexpected financial losses. Retail lending expanded by a quarter while retail deposits grew by 22%. Consumer loans accounted for most of the growth in the retail segment, thanks to generous payment deferrals and regular promotional campaigns. Conversely, corporate lending stagnated, with annual growth in corporate deposits not exceeding 5%.

As of December 2023, non-performing loans (NPLs) outstanding for 90 days or more accounted for a modest 2.9% of the sector-wide loan portfolio, down from 3.2% one year earlier, while the share of NPLs outstanding for 30 days or more stood at 3.7%. In addition to assisting with a derivatives legal framework that became effective in September 2022, the European Bank for Reconstruction and Development (EBRD) supported the resolution and sale of non-performing loans to private investors.

The banking sector's capital adequacy ratio consistently remains well above prudential minimums. Overall, the sector is extensively regulated and subject to meticulous supervision.

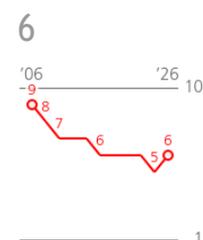
In 2022, the United States sanctioned three Kazakh banks, all subsidiaries of leading Russian banks. One of those, Sberbank Kazakhstan, was acquired in September by the government-owned financial holding company Baiterek and was subsequently renamed Bereke Bank. In October 2024, it was sold to Qatari investors. VTB Bank Kazakhstan signaled its intention to operate independently and was recapitalized by its parent company, although its longer-term outlook remains uncertain. AlfaBank Kazakhstan was purchased by Bank CenterCredit and rebranded as Eco Center Bank. In May 2022, Home Credit Bank, which was not subject to sanctions, was sold by its Russian parent to PPF Group, an international investment group based in the Czech Republic.

8 | Monetary and fiscal stability

In 2018 – 2020, the annualized inflation rate stayed below 7%. It rose to 8% in 2021 before surging to 15% the following year as the delayed effects of the COVID-19 pandemic gradually set in. The inflation shock occurred amid global upward pressures resulting from a combination of factors: higher consumer demand compared to the first two years of the pandemic, massive supply disruptions, a significant proportion of foreign-made goods in the average consumer basket and, beginning in February 2022, the war in Ukraine. The inflation rate eased only slightly to 14.7% in 2023, but has since considerably decelerated, falling to 8.4% (annualized) in November 2024.

To fight inflation, the National Bank of Kazakhstan (NBK) implemented three benchmark interest rate hikes in 2021, raising the rate from 9% to 9.75%, followed by six more hikes in 2022, increasing the benchmark rate from 9.75% to 16.75%. Improving macroeconomic fundamentals allowed the NBK to lower the rate to

Monetary stability



15.75% by the end of 2023 and further to 14.25% in mid-October 2024. However, lower oil prices, the U.S. dollar's strengthening relative to most currencies following Donald Trump's re-election as president in November 2024, additional sanctions on Russia that weighed on the ruble, and increased government spending in Kazakhstan itself all contributed to the tenge's depreciation in the latter half of 2024. In this context, the NBK reversed the easing trajectory and raised the benchmark rate back to 15.25% in December 2024.

Although Kazakhstan switched to a free-floating foreign exchange rate in 2015, the exchange rate of the tenge is still actively managed by the NBK, by far the largest player in the local forex market along with second-tier banks. For example, in the last two weeks of November 2024, the NBK sold \$1.26 billion worth of foreign currency from its international reserves and indicated plans to sell another \$900 million in December, all to prop up the national currency. Capital controls also exist for specific transactions over certain thresholds.

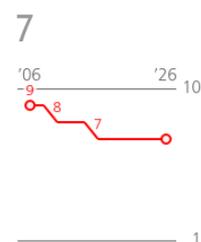
Kazakhstan's gross external debt stood at \$166.7 billion as of July 2023, up 3.5% compared with April 2023 and equal to approximately 64% of GDP. Private sector debt accounts for the bulk – over 60% – of the current debt load. Public debt amounts to \$60 billion, while government-guaranteed external debt is a modest \$15 billion. In 2023, the Higher Audit Chamber highlighted a sustained negative trend in the growth of debt repayments as a share of government revenue, projecting them to reach 30% at year-end. In January – September 2024, debt repayments amounted to \$3.75 billion, an equivalent of 2.2% of GDP.

Kazakhstan's gross international reserves rose from \$36.8 billion in January 2023 to \$44.2 billion in November 2024. They consist of gold (57.2%) and a basket of freely convertible foreign currencies (42.8%). The gold share has been edging increasingly closer to the 60% mark, following a decline from as high as 68% in early 2022. Meanwhile, the National Fund, a sovereign wealth fund, held \$60.8 billion in assets as of November 2024, up from \$57.6 billion in January 2023.

The COVID-19 pandemic had a cooling effect on Kazakhstan's export-driven economy. In 2020, the government had to borrow \$4 billion through Treasury sales, equivalent to 5.5% of GDP. Meanwhile, the budget deficit rose that year to 4% of GDP. The deficit contracted to 3.1% in 2021 as higher oil prices boosted headline growth; it declined again to 2.1% the following year before rising to 2.6% of GDP in 2023. More recently, the government projected a deficit of 2.7% for all of 2024.

Traditionally, the budget equation has relied heavily on so-called mandatory transfers from the National Fund, meaning budgeted deductions from the oil tax revenues that are transferred each year into government reserves. Without these transfers, the 2023 budget deficit would have exceeded 9%. The fund will continue to serve as the primary source of emergency financial assistance in times of slow growth, heightened volatility in debt and equity markets, and geopolitical turbulence. In 2023, President Tokayev criticized wasteful uses of National Fund reserves and reiterated the need to access them only in pursuit of strategic pro-growth agendas.

Fiscal stability



9 | Private Property

Property rights are enshrined in Article 26 of the constitution and further protected by the Civil, Land, Tax and Subsoil Use codes, as well as the Law on Investments. Since the mid-2010s, a series of reforms have been implemented to strengthen the protection of property rights and streamline the acquisition and disposal of private property.

At the same time, problems remain regarding enforcement. In 2017, a Kazakhstani court ordered Forbes Kazakhstan and several other media outlets to publicly retract their statements about a former minister they had accused of racketeering, among other things. The minister's junior business partner, an investor from Germany, had reportedly been deprived of assets through extortion. In November 2022, the Supreme Court definitively sided with the foreign investor in his protracted litigation against the ex-minister, and ordered the latter's company to reimburse the claimant €7.1 million.

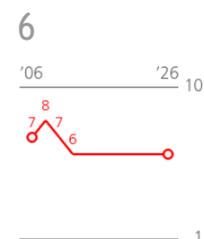
In November 2018, a U.S. court awarded \$525 million to Moldovan businessmen Anatol and Gabriel Stati, who sued the Kazakhstani government in 2010 over a failed gas project. The Statis claimed that authorities had deliberately destroyed their business venture. The 14-year litigation concluded with an undisclosed settlement in December 2024.

Waves of voluntary asset transfers since 2022 in favor of the state budget by businesspeople who made their wealth under Nursultan Nazarbayev, including the former president's relatives, have raised concerns among local observers. Chief among these is the concern that the Tokayev administration has been using behind-the-scenes settlements to recover allegedly unlawfully acquired assets in exchange for reduced sentences or immunity from prosecution. According to official statistics, authorities had recovered a total of \$2.3 billion worth of assets as of late 2024. Yet what happens to most of these assets once recovery is successful remains unclear.

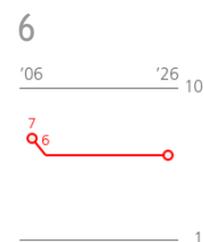
Official rhetoric emphasizes the strategic role of private enterprises in socioeconomic development, job creation and economic diversification away from the extractive industries. However, the state perpetuates historical imbalances through a sovereign welfare fund – or rather a joint stock company – called Samruk-Kazyna, which still accounts for about 60% of Kazakhstan's GDP. This entity owns controlling shares in the rail and postal services, Air Astana, and the state oil and gas company, among its other holdings. In November 2018, then-Deputy Prime Minister Yerbolat Dossayev described the state's share in the economy as “very high” and stated that 70% of all business activity in the country was directly or indirectly due to government tenders.

In January 2021, President Tokayev, who had repeatedly criticized the slow pace of privatization, instructed the government to accelerate the process. In December 2022, Samruk-Kazyna sold a modest 3% of the stock of the national oil and gas company

Property rights



Private enterprise



KazMunaiGas in an initial public offering (IPO). KazMunaiGas had been included in the comprehensive privatization strategy for the 2016 – 2020 period. Earlier IPO plans were canceled in 2020 due to unfavorable market conditions. As of November 2024, out of 675 state and “quasi-state” properties slated for sale under the privatization plan running through 2025, 285 had already been privatized.

In April 2023, Bloomberg reported that the Kazakhstani government had filed an arbitration claim for \$13 billion against the international consortium that operates the giant Kashagan oilfield off the Caspian Sea. The claim concerns alleged improprieties in recording expenditures deducted from future profits attributable to Kazakhstan. One year later, the size of the claim had ballooned to \$150 billion, followed by another \$10 billion increase reported in August 2024. The government has been walking a tightrope in this regard, as it wants the country to be the top regional destination for foreign investment while also seeking redress in a few landmark historical deals made during the Nazarbayev era.

10 | Welfare Regime

In 2019, so-called self-employed workers – that is, seasonal workers or sole traders with no formal registration who often lack stable incomes – were required by law to make a single comprehensive payment (ESP), set at the lowest possible level for those in rural areas. Payment of the ESP granted access to social benefits and health care. The ESP was phased out beginning in 2024, obliging self-employed workers either to register as individual entrepreneurs or to become salaried employees, in which case social security contributions become the responsibility of the employer.

In August 2024, self-employed individuals officially made up 24.1% of the total workforce, down from 35% in 2008. However, their actual number may be higher.

Following the one-time write-off of defaulted consumer debt in July 2019, which benefited about 500,000 low-income earners, the Tokayev administration announced in April 2020 a fairly comprehensive package of COVID-19-related support measures – including unemployment benefits, food baskets to the most vulnerable, a 10% increase in state pensions and access to health services even without valid medical insurance.

The January 2022 civil unrest resulted in additional state support. For example, the government froze utility tariffs; capped the prices of certain energy products such as diesel, gasoline and lubricants; restricted the export of certain commodities to keep market prices down; and began subsidizing the cost of essential foods. In October 2024, the state agency in charge of the protection and promotion of competition indicated that fuel prices might be uncapped to stave off the outflow of fuel to neighboring countries, where average prices have been higher.

Social safety nets

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Access to social safety nets is guaranteed by law in principle, but remains problematic for people who earn just enough to stay above the national poverty line yet cannot afford many basic necessities. Other eligibility criteria may include official employment, an ability to demonstrate a history of social security contributions and an official residential address, while the application process itself remains unnecessarily complex. Foreigners and stateless individuals generally have greater difficulty accessing social benefits than citizens. Inadequate public spending is a further impediment to expanding social security coverage. In 2023, Kazakhstan spent approximately 2.9% of GDP on health care provision, compared with the OECD average of 7.6% in 2021.

In the World Economic Forum’s 2024 Global Gender Gap report, Kazakhstan was ranked 76th out of 146 economies, down from 66th four years earlier. It received a ranking of 28th place with regard to economic participation and opportunity (versus 29th), and 36th place for educational attainment (versus 27th). In this regard, Kazakhstan is a top performer in Central Asia, offering equal access to education to men and women. It was further ranked at 46th place in the category of health and survival (versus 44th), and only 116th in political empowerment, down from 103rd in 2020. Disparities in access to quality education exist mainly between urban schools and poorly equipped, often understaffed rural schools.

Following the March 2023 elections to the Mazhilis, only 18% of seats were held by women, down from nearly 27% in the previous legislature. As of January 2025, the cabinet of ministers included four women, up from three two years earlier. All of them oversee traditionally “female” sectors such as health care, labor and social protection, and culture and information.

Kazakhstan’s official data on unemployment rates are historically biased, but even these figures show a disparity between men and women to the latter’s disadvantage (5.2% vs. 4.2% in Q2 2024). The real disparity is likely somewhat narrower given the prevalence of men in precarious self-employed jobs (54.5% vs. 45.5% in Q2 2024). The UNDP’s Gender Inequality Index shows that Kazakhstan has made significant progress since 2011 and especially since 1995.

Although Article 14 of the constitution prohibits all forms of discrimination, inequality and discrimination based on religion, sexual orientation and political convictions persist. For example, the Amanat ruling party and other state bodies restrict employment for individuals who openly practice a religion. Ethnic inequality primarily results from strict requirements for public service positions, particularly the need to demonstrate proficiency in the official Kazakh language.

Equal opportunity

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11 | Economic Performance

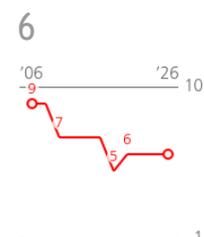
The COVID-19 pandemic, which was partly responsible for an oil price crash at the start of 2020, caused significant economic disruption with lasting effects. Real GDP contracted by 2.6% in 2020, but only by 0.9% in nominal terms. The economy rebounded quickly, growing by an average of 4.1% in the 2021 – 2023 period. This growth rate remains well below the annual rates recorded over the previous decade. In 2023, Kazakhstan's nominal GDP reached \$261.4 billion, compared with the earlier peak of \$243.8 billion in 2013, while its 2023 GDP per capita rose 15.7% year-on-year to \$13,300 from \$11,500 in 2022.

The rate of inflation eased only slightly from 15% in 2022 to 14.7% in 2023, but has since decelerated considerably, falling to 8.4% (annualized) in November 2024. The budget deficit contracted to 3.1% in 2021 as higher oil prices boosted headline growth; it declined again to 2.1% the following year before rising back to 2.6% of GDP in 2023. More recently, the government projected a deficit of 2.7% for all of 2024. Concerning unemployment, official statistics estimated the rate at around 5% to 6%, but the reliability of these data is frequently called into question.

As for the current account balance, it recorded a deficit of \$8.7 billion in 2023 after a surplus of \$7.1 billion in 2022. The previous time a surplus was recorded was in 2013 (+\$4.5 billion), while the largest surplus of \$14 billion dates back to 2011. In comparison, the biggest current account deficit occurred during the first year of the COVID-19 pandemic, amounting to \$10.9 billion in 2020. The trade account surplus shrank from \$34.9 billion in 2022 to \$20.2 billion a year later owing to increased imports (+17.9% year-on-year) and lower exports (-6.7% year-on-year). The largest trade account surplus, equal to \$48.7 billion, was recorded in 2011.

According to central bank statistics, Kazakhstan attracted almost \$247 billion in gross foreign direct investments (FDI) between 2010 and 2024, of which \$83.7 billion went into oil and gas production and \$18.8 billion into mining. Gross FDI flows in 2023 decreased by 16.9% year-on-year to \$23.4 billion. In October 2024, the Kazakhstani government approved a new investment policy through 2029 that aims to generate at least \$150 billion in new FDI flows before the end of the decade. As a side effect of Western sanctions on Moscow, investment in transport and warehousing increased at a particularly rapid pace in 2023 at the expense of Russia's role as the distribution hub serving Central Asia.

Output strength



12 | Sustainability

Kazakhstan is prioritizing more efficient environmental protection in the near and medium term. Renewable energy is a crucial part of an overall strategy to diversify energy sources and decrease emissions. In February 2018, the National Economy Ministry announced plans to invest about KZT 1 trillion in renewables. The European Bank for Reconstruction and Development (EBRD) had earlier committed to investing up to €200 million in high-priority renewable energy projects. As of August 2024, there were 148 operational facilities throughout the country.

The government expects the country will obtain close to half its total energy consumption from renewable sources by 2050 and as much as 15% (up from the previous goal of 10%) by 2030. In January 2022, President Tokayev announced that Kazakhstan would commission 6.5 gigawatts of additional renewable power generation capacity by 2035. These are ambitious goals, given that the share of renewable energy in the domestic energy mix was only 5.8% in late 2023. The government officially supports renewable energy investments through special legislation. In 2017, a new system of subsidies was introduced, replacing the pre-2017 framework in which investors in renewable energy projects received fixed tariffs for the sale and distribution of electricity for up to 15 years.

In early 2018, the government announced the launch of a CO₂ emissions trading platform, but implementation was postponed until the adoption of the new Environmental Code in 2021. In January 2021, President Tokayev signed the new Environmental Code into law, allowing the largest polluters – 50 enterprises account for over 80% of total emissions – to modernize their production facilities with state support in the form of environmental tax breaks for up to 10 years. The Code also introduces the waste-to-energy concept in an effort to incentivize recycling of industrial and household waste.

In February 2023, as part of a new climate policy strategy, Kazakhstan incorporated a target of reaching net-zero emissions by 2060 into law. This statement, which is not particularly ambitious, did not strengthen the short-term goals identified in a June 2023 submission to the U.N. Framework Convention on Climate Change, thus leaving the previously announced emissions reduction targets for 2030 unchanged. Climate Action Tracker, an independent scientific consortium, estimates that Kazakhstan will not meet its climate targets, because emissions are projected to continue growing until at least 2035 under current policies.

Overall, environmental issues remain acute nationwide, particularly regarding poor air quality and increasing water scarcity, which receive considerable attention in the field of environmental protection. Since 2018, persistently high levels of atmospheric air pollution in Astana, Karaganda, Zhezkazgan and Temirtau have become more prominent, with the former capital Almaty ranking as one of the most polluted cities in the world.

Environmental
policy

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Thanks to a strong system of secondary and higher education established during the Soviet era, Kazakhstan maintains high literacy rates (99.8% in 2020) and has compulsory schooling, achieving steadily improving annual results in the U.N. Education Index since 2011. The country spent about 4.9% of GDP and 6% of all state expenditures on public education in 2023, down from 11.1% of total spending in 2022. In Kazakhstani tenge, the actual amount spent on education in 2023 declined year-on-year by 35%. Meanwhile, R&D expenditures still do not exceed 2% of GDP.

The problem of inequality in education – depending on the type of school, language of instruction, and urban versus rural location – remains poorly addressed. The COVID-19 pandemic exacerbated inequality when thousands of schoolchildren in rural areas struggled to continue their schooling because of inadequate technological infrastructure and a lack of access to broadband internet services.

In 1993, then-President Nursultan Nazarbayev established the Bolashak scholarship program to educate youth abroad. The program was democratized and its scope expanded in 2005. It currently emphasizes postgraduate education in technical fields that align with growing domestic demand for trained specialists. Nazarbayev University, founded in 2010 and based in Astana, has become the national center of excellence in higher education, largely due to its Western-style curricula and high-caliber staff – including broad-based international cooperation – who are graduates of some of the West’s leading universities.

Education policy /
R&D

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Governance

I. Level of Difficulty

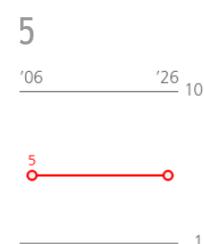
Kazakhstan has a mixed post-Soviet legacy: a resource-intensive economy, a well-educated workforce, well-developed secondary and higher education sectors, and strong health care systems on the positive side, and a landlocked geography, inadequate transport infrastructure for such a vast territory, and weak institutions on the negative side. The abundance of natural resources, which enabled annualized economic growth of 23.9% between 2000 and 2009 during the commodities “superboom,” has become a powerful curse and vivid corroboration of the Dutch disease theory. The energy sector has historically attracted the bulk of all FDI, resulting in structural underinvestment and uncompetitive pricing patterns in non-extractive industries.

Weak institutions in Kazakhstan are partly a result of the country’s lack of prior democratic experience, as it transitioned directly from feudalism to tsarism under the Romanovs, and later to a command economy and centralized totalitarian governance during Soviet times. However, the ruling regime and political elites have also deliberately avoided investing in a democratic transition, a fact that has left Kazakhstan lagging behind its southern neighbor Kyrgyzstan, which has succeeded in building democratic institutions even though these remain unstable and prone to manipulation.

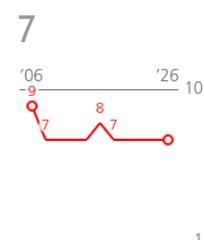
The January 2022 civil unrest unexpectedly ended the Nazarbayev era when President Tokayev sidelined his mentor, who since 2019 had functioned as a second center of power, by forcing his predecessor to resign his lifelong chairmanship of the Security Council. However, the continued lack of political liberalization has been coupled with insufficient progress in economic diversification, to the extent that Kazakhstan’s economy remains structurally dependent on oil exports. In that sense, the Nazarbayev legacy lives on.

Kazakhstan’s civil society is fundamentally weak and relegated to the margins of political and socioeconomic life, where it has little ability to influence the way state policies are decided and implemented by the ruling elites. There is no ingrained culture of civic activism, though this is today developing quickly among young Kazakhstanis. Many registered NGOs and public associations lack access to stable funding, do not have technical skills or ample human resources, and are generally not recognized for their worth. Dependence on state grants creates a vicious circle in which recipients of state funding find it difficult or impossible to criticize the government, whether in areas of their direct responsibility or on secondary issues.

Structural
constraints



Civil society
traditions



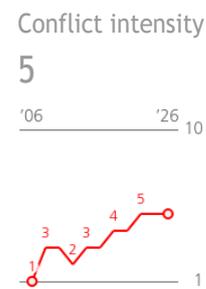
Access to international funding has been curtailed since Kazakhstan became an upper-middle-income economy according to assessments by the World Bank and IMF. Foreign donors are increasingly insisting on greater participation by local authorities in the development of civil society. In August 2020, President Tokayev promulgated the Civil Society Development Concept that will last through 2025, the official aim of which is to strengthen the “system of partnership” between the state, businesses and civil society. The previous plan by the same name was adopted in 2006 and expired in 2011. In practice, neither plan engineered any substantial changes in the way the state treats civil society, and most recommendations put forward by CSO representatives have been ignored.

In recent years, a new wave of citizen activism has emerged. Today, most civic activities occur outside the context of NGOs. Activism has taken various forms, from mass protests – such as the Oyan Qazaqstan movement or Feminista marches – to individual actions like “You Can’t Run Away From the Truth: I Have a Choice,” one-person protests, art activism, and citizen assistance initiatives, including those supporting the LGBTQ+ community.

The growing manifestations of citizen activism are eclectic and even chaotic. Some activists oppose the state more directly and openly than traditional NGOs, since they do not face the challenge of maintaining ongoing dialogue with the authorities. At the same time, civil activism is pragmatic; activists tend to seek practical solutions to specific problems as an alternative to formal involvement in politics.

The authorities maintain a tight grip on protest activity and use various excuses to ban mass rallies, even when it is understood they will be held peacefully and will be subject to pre-authorization or, since 2020, prior notification. Social strife intensified at the end of 2020 and culminated between December 2021 and January 2022, following the overnight liberalization of liquefied petroleum gas prices in western Kazakhstan. Mass protests spread across the country, with violent mobs ransacking the former capital, Almaty, where the city government headquarters and the presidential residence were burned to the ground. At one point, President Tokayev declared a state of emergency and a partial curfew; he also warned of the alleged arrival of about 20,000 heavily armed extremists, some of whom were said to be foreign nationals trained abroad.

In Kazakhstan, the events of January 2022 are known as Qandy Qantar (Bloody January). According to official statistics, 238 people died and more than 4,350 protesters were wounded, while among law enforcement, 19 people died and nearly 3,400 personnel were wounded. President Tokayev called in a limited military contingent of the Russia-led Collective Security Treaty Organization (CSTO) to stabilize the domestic security situation. Afterward, the protests quickly subsided, and law and order were restored throughout the country. However, thousands of people were arrested and put on trial, most often on charges of terrorism and



extremism. Their families have frequently claimed that the defendants were bystanders or peaceful protesters who were taken advantage of by hooligans, looters and professional criminals.

In February and again in July 2020, interethnic clashes occurred in southern Kazakhstan between Kazakhs and Dungans, and Kazakhs and Uzbeks, respectively. The former incident ended with the deaths of 11 people and more than 50 injuries. Authorities consistently deny the existence of interethnic tensions, despite the fact that the February 2020 incident reportedly led to the emigration of 12,000 Dungans across the border to Kyrgyzstan. In October 2021, a school brawl escalated into violence between Kazakhs and Uyghurs in Almaty Oblast. Kazakhstani authorities refer to interethnic conflicts as “domestic conflicts” or attribute them to criminal gangs.

Labor disputes recur at regular intervals. In January 2023, more than 700 employees of KKC-Sicim, an oilfield services company active in West Kazakhstan Oblast, went on strike to protest high inflation rates, low salaries and difficult working conditions. They addressed an open letter to President Tokayev asking for his intervention. In December 2024, about 200 miners employed by Kazakhmys, a leading mining company that was privatized in the 1990s, stopped working in Satpaev, central Kazakhstan, in order to demand wage increases. Dozens of similar actions have taken place since Bloody January, mostly in the western regions.

II. Governance Performance

14 | Steering Capability

Kazakhstan’s executive regularly sets long-term strategic goals, most often in response to presidential initiatives. These include the Kazakhstan 2050 strategy of 2012; the 2015 announcement of 100 practical steps to implement five key institutional reforms that were intended to enable Kazakhstan to become one of the world’s 30 most developed nations; and the Strategic Development Plan looking ahead to 2025, adopted in February 2018.

Goal setting is rarely conducted systematically, with many programs interrupted and replaced before the end of their term, sometimes causing considerable overlap. Short-term considerations almost always outweigh long-term ones, with new initiatives often directly contradicting previous official announcements.

For instance, in April 2018, President Nursultan Nazarbayev publicly pledged that the government would no longer bail out failing financial institutions after having spent more than \$10 billion in direct and indirect aid to the sector. Yet in August

Question
Score

Prioritization

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2018, the National Bank of Kazakhstan (NBK) extended an emergency loan to TsesnaBank, then Kazakhstan’s third-largest bank in terms of assets and its second-largest by loan portfolio size. In September 2018, the NBK agreed to buy out the institution’s toxic assets. In January 2019, the state extended another aid package totaling \$3.4 billion to the wholly private bank.

Since taking office in 2019, President Tokayev has decreed the establishment of four new government agencies, including the Agency for Strategic Planning and Reform (September 2020), which has taken over a vast portfolio of advisory, coordination and planning functions from the Ministry of National Economy. In September 2020, Tokayev established the Supreme Reform Council under the presidency as proof of his personal commitment to long-term transformation objectives. The June 2022 constitutional referendum upgraded the Constitutional Council to the Constitutional Court. At the same time, the Ministry of Education and Science was split into the Ministry of Science and Higher Education and the Ministry of Enlightenment. The proliferation of administrative reforms as a substitute for root-and-branch political modernization has been a hallmark of Kazakhstani policymaking since the early 2000s.

Much as with policy formulation, policy implementation often lacks consistency with initial goals, and is ultimately driven by short-term thinking. The lack of political will to initiate drastic reforms capable of upending the status quo is the root cause of many of Kazakhstan’s woes. This observation has remained valid even after a page was turned following the 2022 withdrawal from political life of the first president of post-independence Kazakhstan, Nursultan Nazarbayev.

Economic diversification exemplifies the challenges of policy implementation. Kazakhstan has sought to move its economy away from oil and gas for more than two decades, but its efforts have resulted in little progress. In fact, the state has become increasingly involved in the economy rather than withdrawing from it. The continued prevalence of parastatal entities – in which the state retains significant ownership, but which are nominally supposed to operate according to market rules – has slowed the already weak pace of reform. The redistribution of financial flows among state and parastatal entities is central to domestic power struggles, and tends naturally toward concentration and consolidation among a small group of power brokers.

Another example is climate policy. In its February 2024 country update, the IMF noted:

“Rapid progress on climate policies is needed to meet Kazakhstan’s 2030 commitments.” The IMF has repeatedly issued critical observations about the general operation of the Kazakhstani state apparatus, particularly with regard to policy implementation. For instance, the IMF stated in 2022: “Numerous public entities, including state-owned enterprises (SOEs), the National Bank of Kazakhstan and off-budget funds, still undertake quasi-fiscal activities, leading to dispersed and uncoordinated public spending and weakening accountability.”

Implementation

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Policy learning is haphazard, and is generally the result of conjuncture rather than an outcome produced by efficient, operational and constantly evolving institutional frameworks. In terms of structural issues requiring priority-level corrective measures, long-term innovation divorced from business-cycle or broader economic impacts has been almost entirely supplanted by short-term opportunistic decision-making.

Banking sector reform is a good case in point. The costly bailouts of numerous banks in 2008 – 2009 and 2017 – 2018 were supposed to serve as a lesson learned from real-life experience. However, it took the authorities much time and effort to rein in banks' reckless lending practices, and to root out their most egregious corporate governance flaws. The government's successes have been limited to strictly enforcing formal rules on capital adequacy and loan loss provisions in line with international best practices (e.g., Basel III), while risk management continues to lag and conflicts of interest abound.

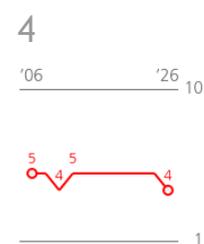
Shortly before the onset of the COVID-19 pandemic, the government approved two new strategic development programs in the areas of health care and education, with implementation set to stretch through 2025. In October 2021, President Tokayev also promulgated 10 national projects in the areas of public health, education, national and cultural identity, technological innovation and digitalization, entrepreneurship, regional development, sustainable economic growth, green energy, agriculture, and public security. These projects followed the familiar pattern of top-down initiatives, with many ultimately becoming mired in a combination of red tape, underutilization of allocated resources and deficient performance monitoring.

The government's slow and fragmented responses to past crises offer another example of ineffectual policy learning. The devastating floods in spring 2024 occurred amid years of neglect of overdue upgrades to water retention mechanisms across the country, including dam modernization and the construction of new protective structures.

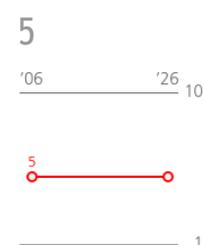
15 | Resource Efficiency

Appointments to and dismissals from key government positions are the prerogative of the president. Although the 2017 constitutional reform expanded the parliament's authority – for instance, by restricting the president's choice of prime minister to the pool of candidates fielded by the ruling party – these changes have little bearing on the real political situation. The appointment of most ministers – except the ministers of foreign affairs, defense and interior – is a shared responsibility of the president and prime minister, with the additional consultation of parliament ostensibly mandatory. In practice, the prime minister, the entire cabinet, Supreme Court justices, regional and major city governors, and many other officials are directly appointed by the head of state.

Policy learning



Efficient use of assets



The context is different for most civil servants whose recruitment and employment are governed by the 2015 Law on Civil Service. In 2012, all public servants were divided into several classes, with career advancement increasingly contingent on performance. Despite these reforms modeled on OECD standards, the public administration is still viewed as clunky and inefficient. In its Global Competitiveness Index reports, the World Economic Forum has repeatedly identified “inefficient government bureaucracy” as a structural challenge to doing business in Kazakhstan.

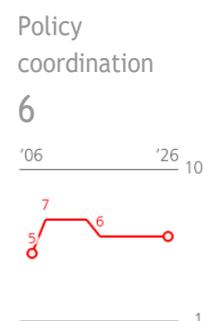
Regulatory and administrative “inflation” is also a prominent issue. Creating a new ministry or agency, or adopting new laws and regulations, is often seen as a sufficient response to specific problems.

In terms of budgetary discipline, two factors are worth noting. Kazakhstan’s significant exposure to unpredictable external conditions makes it extremely difficult to ensure sound budget planning and execution without thorough analysis and subsequent policy adjustments. Fluctuating oil prices require regular revisions of growth forecasts – sometimes several times a year – along with updates to inflation, current account balance and budget deficit estimates.

Instead of functioning collectively, policy coordination is handled almost single-handedly by the presidential administration, which exercises effective oversight over government decisions at both the national and regional levels. Relations between the government and parliament may appear competitive on the surface, as cabinet ministers often have to justify their actions before legislators. Yet final decisions are almost always driven by the president’s office and encounter little resistance from either lawmakers or the cabinet members involved. The president has the first and last word. Relations among ministries and their personnel are limited, with almost no interagency cooperation on the issue of national security, for example.

It is therefore unsurprising that whenever a contentious issue arises that may adversely impact people’s livelihoods, direct appeals continue to be made to the president in his capacity as the last arbiter. The incumbent has the authority to scrap draft laws by either vetoing them or withdrawing them from parliamentary debates. Moreover, he can revoke or amend existing measures and propose new ones that are then quickly taken up and approved through formal democratic channels.

As a result, policies are coordinated from the top down, leaving little room for civil society participation (i.e., public councils under local akimats), institutionalized lobbying (which is nonexistent) or interministerial consensus-building. This situation persists in an environment characterized by limited political competition.



Anti-corruption efforts in Kazakhstan are overseen by the Anti-Corruption Agency, which was established in June 2019 as the successor to the National Anti-Corruption Bureau under the Agency for Civil Service and the Fight Against Corruption. The agency is subordinated to and reports directly to the president. It has assumed responsibility from the National Anti-Corruption Bureau for implementing the national anti-corruption strategy for 2015 – 2025. In November 2015, then-President Nazarbayev signed into law a new anti-corruption bill that replaced a 1998 law. In February 2022, President Tokayev endorsed a new anti-corruption strategy extending through 2026.

In recent years, Kazakhstan’s authorities have intensified efforts to publicize their anti-corruption policies using a combination of social media, on-site visits and public discussions. Public councils, which operate as state bodies and currently comprise more than 4,000 members, serve as another actively used tool. By February 2024, 268 such organizations had come into existence, with 35 at the national level and 233 operating locally. In 2015, the Law on Access to Information took effect, but its effective use has been severely limited by various exemptions and regulatory discrepancies.

This is in addition to the broad deployment of e-government functions, which authorities expect to use to combat corruption by eliminating direct contact between applicants and public officials. In its 2020 assessment report, the World Bank praised the increased alignment of Kazakhstan’s mandatory e-procurement rules with global best practices, yet also expressed some criticisms. State-owned companies remain largely outside the unified legal framework (which now encompasses parastatal entities as well), while foreign bidders face competition-related obstacles.

In January 2020, Kazakhstan became the 50th member state of the Group of States against Corruption (GRECO), the Council of Europe’s body responsible for ensuring compliance with and effective implementation of the Council’s anti-corruption standards. In a March 2022 report, GRECO noted that “the anti-corruption action taken by the Kazakh authorities, while commendable, needs to translate itself into more impact-driven results” and that “the lack of a developed civil society with truly independent interest groups” made fighting corruption challenging.

Prior to 2014, the Agency for Fighting Economic and Corruption Crimes was responsible both for anti-corruption efforts and for combating organized financial crimes such as money-laundering, fraud and terrorism financing. Since 2021, the Agency for Financial Monitoring has led highly publicized anti-financial crime investigations, such as the case against Kairat Boranbayev, former CEO of KazTransGas. It has also helped return to the state significant assets surrendered by wealthy individuals, including members of former President Nazarbayev’s extended family.

Anti-corruption
policy

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Universal asset and income declarations were introduced in January 2021 as part of a multistage process. In Stage 1 (2021 – 2022), the obligation to declare assets applied to public officials and their spouses. In Stage 2 (2023), it began to apply to employees of state-owned enterprises and parastatal entities and their spouses. In Stage 3 (2024), it was further extended to managers and owners of any legal entities as well as to sole traders, along with their spouses. The declarations were supposed to apply to everyone else in 2025, but in November 2024 the government decided to scrap Stage 4, arguing that the remaining individuals' income and financial positions were already sufficiently visible.

16 | Consensus-Building

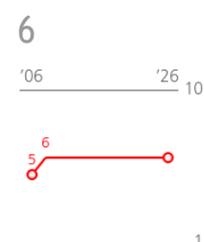
Little has changed over the years regarding the acceptance of democracy and market economic principles by political elites. In 1991, Nursultan Nazarbayev articulated his “economy first, politics later” approach, which has since served as the guiding principle for domestic policymaking. Although there is consensus on this approach, political actors have yet to agree on the specific form that Kazakhstan’s democracy and market economy should take. Nazarbayev repeatedly stated that Kazakhstan would follow its own path of democratization grounded in its unique historical experience, taking into account the mentality of its people and the lessons learned from instability in numerous democratic countries without a strong leader. His successor, Kassym-Jomart Tokayev, has spoken in similar terms, always stressing his preference for “evolution over revolution” and his intolerance of political radicalism.

Similarly, while the market economy is unanimously accepted as a fundamental virtue – hence the relative unpopularity of communist ideas, which are considered an element of the past – there is no consensus on the long-term strategic steps needed to realize this ideal. Since succeeding Nazarbayev as president in March 2019, Tokayev has made a series of overtures to civil society and has pledged stronger support for political and economic liberalization. These developments notwithstanding, Kazakhstan continues along the development path laid out by Nazarbayev, even though he no longer restrains Tokayev’s margin for maneuver, having effectively left politics in 2022.

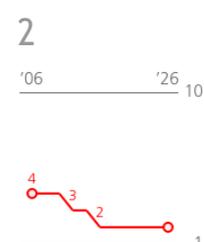
Largely due to the regime’s enduring authoritarian nature, Kazakhstan’s political landscape defies easy categorization into reformers and proponents of the status quo. A distinctive feature of Kazakhstani society is its sustained political illiberalism, which was intentionally left untouched by the 2019 power transition. Consequently, no political force formally or implicitly endorsed by the regime prioritizes democratization in the sense of political liberalization.

With respect to economic reforms, liberal-minded elements within the establishment have an impact only at the margins of policy. The 2013 pension reform, which placed all private pension funds under state management, prompted National Bank Governor

Consensus on goals



Anti-democratic actors



Grigory Marchenko to leave politics. The group of genuinely reformist young officials saw its cohesion fracture in the 2000s following the unsuccessful challenge to President Nazarbayev’s rule by Mukhtar Ablyazov, who was then a government minister (and, after a brief prison term, has been in exile since). Many of Ablyazov’s associates – for instance future NBK Governor Kairat Kelimbetov – were subsequently co-opted by the ruling regime and abandoned their liberal views.

Nazarbayev’s successor, Kassym-Jomart Tokayev, publicly supports greater democratization and political modernization. Nevertheless, he appears to lack both the intention and the capacity to implement deep reform of the current system. In a widely cited article from January 2021, the president emphasized the need for caution in pursuing rapid reforms, underscoring his reluctance to follow a genuinely reformist path. The civil unrest of January 2022 further reinforced hesitancy among the political leadership to challenge the status quo. The slow pace of reform is also aggravated by efforts at sabotage from the entrenched bureaucracy and vested interest groups with lingering loyalty to the Nazarbayev clan.

Unlike some other post-Soviet countries, Kazakhstan avoided structural instability amid widespread acceptance of Nazarbayev’s “economy first, politics later” principle, first invoked in 1991. The period of rapid growth in the 2000s benefited wide swaths of the population, most of whom still vividly remembered the poverty of the perestroika era and the 1990s. Trickle-down economics also enabled the emergence of a new oligarchic class clustered around the presidential family. Nazarbayev was efficient at mitigating social contestation through generous handouts, inflation-indexed social benefits and the avoidance of interelite strife, which could have led to turmoil at lower echelons.

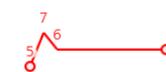
Until 2022, the 2011 protests that ended with a forceful police crackdown in Zhanaozen were the main sore spot on an otherwise successful track record. Although the vertical of power built by Nazarbayev has proved resilient, labor strife continues to pose a lasting challenge. The Bloody January events of 2022 again brought this harsh reality to the fore. During this period, several hundred people died in violent clashes across the country, especially in the former capital Almaty, where the historical center was ransacked and looted. Interethnic tensions are also frequent, although authorities seek – rather unsuccessfully – to downplay this phenomenon.

Since Nazarbayev’s definitive political retirement in the first half of 2022, President Tokayev has been steadily consolidating his standing with Nazarbayev-era elites, including prominent oligarchs and regional vested interests, through a combination of co-optation and intimidation. In response to the unrest in January 2022, he also launched his “New Kazakhstan” concept, aimed at a continuous reform of the state apparatus and efforts to overcome various societal divides. Some reforms have indeed been introduced, such as a new electoral system and a loosening of the requirements for party registration. However, as with Tokayev’s previous “listening state” concept announced in 2019, this is again more appearance than substance.

Cleavage /
conflict
management

6

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Civil society is a marginal actor and does not actively participate in the formulation or execution of state policies, even in areas where it has the most expertise. The government emphasizes the direct involvement of civil society groups – for example, as members of expert councils or public councils within ministries – in discussions of new legislative initiatives; state programs; and long-term plans, strategies or concepts. However, this participation is mostly for show. In April 2024, the Law on Public Oversight took effect, establishing a stronger legal basis for the functioning of public councils. The government also had plans to add new members to approximately 80% of the councils in 2025 alone.

During the constitutional reform of 2017, the commission responsible for general coordination of the process included independent members of the legal profession, scholars and public activists, although it was chaired by the head of the presidential administration. A similar level of participation can be found on other public commissions or committees organized for specific purposes. However, these individuals do not exercise any real influence over the outcomes of the deliberations in which they are asked to participate, nor do they have ownership of the results.

Invoking his concept of a “listening state,” President Tokayev established the National Council of Public Trust in July 2019, with the ostensible aim of empowering civil society and making it an integral part of the policymaking process. The authorities affirm that the council actively participates in lawmaking. Nonetheless, it has a purely consultative function in practice, and many initiatives from its most outspoken members have been simply ignored.

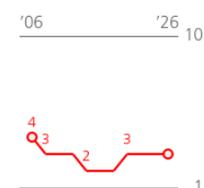
In February 2020, political activist Bakhytzhan Bukharbay resigned from the National Council of Public Trust over his opposition to a draft law on assemblies. He argued that the cabinet of ministers had undermined the drafting process, contrary to the president’s wishes.

In March 2022, Tokayev decreed that the council should be replaced by a National Congress (Ultyq Kurultai) under his personal chairmanship. However, this new body appears to have done little since its foundation apart from facilitating one-on-one exchanges between its prominent members and the president, for example. The Ultyq Kurultai program on Khabar TV hosts experts discussing salient issues, and has an associated app.

Since Tokayev’s election to the presidency, a new wave of often-informal civil society organizations has emerged. These include the Oyan, Qazaqstan movement, which remains on the sidelines of political life but has nonetheless managed, at least temporarily, to spark interest in important societal issues. One such issue is the problem of domestic violence, which drew public attention following the November 2023 murder of a young Kazakh woman by her domestic partner, a wealthy former minister of economy.

Public
consultation

3



There has been no historical or ongoing process of reconciliation dealing with the past. Kazakhstan's pre-independence history is mostly exempt from explicit judgmental references to past injustices, even though such injustices are mentioned as part of the broader historical context. The tsarist and Soviet periods are generally presented in current Kazakhstani historiography as times of colonization; however, no explicit discourse of victimization exists in the public sphere.

This applies, among other examples, to the mass famine of the 1930s during collectivization, which was brutally enforced by the Stalinist regime not only in Kazakhstan but also in Russia, Ukraine and other Soviet republics. Unlike Ukraine, which chose long ago to commemorate the famine known there as Holodomor, causing frequent tensions with neighboring Russia, Kazakhstan prefers a nonaccusatory approach to the study and discussion of its own 1930s famine.

In June 2020, the Ak Zhol party called on the government to seek international recognition of the mass famine, which is believed to have killed half of then-Soviet Kazakhstan's Kazakh-speaking population. The initiative went nowhere because the Tokayev administration's position on the issue is to avoid tensions with Russia at all costs, as Russia is a strategic diplomatic, trade and military partner. This has not prevented nationalist civil society organizations, activists and the public from staging annual commemorations of the Asharshylyk, which refers to the mass deaths from hunger in 1931 – 1932.

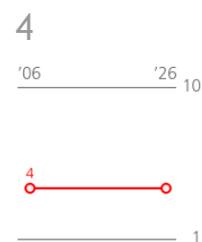
17 | International Cooperation

Since independence, Kazakhstan has relied heavily on foreign loans to support its economic development agenda, particularly for capital-intensive industrial and infrastructure projects. As of April 2024, the Netherlands had an overwhelming lead in this pool of lenders with \$42.7 billion in outstanding claims, followed by Russia (\$12.9 billion), the U.K. (\$12.4 billion), the U.S. (\$11.7 billion), France (\$11.1 billion) and China (\$9.5 billion).

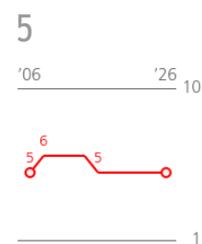
OECD Development Assistance Committee data show that net development assistance inflows to Kazakhstan rose from \$15.4 million in 1993 to a peak of \$338.1 million in 2008, before declining each year since then to less than \$60 million in 2017. Although Kazakhstan became an upper-middle-income country (as per the World Bank's classification) in 2006, the associated reductions in foreign aid began to appear after a lag of about three years. Since then, it has been assumed that Kazakhstan should allocate more of its own resources to domestic development goals.

The efficiency of international assistance is notoriously difficult to quantify. The country's failure to implement structural reforms recommended by international organizations – for instance in the areas of economic diversification, political liberalization and market-based privatization – explains why most of the funds have

Reconciliation



Effective use of support



ended up being used to satisfy short- or medium-term policy goals. On one hand, international aid – especially technical assistance – certainly helped Kazakhstan modernize more quickly, ultimately bringing its GDP per capita to the upper-middle-income level. On the other, Kazakhstan’s continued vulnerability to external shocks is evidence of a systemic lack of strategic focus in past policy implementation.

Since 1997, Kazakhstan has spent more than \$600 million on humanitarian projects in third countries and, in April 2017, launched its own official development assistance (ODA) program. A special law on the issue and a strategic plan through 2025 were adopted.

Thanks to its multi-vector foreign policy, regional leadership in cross-border cooperation and economic integration, and long-standing support for peaceful coexistence among nations, Kazakhstan has long been seen as a role model in Central Asia and the broader Eurasia region.

The country enjoys strong credibility in the global arena and has repeatedly succeeded in boosting its visibility by hosting such landmark events as the OSCE summit in 2010, the 2011 Winter Asian Games, Expo 2017, the rotating chairmanship of the U.N. Security Council in January 2018, the quadrilateral Syria peace process, and various global and regional integration initiatives. Kazakhstan also sat on the U.N. Human Rights Council for the 2022 – 2024 term. Most recently, in 2024, Kazakhstani authorities offered to host peace talks between Armenia and Azerbaijan.

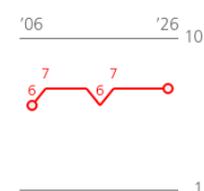
The above notwithstanding, there have been some credibility issues. International NGOs regularly criticize Kazakhstan for its authoritarian regime, deficient rule of law, and restrictions on the freedoms of expression and assembly. Several legal cases have come before the U.N. Human Rights Council, including those of former Kazatomprom CEO Mukhtar Dzhakishev (imprisoned in 2009 under Nazarbayev and released in 2020 under President Tokayev) and the former conscript and convicted mass murderer Vladislav Chelakh (sentenced to life in prison in 2012).

Kassym-Jomart Tokayev’s re-election to a second presidential term in November 2022 drew strong criticism from the OSCE Office for Democratic Institutions and Human Rights (ODIHR). This prompted an unusual public rebuke from the Kazakhstani Foreign Ministry, which even questioned ODIHR’s mandate.

Kazakhstan has long advocated for close diplomatic, trade, cultural, scientific and security ties with its Central Asian neighbors. A multi-vector foreign policy is a hallmark of Kazakhstan’s relations with Russia and China as well as with partners in Europe, North America, the Middle East and Southeast Asia. Kazakhstan, Russia and Belarus cofounded the Eurasian Economic Union in 2014. In March 2018, Astana hosted the first Central Asian summit of heads of state. Such an event was made possible by the strong personal relationship between Nazarbayev and the new Uzbekistani president, Shavkat Mirziyoyev.

Credibility

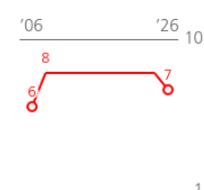
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Regional cooperation

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Despite Kazakhstan's decision to tighten customs controls at the border with Kyrgyzstan for several months in 2017 – after Kyrgyzstan President Almazbek Atambayev openly criticized his Kazakhstani counterpart – the two countries have remained on friendly terms. President Tokayev extended a warm welcome to the new Kyrgyzstani leader, Sadyr Japarov, on his second trip abroad in March 2021. Relations are also cordial between Kazakhstan and Uzbekistan, despite a history of regional rivalry that has largely dissipated since Mirziyoyev succeeded Islam Karimov in 2016. In December 2022, the presidents of Kazakhstan and Uzbekistan signed a package of agreements on comprehensive cooperation.

Kazakhstan places a strong emphasis on trade, transportation and resource management in its regional cooperation policy. For example, the country has recently launched another special economic zone along the Western Europe – Western China international transport corridor (the Middle Corridor) in early 2025.

Kazakhstan actively participates in various regional organizations, including the Shanghai Cooperation Organization (SCO) and the Collective Security Treaty Organization (CSTO), whose respective summits it hosted in July and November 2024. In January 2022, the CSTO intervened at Tokayev's request to quell violent protests during Bloody January. However, it served only as a force of intimidation, as it did not have to engage in combat. Since the return of the Taliban to power in Afghanistan in 2021, Kazakhstan has also been gradually building bridges to that country, mainly from a trade perspective.

In the wake of Russia's war in Ukraine, Kazakhstan, which has officially maintained a neutral stance, and has not sided with Russia in the relevant U.N. General Assembly motions on the war, has been walking a fine line between observing Western sanctions on the one hand and opening a backdoor for Russia's so-called parallel imports of sanctioned goods on the other.

Strategic Outlook

The political shakeup in early 2022 allowed President Kassym-Jomart Tokayev to begin gradually eliminating the domineering influence of his predecessor, Nursultan Nazarbayev, who had retained key formal positions since resigning the presidency in March 2019. Tokayev's successful re-election in November 2022 for a seven-year term under the amended constitution – which, unlike his first electoral victory in June 2019, was not marred by protests – reconfirmed his new status as Kazakhstan's unchallenged leader with a full concentration of powers. To mark a new chapter in the country's political history, Tokayev first informally introduced the concept of a “New Kazakhstan,” effectively signaling a break with the Nazarbayev era, and later – with the help of a constitutional referendum – pushed through some of his most ambitious reforms to date. These reforms included establishing a Constitutional Court to replace the Constitutional Council and reorganizing the national security apparatus.

The Tokayev administration stands at a crossroads. One option is to initiate a comprehensive political transformation that would require empowering parliament to genuinely challenge and keep the executive branch in check. Reforming the judiciary would also be necessary. Another option is to maintain the political system largely inherited from Nazarbayev, with only minor superficial improvements like those the administration has made so far. For example, instead of granting increased authority to the pre-2022 Constitutional Council, the president could have aimed higher by ensuring that Kazakhstan's courts at all levels have maximum independence and professional integrity. Constitutional matters represent only a small fraction of court cases. Reforms of the law enforcement, police and security agencies have by contrast long been overdue.

It seems clear that President Tokayev prefers the more conservative option to the audacious one. He has sought to concentrate power still more narrowly within his administration and the close circle of advisers who supported him during the January 2022 civil unrest. None of the several new political parties that emerged over the course of 2022 appear able or willing to challenge the ruling Amanat party's monopoly on power within the parliament. Instead, their political trajectory is likely to follow that of the small parties created under Nazarbayev, ultimately serving merely as puppets for a facade democracy. Likewise, any serious evaluation of Tokayev's socioeconomic reforms, however ambitious they are on paper, should not ignore the absence of genuine political liberalization he promised upon coming to power in 2019.